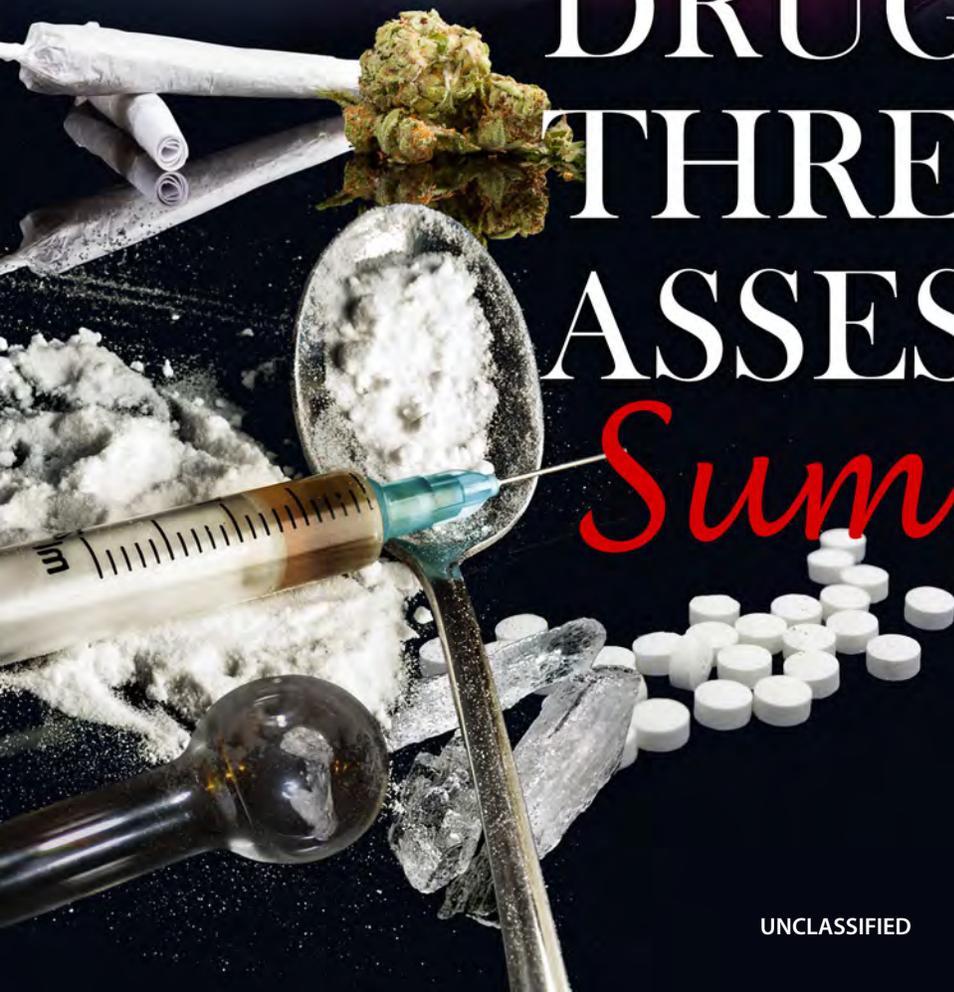


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U.S. Department of Justice
Drug Enforcement Administration

2016
NATIONAL
DRUG
THREAT
ASSESSMENT
Summary



DEA-DCT-DIR-001-17
NOVEMBER 2016

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Drug Enforcement Administration

2016 National Drug Threat Assessment Summary



November 2016
DEA-DCT-DIR-001-17

This product was prepared by the DEA Strategic Intelligence Section. Comments and questions may be addressed to the Chief, Analysis and Production Section, at DEAIntelPublications@usdoj.gov.

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(U) Letter from the Acting Administrator



I am pleased to present the 2016 National Drug Threat Assessment (NDTA) Summary. Produced in partnership with local, state, tribal, and federal partners, this comprehensive annual assessment provides a national-level perspective of the illicit and remarkably dangerous drug threats facing the United States.

The trafficking and abuse of illicit drugs are enormous threats to our children, neighbors, colleagues, and citizens. While we struggle with an opioid epidemic, the threat to our nation from other drugs is also significant. This assessment gives you timely and relevant strategic drug-related intelligence to formulate counterdrug policies. Further, it helps law enforcement personnel, educators, and prevention and treatment specialists establish priorities and allocate resources.

Thank you to our partners for their contributions, which continue to make this report possible and valuable. Through robust enforcement, public education, prevention, treatment, and collaboration with our partners, we can protect our citizens from dangerous drugs and their dire consequences.

Finally, thank you to the men and women of the DEA. I admire their dedication, integrity, compassion, and commitment to this important mission.

Respectfully,

A handwritten signature in black ink, appearing to read 'Chuck', written in a cursive style.

Chuck Rosenberg
Acting Administrator
Drug Enforcement Administration

Drug Enforcement Administration CORE VALUES

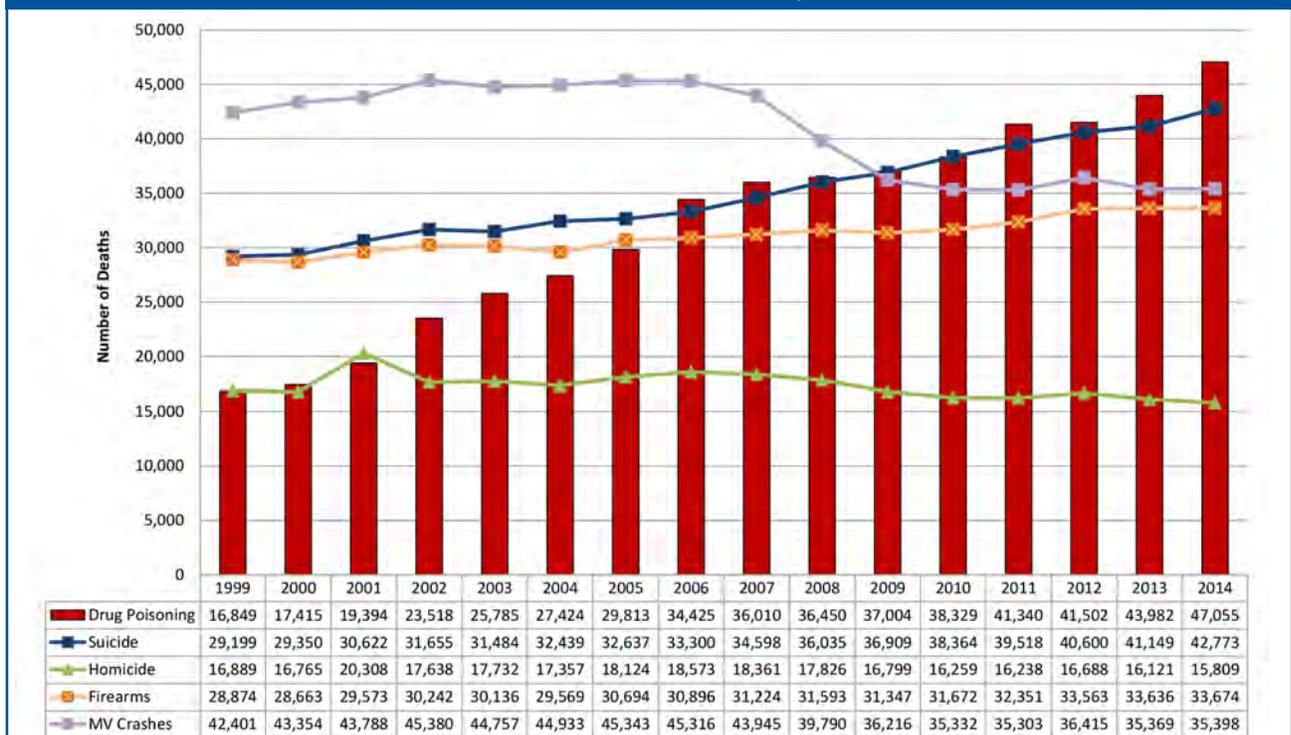
 RULE OF LAW	Dedication to upholding the Constitution of the United States and the Rule of Law .
 RESPECT & COMPASSION	Respect and compassion for those we protect and serve.
 SERVICE	Faithful and effective service to our country and its citizens.
 DEVOTION	Devotion to our core mission of enforcing the nation's drug laws and enhancing public health, safety, and national security.
 INTEGRITY	Uncompromising personal, professional, and institutional integrity .
 ACCOUNTABILITY	Accountability to ourselves, our agency, and those we serve.
 LEADERSHIP & COURAGE	Leadership and courage in our profession, communities, and lives.
 DIVERSITY	Commitment to diversity and excellence.

Executive Summary

Executive Summary

The 2016 National Drug Threat Assessment is a comprehensive strategic assessment of the threat posed to the United States by the trafficking and abuse of illicit and prescription drugs. This report combines federal, state, and local law enforcement reporting; public health data; news reports; and intelligence from other government agencies to provide a coordinated and balanced approach to determining which substances represent the greatest drug threat to the United States. Over the past 10 years, the drug landscape in the United States has shifted, with the tripartite opioid threat (controlled prescription drugs, fentanyl, and heroin) having risen to epidemic levels, impacting significant portions of the United States. While the current opioid crisis has deservedly garnered significant attention, the methamphetamine threat has remained prevalent; the cocaine threat was in a state of steady decline, but appears to be rebounding; and due in part to the national discussion surrounding legalization efforts, the focus of marijuana enforcement efforts continues to evolve. Drug poisoning is the leading cause of injury death in the United States. Drug poisoning deaths are currently at their highest ever recorded level and, every year since 2009, drug poisoning deaths have outnumbered deaths by firearms, motor vehicle crashes, suicide, and homicide. In 2014, approximately 129 people died every day as a result of drug poisoning (see Figure 1). **Analyst Note:** *The information in this report is current as of August 2016.*

Figure 1. Number of Injury Deaths by Drug Poisoning, Suicide, Homicide, Firearms, and Motor Vehicle Crashes in the United States, 1999-2014^{a,b}



Source: Centers for Disease Control Prevention

^a The suicide and homicide data includes deaths by drug poisoning or firearms.

^b Not all drug poisoning deaths specify the drug(s) involved, and a death may involve more than one specific substance.

The sections of this report are arranged by severity of threat based on a strategic analysis of the domestic drug situation in 2015. Transnational Criminal Organizations (TCOs) supply illicit substances to distributors and users in the United States. As such, a full discussion of each illicit drug cannot be undertaken without first examining these criminal groups. TCOs continue to form relationships with gangs, who in turn commit violent crimes and serve as retail-level drug distributors for TCOs, presenting a serious risk to public health and safety. The number of deaths attributed to controlled prescription drugs (CPDs) continues to outpace those for cocaine and heroin combined. Additionally, some CPD abusers are initiating heroin use, which contributes to the increased demand for and use of heroin. Synthetic opioids, which include fentanyl and tramadol, were responsible for 5,544 drug poisoning deaths in 2014. While fentanyl is often abused in the same manner as heroin, it is much more potent. For these reasons, CPDs, heroin, and fentanyl are ranked as the most significant drug threats to the United States. Methamphetamine distribution and abuse significantly contribute to violent crime rates in the United States. Cocaine availability and abuse are showing the first signs of a possible increase in the United States since 2007. Marijuana remains the most commonly used illicit drug in the United States, but recent and ongoing state legalization actions and shifting priorities are changing how many law enforcement agencies perceive marijuana as a threat. Finally, new psychoactive substances (NPS), such as synthetic cannabinoids and synthetic cathinones, continue to impact many segments of the American population, particularly youth.

Mexican TCOs: Mexican TCOs remain the greatest criminal drug threat to the United States; no other group is currently positioned to challenge them. These TCOs maintain territorial influence over large regions in Mexico used for the cultivation, production, importation, and transportation of illicit drugs. By controlling lucrative smuggling corridors across the U.S. Southwest Border (SWB), Mexican TCOs are able to introduce multi-ton quantities of illicit drugs into the United States on a yearly basis. The poly-drug portfolio maintained by Mexican TCOs consists primarily of heroin, methamphetamine, cocaine, marijuana, and to a lesser extent, fentanyl. Once these drugs are smuggled across the Mexican border, they are delivered to consumer markets in the United States using transportation routes and distribution cells that Mexican TCOs oversee both directly and indirectly. Mexican TCOs are constantly looking to expand their presence in the United States, particularly in heroin markets.

Colombian TCOs: Colombian TCOs continue to impact the U.S. illicit drug market, though no longer in a direct manner as in the 1980s and 1990s. The demise of the larger, structured Colombian criminal enterprises of past decades, like the Medellin, Cali, and Norte Del Valle Cartels, has given way to the rise of Mexican TCOs becoming the principal wholesale suppliers of illicit drugs to U.S. markets. While Mexican TCOs may dominate the wholesale distribution of cocaine in the United States, Colombian TCOs maintain control over its production and supply. The majority of the cocaine that is smuggled into the United States by Mexican TCOs is of Colombian origin. Additionally, smaller Colombian TCOs maintain direct cocaine and heroin pipelines into the United States through couriers and air cargo on commercial flights. Colombian TCOs also maintain a physical presence in the United States to assist in the laundering of illicit proceeds.

Dominican TCOs: Dominican TCOs pose a threat to the U.S. drug market, though to a lesser extent than their Mexican and Colombian counterparts. Dominican TCOs are mainly active on the East Coast, where they work in collaboration with other TCOs to receive their illicit drug supply. U.S.-based Dominican TCOs receive direct supplies of cocaine and heroin, generally small quantities, from local TCOs in the Dominican Republic.

Asian TCOs: Asian TCOs present a drug trafficking threat to the United States and are mainly active on the East Coast and West Coast of the United States with distribution networks stretching across other parts of the country. Asian TCOs will likely continue to expand their current marijuana and 3,4-Methylenedioxymethamphetamine (MDMA, commonly known as

Ecstasy) drug trafficking operations.

Gangs: Federal, state, and local law enforcement reporting indicates that gangs continue to grow in numbers throughout the United States and expand their criminal activities. All gangs, whether street gangs, prison gangs, or outlaw motorcycle gangs (OMGs), pursue the same objectives of widening their networks, acquiring money from illicit activities, and increasing influence. To meet these ends, gangs continue to engage in a wide array of criminal endeavors, including drug trafficking and other violent crime. Law enforcement reporting across the country connects local gangs to Mexican TCO drug sources of supply, based primarily on geography and familial ties and sharing the primary goal of generating income/wealth. Gangs' increasing use of technology for recruitment and communication will continue to present challenges for law enforcement.

Controlled Prescription Drugs (CPDs): The threat posed by CPD abuse is prevalent and, every year since 2002, the number of deaths attributable to CPDs has outpaced those for cocaine and heroin combined. According to the Centers for Disease Control and Prevention (CDC), approximately 52 people in the United States die every day from overdosing on prescription painkillers. While recent data suggests that abuse of these drugs has lessened in some areas, the number of individuals reporting current abuse of CPDs is still more than those reporting use of cocaine, heroin, methamphetamine, MDMA, and phencyclidine (PCP) combined. With the slightly declining abuse levels of CPDs, data indicates there is an increase in heroin use, as some CPD abusers have begun using heroin as a cheaper alternative to the high price of illicit CPDs or when they are unable to obtain prescription drugs.

Heroin: Heroin poses a serious and increasing threat to the United States. The size of the heroin user population continues to grow aggressively and overdose deaths, already at high levels, continue to rise. Large increases in poppy cultivation and heroin production in Mexico, the primary source of heroin for the U.S. market, allow traffickers to provide a steady stream of high-purity, low-cost heroin to markets throughout the United States. Heroin overdose deaths are high and increasing across the United States, particularly in the Northeast and Midwest. Heroin overdose deaths more than tripled between 2010 and 2014, with the most recent data reporting 10,574 people in the United States died in 2014 from heroin overdoses. While the size of the heroin user population is smaller than other major drugs, heroin is much more deadly to its users.

Fentanyl: Fentanyl is a Schedule II synthetic opioid originally developed to serve as both an analgesic (painkiller) and an anesthetic; however, its strong opioid properties have made it an attractive drug of abuse. Fentanyl, in its licit form, is diverted from the market for personal use or sale, although on a small scale. Illicit fentanyl, likely manufactured in Mexico or China and then smuggled into the United States, is responsible for the current overdose epidemic. It is usually mixed into heroin products, or pressed into counterfeit prescription pills, often without the users' awareness, which leads to overdose incidents.

Methamphetamine: Methamphetamine seizures, survey results, price and purity data, and law enforcement reporting indicate methamphetamine continues to be readily available throughout the United States. Use data remains stable, while treatment admissions increased slightly in 2013. Most of the methamphetamine available in the United States is clandestinely produced in Mexico and smuggled across the SWB. Domestic production continues to occur at much lower levels than in Mexico, and seizures of domestic methamphetamine laboratories have declined, most likely due to the wide availability of high-purity, high-potency Mexican methamphetamine and the passage of the Combat Methamphetamine Epidemic Act (CMEA).

Cocaine: Cocaine availability and use in the United States increased across multiple fronts between 2014 and 2015 and is likely to continue increasing in the near term. Colombia will remain the primary source of supply for cocaine in the United States, and elevated levels of coca cultivation, potential pure cocaine production, and north-bound movement indicate that more cocaine is available for traffickers who want to attempt to re-invigorate the U.S. cocaine

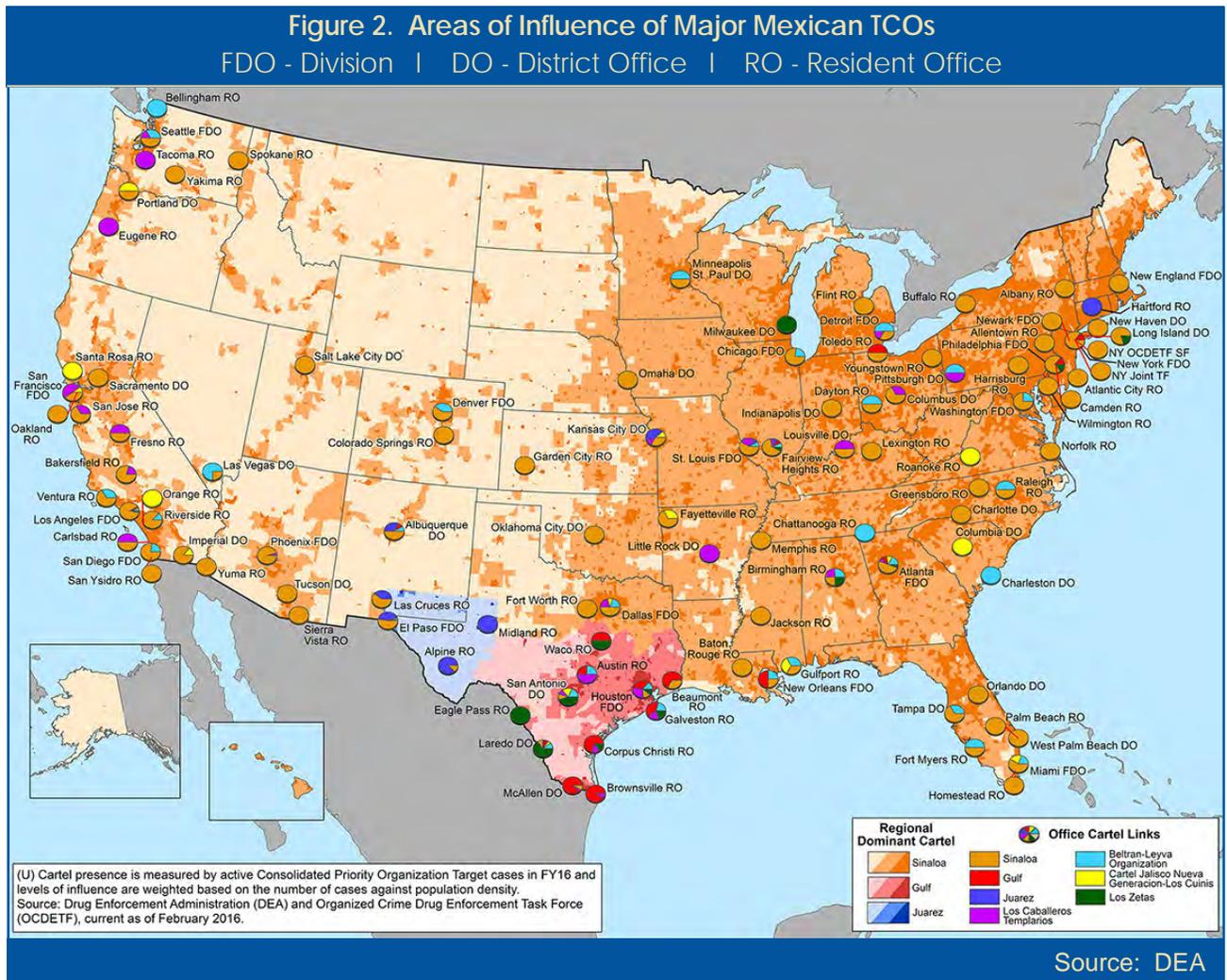
market. Data from seizures along the SWB, overdose deaths, and past-year initiates shows that cocaine availability and use in the United States have increased since 2014; however, these numbers currently remain below 2007 benchmark levels for cocaine availability in the United States.

Marijuana: Marijuana is the most widely available and commonly used illicit drug in the United States. While marijuana remains illegal under federal law, many states have passed laws allowing the cultivation, possession, and use of marijuana within their respective states. Due to these varying state laws, as well as an abundance of media attention surrounding claims of possible medical benefits, the general public has been introduced to contradictory and often inaccurate information regarding the legality and benefits of marijuana use. This has made enforcement and prosecution for marijuana-related offenses more difficult, especially in states that have approved marijuana legalization. State-legalization measures have had several observable effects, including increases in marijuana use, increases in domestically-produced marijuana, shifts in demand for higher-quality marijuana, increases in seizures of marijuana concentrates, increases in the number of Delta-9 tetrahydrocannabinol (THC) extraction laboratories, and declines in the overall amount of Mexico-sourced marijuana seized at the SWB.

New Psychoactive Substances (NPS): The synthetic drugs included within this category, including cannabinoids and cathinones, will continue to pose a nationwide threat to the United States and overdoses and deaths will continue to occur. NPS are inexpensive to purchase and widely available. In addition, traffickers will continue to experiment with NPS, such as pressing synthetic cannabinoids into counterfeit prescription pills, to expand their market. These characteristics make NPS a valuable commodity to traffickers, since traffickers modify and disguise NPS as other “traditional” drugs, such as MDMA. Traffickers will work around scheduling actions by modifying NPS’ chemical formulas to create new, unregulated and unscheduled drugs. However, as traffickers maintain their traditional street sales of NPS, they may continue to distribute popular NPS, regardless of their status on the controlled substances list.

Illicit Finance: The implementation and enforcement of enhanced anti-money laundering (AML) regulations and the promotion of international standards make it more challenging for TCOs to launder proceeds derived from criminal activities. The federal government and law enforcement agencies continue to identify TCOs’ money laundering methods and take necessary actions to dismantle the TCOs’ financial infrastructure. Identifying criminals who circumvent the financial system to launder their illicit proceeds and cutting off their money supply is integral to protecting the integrity and stability of financial systems. The primary methods for laundering illicit proceeds have remained the same over the past several years and include: bulk cash smuggling, trade based money laundering, informal value transfer systems, and exploitation of the formal banking sector.

Mexican Transnational Criminal Organizations



Overview

Mexican TCOs remain the greatest criminal drug threat to the United States; no other groups are currently positioned to challenge them. These TCOs maintain territorial influence over large regions in Mexico used for the cultivation, production, importation, and transportation of illicit drugs. By controlling lucrative smuggling corridors across the SWB, Mexican TCOs are able to introduce multi-ton quantities of illicit drugs into the United States on a yearly basis. The poly-drug portfolio maintained by these Mexican TCOs consists primarily of heroin, methamphetamine, cocaine, marijuana, and, to a lesser extent, fentanyl. Once these drugs are smuggled

across the Mexican border, they are delivered to consumer markets in the United States using transportation routes and distribution cells that Mexican TCOs oversee both directly and indirectly. Mexican TCOs are constantly looking to expand their presence in the United States, particularly in heroin markets.

Mexican TCOs Currently Active in the United States

In 2015, the Drug Enforcement Administration (DEA) assessed the following six Mexican TCOs had the greatest drug trafficking impact on the United States: the Sinaloa Cartel, Jalisco New Generation Cartel, Juarez Cartel, Gulf Cartel, Los Zetas Cartel, and Beltran-

TRANSNATIONAL CRIMINAL ORGANIZATIONS

Leyva Organization. Each of these TCOs maintains distribution cells in designated cities across the United States that report directly to TCO leaders in Mexico or indirectly through intermediaries.

- Oklahoma: Drug trafficking organizations (DTOs) in Oklahoma City and Tulsa receive cocaine shipments from North Texas, Arizona, and Southern California from organizations linked to Los Zetas, the Gulf Cartel, and the Sinaloa Cartel.
- The Juárez Cartel sources drug loads to distribution organizations throughout the United States, including the states of

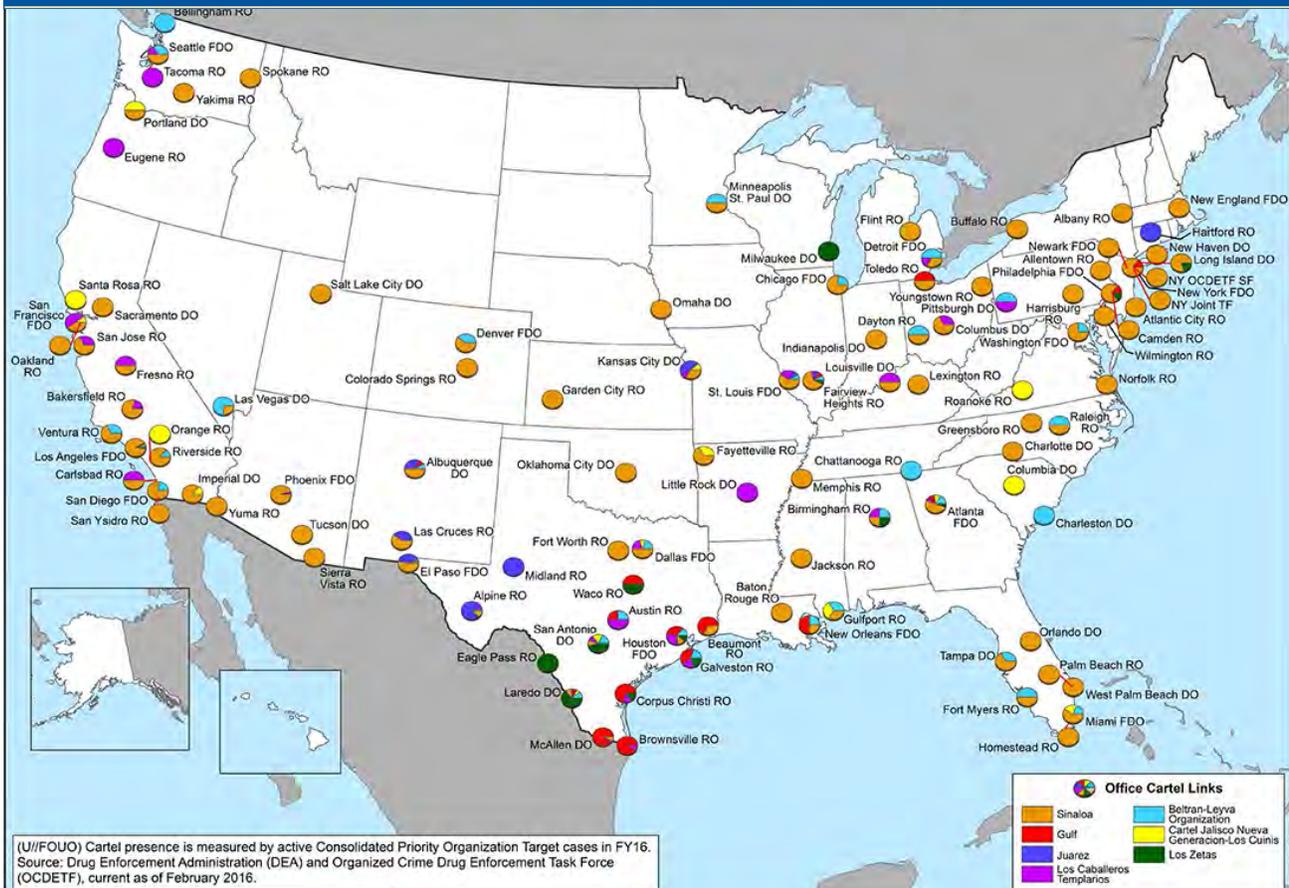
Arizona, California, Colorado, Georgia, Illinois, Kansas, North Carolina, New York, Oklahoma and Texas.

- Los Angeles, California: Los Cuinis, the financiers and money launderers behind CJNG, maintain a presence in Los Angeles due to its strategic value as a hub city for drugs entering the United States and drug proceeds being transported to Mexico.

The following is a brief background on each of these major Mexican TCOs:

Figure 3. Areas of Influence of Major Mexican Transnational Criminal Organizations within DEA Field Offices

FDO - Division | DO - District Office | RO - Resident Office



Source: DEA

Figure 4. Sinaloa Cartel Leadership



Joaquín Archivaldo Guzmán-Loera, alias El Chapo



Ismael Zambada-García, alias Mayo



Dámaso López-Núñez, alias El Liceniado

Source: DEA

Sinaloa Cartel – The Sinaloa Cartel is one of the oldest and more established drug trafficking organizations in Mexico. Though its birthplace and stronghold is the Mexican State of Sinaloa, the Sinaloa Cartel controls various regions in Mexico, particularly along the Pacific Coast. Additionally, it maintains the most expansive international footprint amongst Mexican cartels. The Sinaloa Cartel exports and distributes wholesale amounts of methamphetamine, marijuana, cocaine, and heroin in the United States by maintaining key distribution hubs in Phoenix, Los Angeles, Denver, and Chicago, among other cities. 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.

Figure 5. Jalisco New Generation Cartel Leadership



Nemesio Oseguera-Cervantes, alias Mencho



Abigaél González-Valencia, alias El Cuini



Jorge Luis Mendoza-Cárdenas, alias La Garra

Source: DEA

Jalisco New Generation Cartel (Cartel Jalisco Nueva Generación or CJNG) – CJNG is the most recently formed of the six TCOs, though one of the most powerful. Based in the State of Jalisco, particularly its capital city of Guadalajara, CJNG has quickly grown in prominence after splintering from the Sinaloa Cartel in July 2010. Much like the Sinaloa Cartel, CJNG is a poly-drug trafficking organization dealing in wholesale amounts of primarily methamphetamine, but also cocaine, heroin, and marijuana. CJNG smuggles illicit drugs into the United States by accessing various trafficking corridors along the SWB to include Tijuana, Juarez, and Nuevo Laredo. CJNG's rapid territorial expansion is characterized by the organization's willingness to engage in violent confrontations with Mexican Government security forces and rival cartels. CJNG has drug distribution hubs in the U.S. cities of Los Angeles and Atlanta.

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Figure 6. Juarez Cartel Leadership



Jesús Salas Aguayo,
alias Chuyin



Carlos Arturo Quintana-Quintana,
alias Ochenta



Julio César Olivas-Torres,
alias Sexto

Source: DEA

Juarez Cartel – The Juarez Cartel is one of the traditional Mexican TCOs. The Mexican State of Chihuahua, south of west Texas and New Mexico, represents the traditional stronghold of the Juarez Cartel. Proving its resilience, the Juarez Cartel endured a multi-year turf war with the Sinaloa Cartel, which, at its height in mid-2010, registered many drug-related murders in Chihuahua. Though not as expansive as its rival, the Juarez Cartel continues to impact United States drug consumer markets primarily in Denver, Chicago, Oklahoma, and Kansas City. The Juarez Cartel traffics primarily in marijuana and cocaine, though recently it has expanded to heroin and methamphetamine distribution in the United States. Recent law enforcement reporting indicates opium cultivation overseen by the Juarez Cartel has increased significantly in the State of Chihuahua since 2013, outpacing marijuana cultivation in some regions.

Figure 7. Gulf Cartel Leadership



José Antonio Romo-López,
alias Don Chucho



Petronilo Moreno-Flores,
alias Panilo

Source: DEA

Gulf Cartel – The Gulf Cartel is another long-standing TCO in Mexico, with a traditional base of power in the Mexican State of Tamaulipas. Gulf Cartel drug trafficking operations concentrate primarily on marijuana and cocaine, and to a lesser extent on heroin and methamphetamine. Due to its territorial dominance over areas in northeastern Mexico, the Gulf Cartel smuggles the majority of its drug shipments between the Rio Grande Valley and South Padre Island in south Texas. The Gulf Cartel maintains key distribution hubs in Houston and Atlanta and has also been linked to drug supplies in Arkansas and Michigan. In recent years, the Gulf Cartel has weakened due to the arrest of key leaders in Mexico and intra-cartel conflict, which has led to a decline in its drug trafficking influence in the United States.

Figure 8. Los Zetas Cartel Leadership



Óscar Omar Treviño-Morales,
alias Z-42

Source: DEA

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 held territorial sway over 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 smuggle the majority of its illicit drugs via border crossing points between Del Rio and Falcon Lake, Texas. Traditionally, the main drug exports of Los Zetas consisted of marijuana and cocaine, though there are indications the group has recently expanded into heroin and methamphetamine distribution. Significant drug supply hubs controlled by Los Zetas can be found in Dallas, New Orleans, and Atlanta.

Figure 9. Beltran-Leyva Organization Leadership



Héctor Beltrán-Leyva,
alias El H

Source: DEA

Beltran-Leyva Organization (BLO) – BLO was formed after the Beltran-Leyva brothers and their network of drug trafficking associates split from the Sinaloa Cartel in 2008. Though all the Beltran-Leyva brothers have now been killed or arrested, remnants of their loyalists continue to operate independently in various regions of Mexico, to include the States of Guerrero, Morelos, and Sinaloa. The BLO relies on its alliances with the Juarez Cartel and Los Zetas for access to drug smuggling corridors along the SWB. The BLO is primarily involved in marijuana, cocaine, heroin, and methamphetamine trafficking and maintains distribution hubs in Phoenix, Los Angeles, and Atlanta.

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The drug trafficking landscape in Mexico is in constant flux with new groups emerging as offshoots from previously established TCOs. Until recent years, The Michoacán Family (La Familia Michoacana or LFM), and its offshoot The Knights Templar (Los Caballeros Templarios or LCT), were counted among the most significant drug cartels in Mexico. However, after the arrests and deaths of many of their leading figures in the last two years, these cartels fractured into several smaller regional factions. Though remnants of LFM and LCT continue to operate in the State of Michoacán, their influence has diminished. Some drug distribution cells in the United States that once affiliated with LFM and LCT remain in place, while others have shifted and now operate under the auspices of one of the aforementioned TCOs or as independent DTOs.

Organization and Characteristics

Mexican TCO activity in the United States is managed primarily by Mexican nationals or U.S. citizens of Mexican origin. U.S.-based TCO members of Mexican nationality enter the United States legally and illegally. TCO members often seek to conceal themselves by operating within densely-populated Mexican-American communities in the United States. Mexican TCO members operating in the United States often possess familial ties with, or can be traced back to, the natal region of leading cartel figures in Mexico. U.S.-based members may reside in the United States prior to being employed by a Mexican TCO, though there are examples where TCO members have been directed by cartel leadership to establish or resume drug operations in major U.S. cities. In some cases, U.S.-based members are given high-ranking positions within the TCO upon returning to Mexico after years of successful activity in the United States.

U.S.-based Mexican TCOs strive to maintain low visibility and generally refrain from inter-cartel violence to avoid law enforcement detection and scrutiny. As such, the United States has largely not experienced spillover violence from drug-related murders. While there are isolated examples of TCO-connected murders in the United States in past years, particularly along the SWB, they do not represent a significant trend of concern.

Operational Structure in the United States

U.S.-based Mexican TCOs are composed of various compartmentalized cells assigned with specific functions such as distribution, transportation, consolidation of drug proceeds, and 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 the operation. In most cases, individuals hired to transport drug shipments within the United States are independent, third-party contractors who may be working for multiple Mexican TCOs.

U.S.-based Mexican TCOs generally coordinate the transportation and distribution of wholesale quantities of illicit drugs to U.S. consumer markets. Retail-level distribution of illicit drugs in the United States is mainly handled by smaller local drug trafficking groups and gangs not directly affiliated with Mexican TCOs. In some scenarios, Mexican TCOs will work with smaller local criminal groups and gangs across the United States for retail drug distribution and transportation.

- Chicago, Illinois: The most significant threat posed to the greater Chicago area is by Mexican TCOs, which dominate the wholesale supply of methamphetamine, cocaine, Mexico-grown marijuana, and heroin.
- Boston, Massachusetts: Many local distribution groups are increasingly dealing with, and receiving cocaine directly from, Mexican TCOs based in Arizona, California, New Mexico, and Texas.
- Pittsburgh, Pennsylvania: Mexican TCOs have established routes for the transportation of South American and Mexican “white” heroin into Pittsburgh. Heroin shipments are sent via couriers on passenger buses to Pittsburgh. Law enforcement reporting indicates New Jersey serves as a transshipment point for heroin and fentanyl shipments originating in Mexico and destined for Pittsburgh consumer markets.
- Washington, DC: Mexican TCOs based along SWB states are the principal

suppliers of crystal methamphetamine to the Washington, DC region.

These Mexican TCOs control the transportation of methamphetamine to the area and dominate distribution at the wholesale level.

Drug Smuggling and Transportation Methods

Mexican TCOs transport the majority of their illicit drugs into the United States over land through the SWB using a wide array of smuggling techniques. The most common method employed by Mexican TCOs involves transporting drugs in vehicles through U.S. ports of entry (POEs). Illicit drugs are smuggled into the United States in concealed compartments within passenger vehicles or commingled with legitimate goods on tractor trailers. Increasingly, Mexican TCOs are transporting illicit drugs, such as methamphetamine and cocaine, dissolved in liquids across the SWB. Once across the border, Mexican TCOs coordinate for illicit drug shipments to be routed to stash houses near the SWB, where they are divided into smaller shipments and sent to distribution points throughout the United States.

- New York, New York: Crystal methamphetamine is primarily produced by Mexican nationals operating “super labs” in Mexico, and is often shipped to the New York City area through the SWB by vehicles, couriers, and parcel delivery services. Mexican TCOs use well-established routes and also commingle methamphetamine with other drugs, such as heroin, being shipped to the area.
- Merrillville, Indiana: In Northwest Indiana, Mexican TCOs control the transportation and bulk sale of cocaine that is transported from Chicago, Illinois or directly from the SWB to the Merrillville area. Drug proceeds in bulk cash form are returned to Mexico in the same manner.

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. These tunnels are primarily used to smuggle ton quantities of marijuana, though there are instances of other

illicit drugs commingled in these shipments. Tunnels seized and destroyed along the SWB are primarily found in California and Arizona, and are generally associated with the Sinaloa Cartel. As of March 2016, there have been a total of 225 tunnels discovered on U.S. borders since 1990: 224 on the SWB (185 of these crossed into the United States), one on the Northern Border (which crossed into the United States). In Fiscal Year (FY) 2015, eight tunnels were discovered, compared to 14 tunnels discovered in FY 2014.

- San Diego, California: In October 2015, U.S. law enforcement personnel, in coordination with Mexican authorities, conducted a bi-lateral operation dismantling an underground drug tunnel linking a warehouse in Tijuana to a warehouse in San Diego. As a result of this operation, Mexican authorities seized 9,700 kilograms of marijuana in Tijuana and U.S. federal agents seized 3,597 kilograms of marijuana in San Diego (see Figures 10,11,12).

Mexican TCOs also transport illicit drugs to the United States aboard commercial cargo trains and passenger buses. To a lesser extent, Mexican TCOs use small speedboats off the coast of California. Mexican TCOs also rely on traditional drug smuggling methods such as the use of backpackers, or “mules,” using clandestine land trails to cross remote areas of the SWB into the United States. This method often requires a network of scouts strategically placed along the SWB to detect and counter U.S. interdiction efforts.

- Phoenix, Arizona: Mexican TCOs utilize remote, inhospitable desert valleys located between POEs as drug smuggling crossing points. One of these locations is the West Desert corridor, which drug smuggling groups use to transport illicit drugs via off-road vehicles and backpackers to Phoenix and Tucson for further distribution.

Mexican TCOs exploit various aerial methods to transport illicit drugs across the SWB. These methods include the use of ultralight aircraft and unmanned aerial systems (UASs), or “drones,” to conduct air drops. Ultralights are primarily used to transport marijuana shipments, depositing the drugs in close proximity to the SWB. Currently, UASs can

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Figure 10. Tijuana-side entrance of tunnel dismantled in October 2015



Figure 11. San Diego-side entrance to tunnel dismantled in October 2015



Figure 12. Marijuana seized by law enforcement in tunnel dismantled in October 2015



Source: DEA

only convey small multi-kilogram amounts of illicit drugs at a time and are therefore not commonly used, though there is potential for increased growth and use.

- Imperial County, California: In August 2015, two El Centro residents pleaded guilty in connection with the seizure of 28 pounds of heroin, which had been flown in from Mexico and air-dropped by a drone in Calexico, California (see Figures 13 and 14)

Communication Methods

Mexican TCOs employ a variety of communication methods to further drug trafficking and money laundering activities in the United States. These forms of communication include the use of phones, text messaging, push-to-talk, and, increasingly, social media platforms and smartphone instant messaging applications. Mexican TCOs also use two-way encrypted digital radios, particularly when smuggling drug shipments across the SWB.

- Drug smuggling groups associated with Mexican TCOs typically use lookouts on elevated locations to direct cross-border smuggling activities across the Arizona desert. Lookouts employ advanced radio communications to avoid law enforcement detection and apprehension.

Rural Expansion

Law enforcement reporting indicates Mexican TCOs in some parts of the United States are relocating operational bases from major metropolitan regions to rural areas. This shift allows Mexican TCO members to better conceal their illegal activity and impede targeting by U.S. state and federal authorities. Law enforcement in Dallas, San Francisco, eastern Washington state, western Colorado, Virginia, and parts of North Carolina have reported on this trend.

Outlook

Figure 13. Remote control for Unmanned Aerial Systems used to smuggle heroin



Source: Homeland Security Investigations

Figure 14. 12.9 Kilograms of heroin seized from UAS



Source: Homeland Security Investigations

Mexican TCOs are expected to maintain a dominant influence over the wholesale importation and distribution of marijuana, methamphetamine, cocaine, and heroin in the United States in the near term. No other organization currently possesses an infrastructure that can rival Mexican TCO dominance over the U.S. drug trade. Mexican TCOs will likely continue to grow in the United States through expansion of distribution networks and interaction with local drug trafficking organizations. This position insulates Mexican TCOs from direct ties to street-level drug seizures and arrests made by U.S. law enforcement. Mexican TCOs will continue to rely on U.S.-based gangs for retail-level distribution of illicit drugs in the United States.

Overview

Colombian Transnational Criminal Organizations

Colombian TCOs continue to impact the U.S. illicit drug market, though no longer in a direct manner as in the 1980s and 1990s. The demise of the larger, structured Colombian criminal enterprises of past decades, like the Medellín, Cali, and Norte del Valle Cartels, has resulted in Mexican TCOs becoming the principal wholesale suppliers of illicit drugs to U.S. markets. While Mexican TCOs may dominate the wholesale distribution of cocaine in the United States, Colombian TCOs maintain control over its production and supply. The majority of the cocaine smuggled into the United States by Mexican TCOs is of Colombian origin, according to DEA's Cocaine Signature Program (CSP). Colombian TCOs also ship cocaine directly to Europe. Additionally, smaller Colombian TCOs maintain direct cocaine and heroin pipelines into the United States through couriers on commercial flights and air cargo. Colombian TCOs also maintain a physical presence in the United States to assist in the laundering of illicit proceeds.

Large-scale Colombian TCOs

In 2015, the Colombian drug trade was dominated by several Criminal Bands (Bandas Criminales or BACRIM) in addition to the Revolutionary Armed Forces of Colombia (Fuerzas Armadas Revolucionarias de Colombia or FARC).^c The BACRIMs are composed primarily of demobilized members of the United Self-Defense Forces of Colombia (Autodefensas Unidas de Colombia or AUC). BACRIMs are presently allied and working in partnership with the FARC. Colombian TCOs are responsible for sending multi-ton quantities of cocaine and multi-kilogram amounts of heroin to Central America and Mexico where they are purchased by Mexican TCOs for eventual smuggling into the United States for distribution. Additionally, Colombian TCOs route cocaine and heroin shipments through the Caribbean where local TCOs receive and transport them into the United States. The most significant Colombian TCOs with an indirect impact on U.S. drug

markets are Clan Úsuga, Los Rastrojos, and the FARC (see Figures 15-17).

Collaboration with Mexican TCOs

Colombian TCOs rely on a working partnership with Mexican TCOs to export cocaine from Colombia to U.S. markets. While Colombian TCOs control the production and shipment of the majority of the cocaine destined for consumption in the United States, Mexican TCOs are responsible for its importation 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 supply orders or illicit money movements. Additionally, Central American TCOs interface with both Mexican and Colombian TCOs for the northbound movement of cocaine and the southbound flow of illicit drug proceeds.

As Colombian TCOs do not maintain a robust cross-border or nationally cohesive distribution infrastructure in the United States, a relationship with Mexican TCOs is integral for maintaining profits and operability. Once the cocaine is provided to a Mexican TCO, or a Central American TCO acting on behalf of a Mexican TCO, the role of Colombian TCOs in the supply chain is generally completed. Mexican TCOs' responsibility for U.S. drug distribution allows Colombian TCOs to have an indirect influence on U.S. drug markets while remaining somewhat insulated from U.S. law enforcement targeting.

Colombian TCO Drug Trafficking Trends

The majority of cocaine and heroin produced and exported by Colombian TCOs to the United States continues to be routed through Central America and Mexico. To a lesser extent, Colombian TCOs direct cocaine shipments through the Caribbean region,

^c The FARC is a U.S. Department of State designated Foreign Terrorist Organization (FTO).

Figure 15. Gulf Clan Leadership



Dario Antonio Úsuga-David,
alias Otoniel



Carlos Antonio Moreno-Tuberquia,
alias Nicolas



Roberto Vargas-Gutiérrez,
alias Gavilán

Source: DEA

Gulf Clan (previously known as Clan Úsuga) – Gulf Clan has evolved into the largest BACRIM in Colombia with a cohesive national presence. Where other TCOs operate as a coalition of multiple smaller groups sharing a common objective, Gulf Clan functions as a highly structured and centralized criminal enterprise. Gulf Clan is the modern-day offshoot of the now-defunct AUC, a paramilitary group formed in the 1990s to combat the threat of Marxist guerillas. Similar to the AUC model, Gulf Clan relies on drug trafficking activities and a military-style framework to maintain operability. Since emerging in the mid-2000s, Gulf Clan has steadily expanded throughout northern Colombia and other regions mainly by capitalizing on the demise of rival BACRIMs. Though it maintains a nationwide reach, Gulf Clan's power base lies in its birthplace region of Urabá in northwest Colombia. From this strategic location, Gulf Clan sends multi-ton quantities of cocaine via maritime means to nearby Panama and other countries in Central America on a regular basis.

Figure 16. Los Rastrojos Leadership



Wilson Javier Martínez-Ibáñez,
alias Don Cesar



Carlos Julio Sierra-Varela,
alias Avestruz



Luis Fernando Cano-Rojas,
alias Gabrielito

Source: DEA

Los Rastrojos – Los Rastrojos remains a significant BACRIM in Colombia despite the arrest of several of its top leaders in recent years. Similar to Gulf Clan, Los Rastrojos can trace its roots to the paramilitary AUC organization, though it has now evolved into a modern-day drug trafficking enterprise. Los Rastrojos' primary area of influence lies in western Colombia, in the Departments of Cauca, Valle de Cauca, Nariño, and southern Choco. The majority of the cocaine trafficked by Los Rastrojos departs via maritime conveyances from the Pacific Coast of Colombia. While Los Rastrojos had been locked in a violent war for territory with Clan Úsuga, law enforcement reporting revealed an alliance formed between the organizations in 2012.

Figure 17. FARC Leadership



**José Benito Cabrera-Cuevas,
alias Fabián Ramirez**
Operational Commander of
the Southern Bloc



**Milton Toncel-Redondo
alias Joaquín Gómez**
Secretariat Member/Commander
of the Southern Bloc



**Jaime Alberto Parra, alias
Mauricio Jaramillo/El Médico**
Commander of the Eastern Bloc

Source: DEA

FARC – Despite on-going peace negotiations with the Colombian Government, as of early 2016 the FARC continues to engage in the large-scale production and exportation of cocaine from Colombia. The FARC retains influence over significant coca cultivation and cocaine processing areas in Colombia. FARC members are subsidized by levying a “tax” for each kilogram of cocaine produced or transported through their areas of influence, as well as by engaging in their own trafficking ventures. The FARC maintains a military-style structure with armed combatants divided up into “blocs,” “fronts,” and “columns.” The principal FARC fronts responsible for exporting ton-quantities of cocaine are found in the regions along Colombia’s borders with Panama (57th Front), Ecuador (48th Front), and Venezuela (10th Front). The Daniel Aldana Mobile Column (DAMC), operating semi-autonomous of other fronts along the Colombia-Ecuador border, in recent years has also become one of the FARC’s more prolific groups involved in maritime cocaine trafficking out of the eastern Pacific Coast.

and according to law enforcement reporting, maintain operatives in the Dominican Republic.

Colombian TCOs export large-scale cocaine shipments to Mexico, Central America, and the Caribbean using a variety of maritime and aerial methods. These include speedboats, fishing vessels, private aircraft, semi-submersibles, and commercial air cargo. To a lesser extent, Colombian TCOs transport cocaine over land across the Darien Gap, which connects northwest Colombia to Panama, using backpackers.

In recent years, Colombian TCOs have increasingly used Ecuador and Venezuela as transshipment points for cocaine bound for Mexico, Central America, and the Caribbean. As a result of successful counterdrug efforts by Colombian law enforcement, Colombian TCOs have shifted a sizable portion of their

drug trafficking activities to neighboring countries outside the reach of Colombian authorities. Of note, the Ecuadorian Government has reported increasing total illicit drug seizures over successive years since 2011. Colombian TCOs typically transport and store large quantities of cocaine in isolated areas in Venezuela and Ecuador until a maritime or aerial conveyance is secured for transportation.

- In December 2015, the Ecuadorian Coast Guard successfully interdicted a self-propelled semi-submersible in international waters off the coast of Ecuador, seizing approximately 3.75 metric tons of cocaine and arresting three crew members. According to law enforcement reporting, this shipment was coordinated by a Colombian TCO and was bound for Central America.

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. In general, Colombian traffickers provide cocaine and heroin to Mexican and Dominican TCOs in these markets, which assume responsibility for further transportation and distribution. Colombian TCOs previously dominated cocaine and heroin markets in the Midwest and East Coast; however, Mexican TCOs currently control many of these markets and are increasingly serving as sources of supply to the Colombian TCOs in these regions.

- New York City, New York: Colombian TCOs transport cocaine into New York City and serve as primary sources of wholesale quantities of cocaine. However, Mexican and Dominican traffickers dominate the transportation of cocaine throughout the rest of New York State. Colombian TCOs are also prominent transporters and distributors of wholesale quantities of heroin in New York City.
- Miami, Florida: Colombian TCOs use Florida, specifically Miami and Orlando, as the point of arrival for cocaine and heroin shipped directly from Colombia as well as through Mexico, Central America, and the Caribbean. Illicit drugs shipped by Colombian TCOs directly to South Florida arrive through a variety of methods, including commercial air flights, commercial air cargo, and maritime containerized cargo. Heroin and cocaine are generally shipped separately to U.S. markets by Colombian TCOs.

Additionally, smaller Colombian TCOs maintain representatives in the United States to assist in money laundering activities. These 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 to include Boston, Chicago, Houston, Miami and New York. Once received, these funds are placed

in U.S.-based bank accounts and wire transferred externally under the guise of payment for products and services.

Outlook

In the near term, Colombian TCOs will continue to dominate the production and supply of the majority of the cocaine destined for U.S. markets. Colombian TCOs will continue to rely on Mexican TCOs to purchase and distribute wholesale amounts of cocaine and heroin in the United States. Colombian TCOs will likely also maintain representatives throughout Mexico, Central America, and the Caribbean to broker and facilitate the exportation of cocaine and heroin and the subsequent repatriation of drug proceeds.

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Dominican Transnational Criminal Organizations

Overview

Dominican TCOs pose a threat to the U.S. drug market, though to a lesser extent than Mexican and Colombian TCOs. Dominican TCOs are mainly active on the East Coast, where they work in collaboration with other TCOs to receive their illicit drug supply. U.S.-based Dominican TCOs receive direct supplies of cocaine and heroin, generally small quantities, from local TCOs in the Dominican Republic that work directly with Colombian sources of supply.

Organizational Structure

Dominican TCOs generally operate under an organized hierarchical structure. The leader of a Dominican TCO may control multiple cells, each comprised of approximately five individuals. These subordinates are typically friends and family members who are also ethnic Dominicans. The reliance on family members reinforces the tightly organized structure of Dominican TCOs, which produces efficient command and control capabilities.

- Philadelphia, Pennsylvania: Local Dominican organizations dominate the mid-level distribution of cocaine and often bridge the gap between Philadelphia-based criminal organizations and Dominican sources of supply in New York.

Drug Trafficking Activities

Dominican TCOs are primarily active in the transportation and distribution of cocaine and heroin in cities along the East Coast. Dominican traffickers have traditionally served as cocaine and heroin distributors for Mexican and Colombian TCOs. Colombian and Mexican TCOs rely on Dominican networks to transport and distribute cocaine and heroin at the retail level.

- Boston, Massachusetts: Dominican traffickers continue to dominate heroin distribution in the region. Local Dominican traffickers acquire heroin from Mexican sources on the SWB, Dominican sources in New York, and South American sources via mail.

- New Jersey: Dominican traffickers handle retail-level distribution of cocaine for Colombian TCOs and also supply local gangs for street-level distribution. Dominican TCOs smuggle heroin into the United States using couriers who conceal heroin bundles on their person, in their apparel, or in their luggage aboard commercial flights.
- New York City, New York: Dominican traffickers are the dominant retail distributors of cocaine in the New York City metropolitan area.

Dominican TCOs are involved in the diversion of prescription drugs.

Outlook

Dominican TCOs are expected to remain a viable threat to the U.S. drug market in the near term. Mexican and Colombian TCOs operating along the Northeast will likely maintain a working relationship with Dominican traffickers for the retail-level distribution of illicit drugs. As the Dominican Republic remains one of the main drug transshipment nodes in the Caribbean, it will continue to serve as a smuggling corridor for cocaine and heroin sent to U.S.-based Dominican TCOs.

Asian Transnational Criminal Organizations

Overview

Asian TCOs present a drug trafficking threat to the United States, though to a lesser extent than Mexican and Colombian TCOs. Asian TCOs are mainly active on the East Coast and West Coast of the United States with distribution networks stretching across other parts of the country.

Organizational Structure

Asian TCOs partner 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 where growth in the number of Asian immigrants has been the greatest. Asian TCOs occasionally travel outside of established territories, even across state lines, to conduct operations.

Drug Trafficking Trends

Asian TCOs are responsible for the distribution of a variety of drugs, primarily marijuana and MDMA, and to a lesser extent, cocaine and methamphetamine, mainly in East Coast and West Coast drug markets. Asian TCOs operate large, sophisticated indoor marijuana grow houses in residential homes, primarily on the West Coast. These indoor grows may be either traditional or hydroponic and, to remain inconspicuous, are frequently located in suburban neighborhoods. With recent marijuana legalization actions, some Asian TCOs are overtly operating their marijuana grows and adhering to local regulations under the guise of supplying marijuana dispensaries. The resulting marijuana is instead illegally diverted to the Midwest and East Coast, where it is much more profitable on the black market.

- San Francisco, California: Recent seizures and arrests indicate Asian trafficking organizations are increasing their involvement with illicit indoor marijuana production in the metropolitan areas and with outdoor cultivation on public and private lands throughout the Central Valley.

- Raleigh, North Carolina: Multi-pound shipments of "BC bud" marijuana are sent to North Carolina from California and Canada with Mexican and Vietnamese DTOs as its primary traffickers at the wholesale level.

Asian TCOs generally dominate the supply of MDMA in most U.S. markets. MDMA is typically imported from China to Canada, or produced in Canada, then smuggled into the United States. It is also shipped directly into the United States from abroad via mail service. Asian TCOs traffic MDMA in both tablet and powder form.

- Los Angeles, California: The Los Angeles metropolitan area continues to be a destination and distribution area for MDMA smuggled into the United States. Asian TCOs, the primary MDMA suppliers and distributors in this region, routinely use Canada as a manufacturing and transshipment base for the illicit drug.
- New Orleans, Louisiana: Asian TCOs, particularly Vietnamese DTOs, dominate the distribution of MDMA in mainly coastal communities. These TCOs travel to Houston to obtain MDMA from larger distributors.
- Washington, DC: MDMA in the Washington, DC area is usually imported from Canada. In some cases, it is sold wholesale to local traffickers by mostly Canada-based Asian organizations. However, the drug is also shipped via mail services from China.

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.

- Orange County, California: Drug trafficking organizations operating in Orange County typically receive bulk

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quantities of cocaine directly from sources of supply in Mexico. The cocaine is distributed to Mexican and, to a lesser extent, Asian trafficking organizations in and around Orange County, as well as other cities in the United States.

Other Criminal Activity

Asian TCOs engage in a variety of other illicit and violent crimes, such as weapons trafficking, assault, auto theft, cybercrime, money laundering, and murder. Asian TCOs sell guns for cash or trade them in exchange for drugs. Asian TCOs are also involved in human and sex trafficking, particularly young girls, from Asian countries into Mexico and the United States.

Outlook

Asian TCOs will remain a drug trafficking threat of concern in the United States, particularly in East Coast and West Coast drug markets in the near term. Asian TCOs will likely continue to expand current drug operations to include marijuana and MDMA trafficking.

Overview

Federal, state, and local law enforcement reporting indicates that gangs continue to grow in numbers throughout the United States and expand their criminal activities. All gangs pursue the same objectives of widening their networks, acquiring money from illicit activities, and securing power. To meet these ends, gangs continue to engage in a wide array of criminal endeavors. According to the 2011 National Gang Threat Assessment, there were an estimated 1.4 million active gang members, comprising more than 33,000 gangs in the United States.

Street gangs most commonly engage in street-level drug trafficking, large-scale drug distribution, assault, threats and intimidation, and robbery. Prison gangs' greatest threat lies in their nexus to street gangs and their ability to corrupt prison officials to facilitate the smuggling of drugs, cell phones, and weapons into prison. Prison gang members also maintain relationships with street gang members, and engage in assault, racketeering, extortion, murder, robbery, witness intimidation, and prostitution. Additionally, membership in OMGs has surged, resulting in clashes for geographic dominance and heightened violence. OMGs engage in arson, assault, drug trafficking, extortion, threats and intimidation, and weapons possession.

Figure 18. Simon City Royal Gang Member's Tatoos



Source: Cook County, Illinois Sheriff's Office

Street Gangs

Street gangs are criminal organizations that form at a local level; vary in membership, race, and structure; and represent a significant threat to neighborhoods throughout the United States. Street gangs are primarily oriented toward violent crimes (e.g., assault, home invasion, homicide, robbery) and, to a lesser extent, engage in financial crimes (e.g., counterfeiting, identity theft, money

Gang Terminology

The term “gang” is defined as 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. The purposes of their association are to engage in criminal activity and use violence or intimidation to further their criminal objectives.

The term “prison gang” is defined as a criminal organization that originates in the penal system and continues to operate within correctional facilities throughout the United States. Prison gangs are self-perpetuating criminal entities that also continue their operations outside of prison.

The term “outlaw motorcycle gang” or “OMG” is defined as an ongoing organization, association, or group of three or more persons with a common interest or activity characterized by the commission of, or involvement in, a pattern of criminal conduct. Members must possess and be able to operate a motorcycle to achieve and maintain membership within the group.

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laundering, and prescription fraud), which generally have lighter sentencing guidelines.

Neighborhood-based gangs are confined to specific neighborhoods and jurisdictions, with no known leadership beyond their communities. These gangs have a high propensity for violence, as they struggle for power and turf protection against rival gangs trying to move in on their drug trafficking territories. Law enforcement reporting indicates these gangs represent the highest threat in most jurisdictions in the United States for these reasons.

- East Chicago, Indiana: In June 2015, the leader of the 149th Street Imperial Gangsters was sentenced to life in prison for five counts of murder and other Racketeering Influenced and Corruption Organizations Act (RICO) related charges. The Imperial Gangsters ordered rival gang members be shot on sight if caught selling drugs in the Imperial Gangsters' neighborhood without having paid the proper "taxes" to guarantee their safety.
- Boston, Massachusetts: Operation Rising Tide, a two-year investigation carried out by federal, state, and local law enforcement, culminated in the 2015 indictment of 48 leaders, members, and associates of the Columbia Point Dawgs, Boston's largest and most influential city-wide gang. The investigation resulted in the seizure of 31 firearms, multiple boxes of ammunition, heroin, cocaine, crack cocaine, oxycodone pills, marijuana, drug-trafficking paraphernalia, 15 vehicles, and \$1.5 million in United States Currency (USC).
- Houston, Texas: According to 2015 DEA reporting, the KB Boys, composed of Vietnamese nationals with no identifiable hierarchical structure, participated in home invasions that targeted illicit drug houses in the Houston, Texas, area. The gang also has been involved in cocaine and marijuana distribution and illegal firearms sales.

National-level gangs typically have a presence in multiple jurisdictions, large membership

numbers, and scores of members who migrate throughout the country. National-level gangs usually identify by a common name and tattoo, hand signs, and some form of structure that includes by-laws. Some national gangs also maintain control over subordinate gangs. The California Mexican Mafia and the Nuestra Familia, which respectively command the Sureños and Norteños, are two primary examples of national gangs that control subordinate gangs across the country.

- West Palm Beach, Florida: In May 2015, the DEA West Palm Beach District Office (DO) and the Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF) culminated a lengthy RICO investigation with the arrest of 27 Latin Kings gang members based in South Florida. DEA and ATF also seized heroin, cocaine, ecstasy, marijuana, handguns, assault rifles, shotguns, and USC.

Figure 19. Mexican Mafia Gang Member's Tattoos



Source: Federal Bureau of Prisons

- Washington, DC: A 2013-2015 Organized Crime Drug Enforcement Task Force (OCDETF) investigation into the criminal activities of the Nine Trey Gangsters Bloods, a set of the East Coast United Blood Nation, culminated in the arrest and prosecution of 37 gang members. The focus of the investigation centered on the distribution of large quantities of crack cocaine in Virginia, Maryland, and the Washington, DC metro area. Other related charges against various defendants included:

conspiracy to commit racketeering, conspiracy to commit sex trafficking, conspiracy to commit armed robbery, conspiracy to distribute counterfeit currency, and possession and use of firearms.

- New Jersey: In May 2015, a long-running investigation by federal, state, and local law enforcement into the New Jersey set of the Grape Street Crips, a gang founded in Los Angeles, concluded with the arrests of 71 gang members. The gang, alleged to be one of the largest and most dangerous street gangs in Newark, New Jersey, was responsible for trafficking heroin, cocaine, and crack cocaine and also routinely engaged in shootings, aggravated assaults, and witness intimidation.
- Texas: In October 2015, 61 gang members and associates of the Almighty Latin King and Queen Nation, also known as the Latin Kings, were charged with a racketeering and drug distribution scheme in the Austin, San Antonio, and Uvalde, Texas areas. These individuals, operating in Central Texas since 2005, conspired to distribute marijuana, cocaine, and methamphetamine, as well as carry out crimes such as attempted murder, extortion, and robbery.

Gangs Nationwide

Though gangs participate in virtually every type of criminal activity, drug trafficking remains the most profitable. Gangs continue to operate in large cities, but are also migrating to more rural areas of the United States. These communities typically have a smaller law enforcement presence and have historically been free of gang violence. As street gangs, both neighborhood and national, settle in these smaller communities, their fights over territory, drug routes, and customers cause crimes such as assaults, robberies, and burglaries to increase.

- Alamance County, North Carolina: In Alamance County, which has a population of over 150,000 people, there are 300 validated gang members with over 5,000 associates. These

gang members make up 40 established gangs, with smaller sets of gangs that work under national-level gangs, such as Hells Angels, Bloods, Crips, and Latin Kings. Often, gangs in the area, such as Bloods and Crips, work together to make the highest profits.

Figure 20. Sureños Gang Member's Tattoos



Source: National Gang Intelligence Center

- Arizona: The Arizona Gang and Immigration Intelligence Team Enforcement Mission (GIITEM) estimates there are approximately 2,214 gangs in Arizona with approximately 16,543 documented members who comprise street gangs, prison gangs, and OMGs. In the Arizona High Intensity Drug Trafficking Area (HIDTA) region, gangs play an important role in retail drug trafficking in metropolitan areas, and some gangs are involved in the intrastate and interstate distribution of drugs, including marijuana, prescription drugs, heroin, and crack cocaine.
- Louisiana: Both neighborhood-based and national-level gangs are present in Louisiana. Though some local gangs boast affiliations with such gangs as the Bloods and Crips, they possess none of the national-gang structure, and many of the gang members switch affiliation based on which gang has the best drug connections for the most financial gain. As a cover for their criminal activities, the gang members often use record labels and other small businesses as front companies. Louisiana is also

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experiencing an increase in the number of hybrid gangs^d across the state.

- El Paso Intelligence Center (EPIC) reporting indicates the Dominican gang Los Trinitarios is the largest and most rapidly-expanding gang in the Caribbean. Although predominately active on the U.S. East Coast, it reportedly has moved into Georgia and Florida. The gang is involved in homicides, violent assaults, robbery, theft, home invasions, and street-level drug distribution. Los Trinitarios, along with such gangs as Mara Salvatrucha (MS-13) and Zoe Pound, have linked their U.S. operations to the Caribbean to support Mexican TCOs.

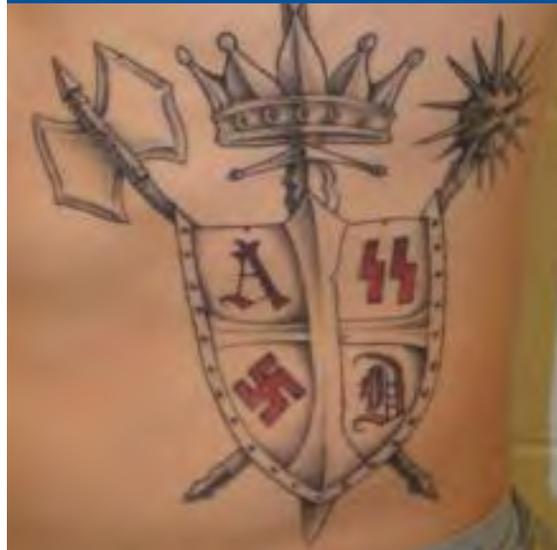
Prison Gangs

According to the National Gang Intelligence Center (NGIC), prison gang membership has increased at all levels. Their threat is often overlooked due to their veiled public presence, but they maintain a strong connection to street gangs. Members of prison gangs participate in — and often spearhead — such crimes as drug trafficking, contraband smuggling, assault, extortion, murder, robbery, witness intimidation, and prostitution. Prison gang members also corrupt prison staff to conduct their illegal activities inside and outside of the prison facility.

- New Mexico: In December 2015, an indictment was unsealed in federal court against 25 members of the powerful prison gang Sindicato de Nuevo Mexico (SNM). The indictment alleged the gang members and prospective gang members engaged in murder, assault, kidnapping, and conspiracy to distribute drugs and firearms. While under the observation of prison officials, SNM members managed to control members inside and outside of the prison system through messages surreptitiously delivered by visitors.

^d Hybrid gangs are informal groupings of single members working together to form partnerships in which members from different gangs or sets mix to create separate and new gangs.

Figure 21. Aryan Brotherhood Prison Gang Member's Tattoo



Source: National Gang Intelligence Center

- Texas: As of June 2015, 24 members and associates of the Aryan Brotherhood prison gang were sentenced to federal prison in connection with the federal, state, and local law enforcement effort Operation La Flama Blanca. This 10-month operation investigated the gang's methamphetamine distribution operation in three Central Texas counties and resulted in the seizure of approximately nine pounds of crystal methamphetamine, 15 firearms, and more than \$9,000.

Outlaw Motorcycle Gangs (OMGs)

OMGs continue to participate in crimes such as weapons possession, assault, and drug trafficking, and victimize their own members as well as rival gangs. Assaults and robberies are often aimed at rival gangs or subjects involved in criminal activities. The top three drugs that led to OMG arrests over the past two years were methamphetamine, cocaine, and marijuana, respectively. OMG support clubs, as well as non-OMG clubs, provide financial assistance to OMGs and stand with them against rival gangs. OMGs typically recruit their new members from these clubs.

- Louisiana: Chapters of the Bandidos OMG are actively involved in distributing methamphetamine among their members and support clubs. According to the Louisiana State Analytical & Fusion Exchange, some Bandidos members produce their own methamphetamine, while others receive the drug from Mexico. Many gang members have personal relationships with mid-to-lower level drug distributors.
- Michigan: In April 2015, six leaders and members of the Phantoms OMG were convicted of conspiracy to commit murder and other violent racketeering-related crimes. The Phantoms used violence and plotted murder to win a gang war against rival motorcycle gangs in Michigan and throughout the country. The leadership of the gang was also heavily involved with the Vice Lords gang, which assisted the Phantoms in their criminal activities.
- Philadelphia, Pennsylvania: In July 2015, a superseding indictment against a Philadelphia pill-mill doctor additionally charged five members or associates of the Pagans OMG with conspiring to distribute large quantities of controlled substances. The Pagans OMG received CPDs from the doctor and both worked together to maximize their profits. Approximately 378,914 oxycodone pills and 160,492 methadone pills were unlawfully obtained for resale. Through their street connections, the Pagans members would also sell the pills to other street-level drug dealers.

Gangs and Technology

The use of technology and social media by gangs is increasing, as members continue to discover and use new applications and platforms on a daily basis. Social media sites and mobile applications are widely used by gangs for various purposes, including recruitment and inter-member communication.

- Detroit, Michigan: In September 2015, eight members of the street gang Band Crew were arrested in Detroit, Michigan,

Figure 22. Hell's Angels Outlaw Motorcycle Gang Member Cut



Source: Regional Information Sharing System (RISS)

for their criminal activities substantiated through activity on multiple social media platforms. Gang members posted evidence of their crimes, which included drug trafficking, weapons possession, and attempted murder.

- Indianapolis, Indiana: In July 2015, law enforcement initiated Operation Smoke Show against members of the Block Burners street gang in Indianapolis, Indiana. The gang posted pictures on social media sites depicting themselves with drugs, stacks of cash, and guns, which alerted law enforcement. The operation dismantled the gang and culminated in the arrest of 53 subjects and the confiscation of more than 20 guns and \$53,000 in suspected drug proceeds.

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Gangs and Cartels

NGIC's 2015 National Gang Report notes that law enforcement survey respondents across the nation connect their local gangs to Mexican TCOs, though the nature and origins of these connections are unclear. Law enforcement reporting across the country connects local gangs to Mexican TCO drug sources of supply; these associations are based heavily on geography and familial ties and share the primary goal of generating income/wealth. The cartels remain the main source of drug supply for the gangs, while the street gangs, prison gangs, and OMGs generate street-level sales for the cartels.

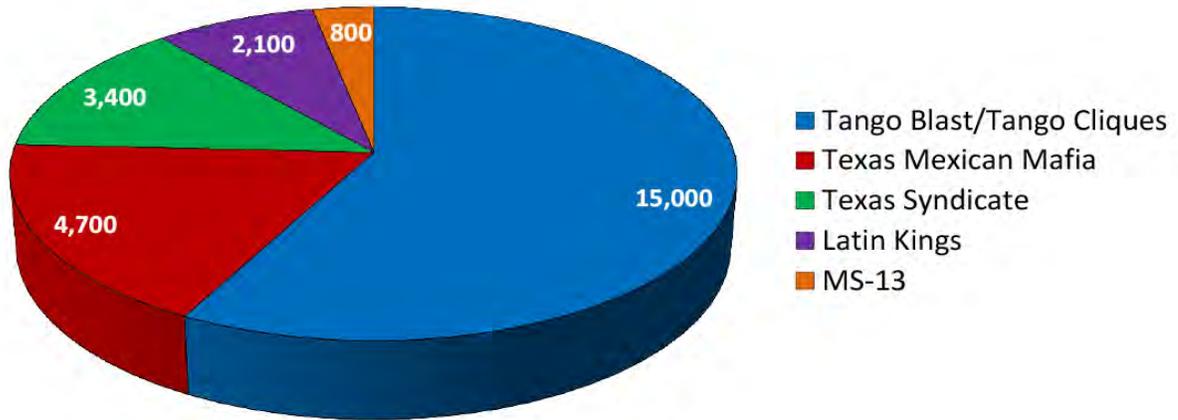
- Arizona: Some street gangs in Arizona have direct connections to Mexican TCOs, which foster wholesale-level drug contacts. These relationships are usually founded on family ties, and the TCOs have no influence over the local gangs. These types of criminal relationships usually profit the individual gang member, rather than the gang as a whole, as they are personal transactions with friends or family members.
- California: According to DEA reporting, the Mexican Mafia prison gang, which exercises control over southern California Hispanic criminal street gangs, has become an important factor in the importation and distribution of illegal drugs throughout the United States. The Mexican Mafia has a long history with Mexican TCOs operating within the Tijuana-California corridor, and their business dealings have expanded their working relationships with a number of Mexican TCOs.
- Texas: The Texas Department of Public Safety's 2015 Texas Gang Threat Assessment advised that gangs continue to present a significant threat to Texas, due to their propensity for violence and increased level of criminal activity. Of the gang members incarcerated in Texas Department of Criminal Justice prisons, over 60 percent are serving time for violent crimes. The Texas Joint Crime Information Center uses a threat assessment matrix to compare and evaluate the threat posed by individual gangs at a statewide level, ranking them

into tiers based on the level of threat that the gangs pose to the state. Tier 1 Texas gangs include Tango Blast, Texas Syndicate, Texas Mexican Mafia, MS-13, and Latin Kings (see Figures 23 and 24). These gangs pose the greatest threat to the state due to their relationship with Mexican TCOs, their transnational criminal activity, statewide presence, and high propensity for violence.

The relationship between gangs and Mexican TCOs presents a serious public safety threat in Texas. Home invasions, murders, and kidnappings are a few of the crimes gang members commit on behalf of the TCOs. The relationship between the TCOs and gangs increases the resources and profitability for each of them, as well as contributing to a higher level of violence.

- Numerous Tango Blast cliques, including the Houstons, Orejones, Vallucos, La Capirucha, D-Town, and West Texas Tangos have strong working relationships with the Mexican TCOs, including Los Zetas, the Gulf Cartel, and Los Caballeros Templarios. These relationships are mostly based on individual associations, rather than the gang as a whole.
- The Texas Syndicate (TS) has established drug trafficking and distribution networks with Los Zetas, the Gulf Cartel, the Sinaloa Cartel, and LFM. TS members engage in numerous crimes, including drug trafficking, firearms trafficking, extortion, burglary, and murder for hire. TS members have historically fled to Mexico to hide out with Mexican TCOs when facing criminal charges in the United States.
- The Texas Mexican Mafia maintains relationships with Mexican TCOs for monetary gain. These cartel connections are largely opportunity-based and not associated exclusively to any one cartel. The Texas Mexican Mafia has established firm associations with both Los Zetas and the Gulf Cartel, and their activities include drugs and firearms trafficking, contract murder, and bulk cash smuggling. The Texas Mexican Mafia also has active members living in Mexico, which allows the gang

Figure 23: Texas Tier 1 Gang Membership



Source: 2015 Texas Gang Threat Assessment

Figure 24. Texas-Mexican Cartel and Gang Connections^e

Aryan Brotherhood Texas	Gulf Cartel Juarez Cartel La Familia Michoacán
Barrio Azteca	Juarez Cartel Los Zetas
Latin Kings	Los Zetas
MS-13	Gulf Cartel Los Zetas Sinaloa Cartel
Tango Blast and Tango Cliques	Gulf Cartel La Línea Los Caballeros Templarios Los Zetas Sinaloa Cartel
Texas Mexican Mafia	Gulf Cartel Juarez Cartel Los Zetas Sinaloa Cartel
Texas Syndicate	Gulf Cartel La Familia Michoacán Los Zetas Sinaloa Cartel

Sources: 2015 Texas Gang Threat Assessment Southwest Border High Intensity Drug Trafficking Area, South Texas Region, Annual Threat Assessment 2014

^e This table provides a snapshot view – not a total representation – of the gang/cartel relationships in Texas.

GANGS

to operate with greater freedom on both sides of the SWB.

- MS-13 is a transnational gang with "cliques" in the United States, Mexico, El Salvador, Guatemala, and Honduras. They are reported to be criminally active in drug trafficking, firearms trafficking, and human smuggling through Central America, Mexico, and the United States. MS-13 is known to be an extremely violent gang, participating in homicides, assaults, robberies, and kidnappings.

Law Enforcement Gang Initiatives

Law enforcement nationwide continues to target the street and prison gangs that are threatening their neighborhoods and reducing

the quality of life for citizens residing in their communities. Federal, state, and local agencies have combined efforts to target gangs through multi-agency initiatives, including Project Rolling Thunder. This initiative is comprised of representatives from ATF, DEA, FBI, Homeland Security Investigations (HSI), the United States Bureau of Prisons (BOP), the United States Marshals Service (USMS), and state and local law enforcement. Project Rolling Thunder targets street gangs, which are heavily impacting local communities and regions throughout the United States. It specifically targets the organizations responsible for violent crime and aims to cut off their drug supply, the funds generated from their drug trafficking activities, and their cartel links.

Figure 25: Brole Gang Member



Source: Imperial County Narcotic Task Force Gang Unit

Overview

The threat posed by CPD abuse is prevalent, and every year since 2002, the number of deaths involving CPDs has outpaced those for cocaine and heroin combined. According to the CDC, 52 people in the United States die every day from overdosing on prescription painkillers. While recent data suggests abuse of these drugs has lessened in some areas, the number of individuals reporting current use of CPDs is still more than those reporting use of cocaine, heroin, methamphetamine, MDMA, and phencyclidine (PCP) combined. With the slightly declining abuse levels of CPDs, data indicates there is a corresponding increase in heroin use. A small, but not insignificant number of heroin users are CPD users who began using heroin as a cheaper alternative to the high price of illicit CPDs, or when they were unable to obtain prescription drugs.

Availability

Drug overdose deaths have become the leading cause of injury death in the United States. Each day in the United States, approximately 129 people die as a result of a drug overdose. The number of drug poisoning deaths in 2014, the latest year for which data is available, involving opioid analgesics is substantial and outpaces the number of deaths for cocaine and heroin combined (see Figure 26).

DEA investigative reporting shows high CPD availability in cities throughout the United

States (see Figure 27). Ten of DEA's 21 Field Divisions (FDs) list CPDs as one of their top three drug threats. Additionally, 14 of the 21 FDs reported that CPD availability was high during the first half of 2015; six other FDs reported moderate CPD availability. Finally, most FDs reported that availability was stable at high levels compared to the previous reporting period.

According to the 2016 National Drug Threat Survey (NDTS) (see Figures A1 and A5 in Appendix A), 12 percent of respondents nationwide indicated that CPDs were the greatest drug threat in their area—down considerably from 2014 when over 21 percent reported the same (see Figure A13 in Appendix A). Additionally, the number of respondents reporting high availability of CPDs nationwide declined between 2014 (75.4%) and 2016 (57.6%). The OCDETF regions with the largest number of respondents ranking CPDs as the greatest drug threat were New England, New York/New Jersey, and the Southeast (see Figures 31 and A5, A14, and A18 in Appendix A).

Figure 28 identifies the top five Schedule I - II CPDs distributed nationwide at the retail level (hospitals, pharmacies, practitioners, and teaching institutions) for each year, from 2006 to 2014. Seven CPDs were identified over the nine year period as being in the top five distributed. Opioids continue to be the major controlled CPDs, with five of the seven CPDs being opioids. Over the past nine years, hydrocodone and oxycodone products were

Figure 26. Drug Poisoning Deaths Involving Selected Illicit Drugs, 2007-2014

Drug	2007	2008	2009	2010	2011	2012	2013	2014
Prescription Drugs ^f	19,601	20,044	20,848	22,134	22,810	22,114	22,767	25,760
Cocaine	6,512	5,129	4,350	4,183	4,681	4,404	4,944	5,415
Heroin	2,402	3,041	3,278	3,036	4,397	5,927	8,257	10,574

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

^f Prescription drug poisoning deaths include deaths from prescription opiates and benzodiazepines.

CONTROLLED PRESCRIPTION DRUGS (CPDs)

Figure 27. DEA Field Division Reporting of CPD Availability in the First Half of 2015 and Comparison to Previous Period

Field Division	Availability During First Half of 2015	Availability Compared to Second Half of 2014
Atlanta Field Division	High	Stable
Caribbean Field Division	Moderate	Stable
Chicago Field Division	High	Stable
Dallas Field Division	High	Stable
Denver Field Division	Moderate	Stable
Detroit Field Division	High	Stable
El Paso Field Division	Moderate	Stable
Houston Field Division	Moderate	Stable
Los Angeles Field Division	High	Stable
Miami Field Division	Moderate	Stable
New England Field Division	High	Stable
New Jersey Field Division	High	Stable
New Orleans Field Division	High	Stable
New York Field Division	High	Stable
Philadelphia Field Division	High	Stable
Phoenix Field Division	Low	Stable
San Diego Field Division	High	Stable
San Francisco Field Division	Moderate	Stable
Seattle Field Division	High	Stable
St. Louis Field Division	High	Stable
Washington Field Division	High	Stable

Source: DEA Field Division Reporting

the two major opioid products distributed. In addition, two stimulants, amphetamines and methylphenidate (i.e., Ritalin®), have also maintained a continued and established trend of distribution. The opioid methadone was in the top five from 2007 to 2011, but was

replaced by morphine, another opioid, in 2012 and has remained on the top five list through 2014 (see Figure 29).

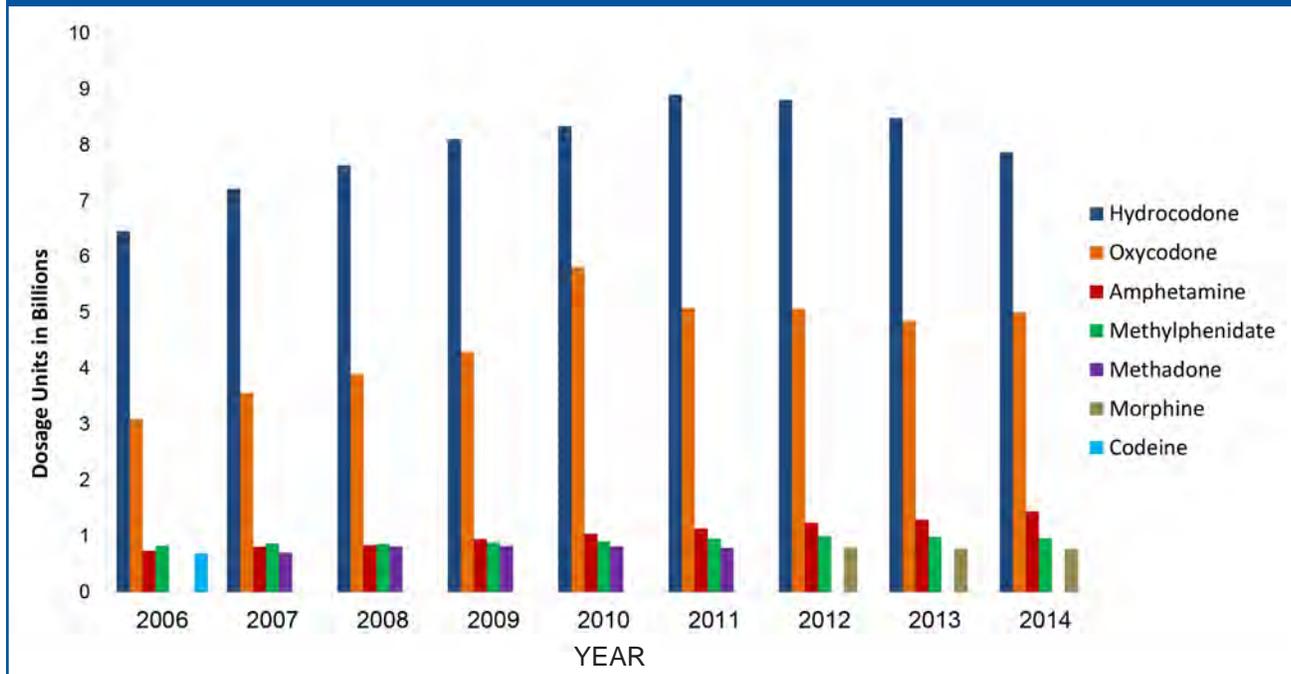
Interstate sharing of prescription data has been proven effective in helping reduce availability, abuse, and diversion of illicitly obtained prescription drugs. Prescription Drug Monitoring Programs (PDMPs), also known as Prescription Monitoring Programs (PMPs), are state-based initiatives developed to support the reporting and utilization of controlled prescription drug data by the medical, treatment, and law enforcement communities to prevent the diversion and abuse of CPDs. Although not a new program, with the advances in electronic online database records, interested parties now have swift access to prescription-related data. Currently, 49 states and Guam have active PDMPs tracking in-state prescriptions, and the District of Columbia has been given authorization to create a PDMP. Missouri remains the only state without a PDMP.

There is currently no federal mandate for states to link their individual PDMPs. However, the National Association of Boards of Pharmacy (NABP) has created the InterConnect® system, which allows users of participating PDMPs to securely exchange prescription data between states. Currently, 33 states have signed Memorandums of Understanding (MOUs) and are connected to InterConnect®, eight states have signed MOUs and plan to connect in 2016, and three states have MOUs under review. Despite the system's availability, registered users of the individual state PDMPs are under no legal obligation to use the InterConnect® system, as it is administered by an independent, non-governmental association.

To reduce CPD abuse, the DEA pursues administrative and/or enforcement actions against DEA registrants operating outside the law. These actions are designed to protect the public and deter potential violators of the Controlled Substances Act. DEA regularly conducts criminal investigations, which may lead to criminal and/or civil charges against a registrant. When warranted, the DEA also uses its administrative authority to potentially revoke a DEA registrant's registration. At the conclusion of these types of investigations, and if there is sufficient evidence, DEA will serve an Order to Show Cause (OTSC) on the DEA registrant and bring them before an

CONTROLLED PRESCRIPTION DRUGS (CPDs)

Figure 28. Top 5 Schedule II and III CPDs Distributed Nationwide by Year, 2006-2014



Source: DEA

Figure 29. Top 5 CPDs Distributed Nationwide in Billions of Dosage Units, 2006-2014

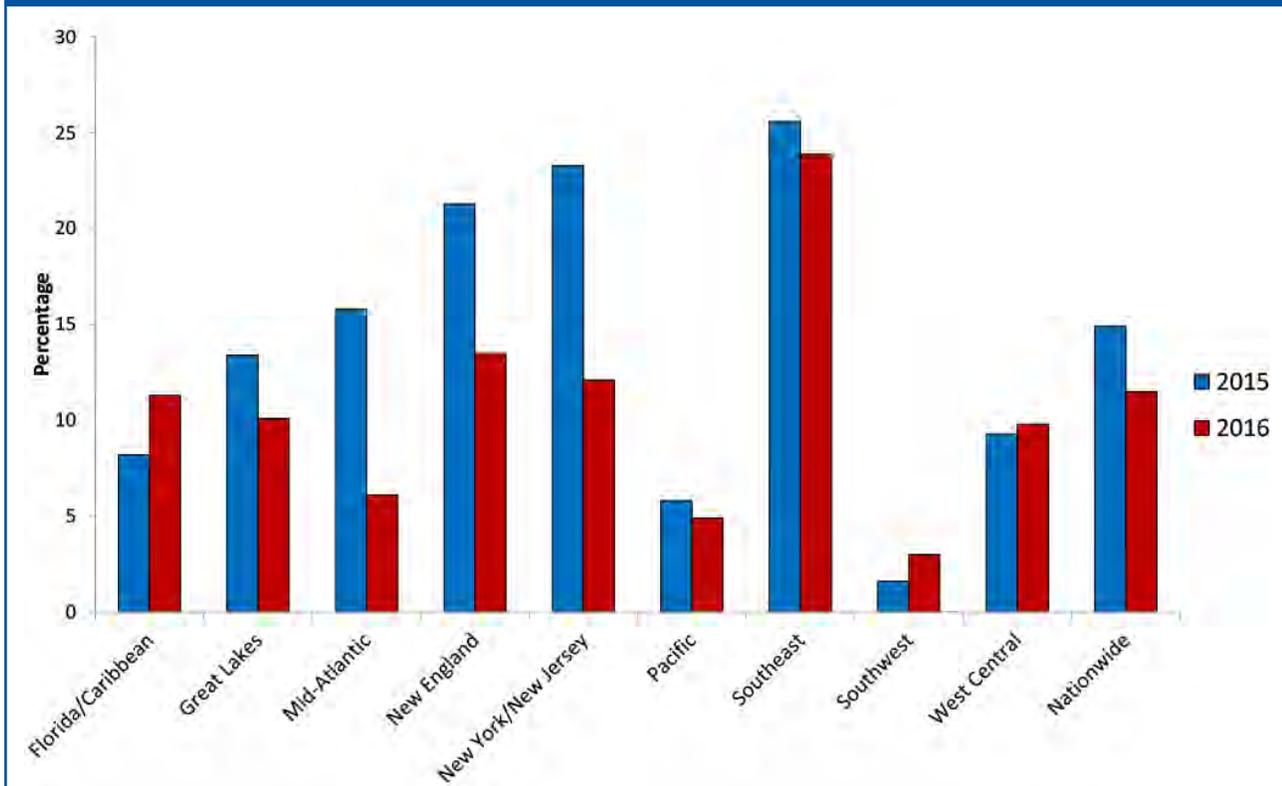
Drug	2006	2007	2008	2009	2010	2011	2012	2013	2014
Hydrocodone	6.4	7.2	7.6	8.1	8.3	8.8	8.8	8.4	7.8
Oxycodone	3	3.5	3.8	4.2	5.8	5	5	4.8	4.9
Amphetamine	0.7	0.8	0.8	0.9	1	1.1	1.2	1.2	1.4
Methylphenidate	0.8	0.8	0.8	0.8	0.9	0.9	0.9	0.9	0.9
Methadone	NA	0.7	0.8	0.8	0.8	0.7	NA	NA	NA
Morphine	NA	NA	NA	NA	NA	NA	0.7	0.7	0.7
Codeine	0.6	NA							

NA = Not Available

Source: DEA

CONTROLLED PRESCRIPTION DRUGS (CPDs)

Figure 30. OCDETF Regions Reporting CPDs as the Greatest Drug Threat, 2014-2016



Source: 2016 National Drug Threat Survey

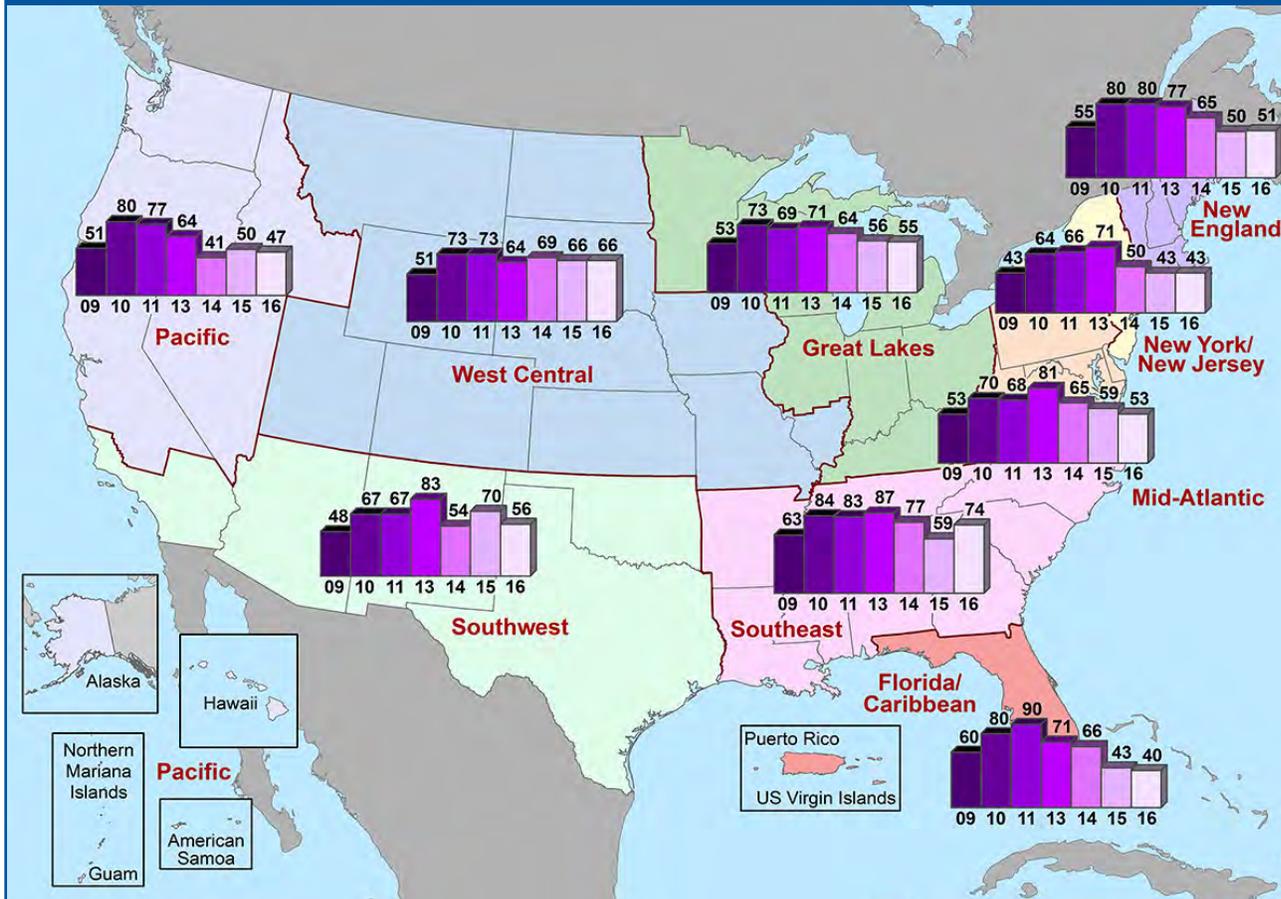
Administrative Law Judge, where it will be determined whether the registrant can be entrusted with a DEA registration. To bring registrants into compliance the DEA also has the authority to issue Letters of Admonition (LOA) to registrants. These LOAs inform the registrant of their violations and ask them to provide DEA with their corrective actions.

For more serious, or serial, violations, DEA may enter into Memorandum of Agreements (MOA's) with the registrant. These MOA's outline the steps they must take in order to prevent the potential revocation of their registration. These MOAs often provide specific conditions under which the registrant must operate, and may also limit the types of controlled substances the registrant may prescribe or dispense. For the most serious violations, DEA issues fines against pharmacies that violate the regulations set forth by the Controlled Substances Act (CSA). In 2015, DEA fined national pharmacy chain CVS \$22 million for violations in Florida and \$450,000 for violations in Rhode Island. In

both instances, the pharmacy knowingly dispensed prescriptions to those without a legitimate medical purpose and failed to maintain sufficient records.

The DEA conducts criminal enforcement activities in this area primarily through the Tactical Diversion Squad (TDS) Program. TDSs are designed to address controlled substance diversion in line with traditional regulatory efforts, and are comprised of many DEA specialties, including DEA Special Agents and Diversion Investigators, and federal, state and local counterparts. These groups combine varied resources and expertise in order to identify, investigate, disrupt, and dismantle those individuals or organizations involved in diversion schemes. Of particular note, state and local law enforcement agencies dedicate officers on a full-time basis to work as Task Force Officers in TDSs across the United States. TDSs also play an important role in addressing the growing problem of emerging synthetic designer drugs.

Figure 31. Percentage of NDTs Respondents Reporting High CPD Availability 2009-2011, 2013-2016⁹



Source: 2016 National Drug Threat Survey

DEA's National Prescription Drug Take-Back Day Nets 447 Tons of Pills

In April 2016, DEA's 11th National Prescription Drug Take-Back Day was successfully conducted in over 5,000 communities across the country, collecting more than 447 tons of unused, expired, or unwanted prescription drugs. Since September 2010, these events have collected 3,210 tons of prescription drugs.

DEA began hosting the National Prescription Drug Take-Back Day in September 2010. At that time, the CSA made no legal provision for patients or their caregivers to dispose of unwanted CPDs, except to give them to law enforcement (it was illegal for hospitals or pharmacies to accept unused or unwanted drugs). On September 9, 2014, DEA published new disposal regulations in the Federal Register allowing certain authorized DEA registrants (manufacturers, distributors, reverse distributors, narcotic treatment programs, retail pharmacies, and hospital/clinics with an on-site pharmacy) to become authorized collectors.

⁹ The National Drug Threat Survey was not administered in 2012.

CONTROLLED PRESCRIPTION DRUGS (CPDs)

Due to the significant threat posed by pharmaceutical diversion, opioid abuse and synthetic drugs throughout the nation, the DEA dedicates intelligence resources to focus on diversion-related issues/priorities and provide strategic intelligence assessments, evaluations, and trend reporting in furtherance of diversion enforcement/regulatory efforts and DEA's overall objectives in this area.

Following the example of the National Prescription Drug Take-Back, a major U.S. pharmacy chain announced in February 2016 they would be installing safe medication disposal kiosks for expired or unwanted CPDs in 500 drugstores throughout 39 states and the District of Columbia. The kiosks will primarily be available at the company's 24-hour locations.

Abuse

Survey, treatment, and demand data indicate high levels of CPD abuse. More individuals report current use of CPDs than for cocaine, heroin, and methamphetamine combined, making CPD use second only to marijuana (see Figure 33). The number of treatment admissions to publicly funded facilities for non-heroin opiate/synthetic abuse in 2013 was 24 percent higher than in 2008; however, the number of admissions has declined since 2011. This decline can in part be attributed to some CPD abusers switching to heroin, which, unlike CPD abuse, increased between 2011 and 2013. Some abusers, when unable to obtain or afford CPDs, begin using heroin, a cheaper alternative that offers similar physiological effects. Another possible factor in the decline in admissions could be the 2010 reformulation of opiates such as OxyContin®, which were reformulated specifically to reduce instances of abuse.

- The 2014 National Survey of Drug Use and Health (NSDUH) data indicates stable values in the number of past month, past year, and lifetime nonmedical users of psychotherapeutic drugs when compared to the previous year. In 2014, there were 6.54 million people aged 12 or older who reported current (past month) non-medical use of psychotherapeutic drugs. In 2013, that number remained approximately the same at 6.48 million (see Figures B1 and B2 in Appendix B).

- Monitoring the Future (MTF) survey data for 2015 shows a decrease in adolescent trends for past year CPD abuse. MTF only surveyed 12th grade students on CPD abuse, which indicated 12.9 percent of those students surveyed in 2015 reported past year abuse of CPDs, down from 15.0 percent in 2013 (see Figure B3 in Appendix B). However, MTF 12th grade students reported increased past year abuse of Adderall® and Ritalin®.
- According to Treatment Episode Data Set (TEDS) information, non-heroin-related opiate treatment admissions to publicly funded treatment facilities increased every year from 2002 to 2011, before posting its first decline in 2012 and continued decline in 2013 — the latest year available. In 2013, there were 154,778 non-heroin-related opiate admissions, which is a decline of 12.4 percent from the 176,700 admissions in 2012 (see Figure B5 in Appendix B).

Centers for Disease Control and Prevention Issue Nationwide Opioid Guideline

In March 2016, the CDC issued the first nationwide opioid prescription guideline, intended for primary care clinicians treating patients with chronic pain. The guidelines, while not mandatory, are recommended in an effort to slow the epidemic of opioid abuse. The recommendations include prescribing non-opioid pain relievers before opioids, as well as emphasizing physical therapy and other treatments as ways to treat the problem rather than temporarily relieving pain symptoms. If opioids are prescribed, the guidelines urge a reduction in dosage, as well as constant risk reassessment.

- In 2011, the CDC reported that drug misuse and abuse caused approximately 2.5 million emergency department visits. Of these, more than 1.4 million were CPD-related.

In recent years, there has been an increase in dextroamphetamine-amphetamine abuse. Dextroamphetamine-amphetamines are central nervous system stimulants

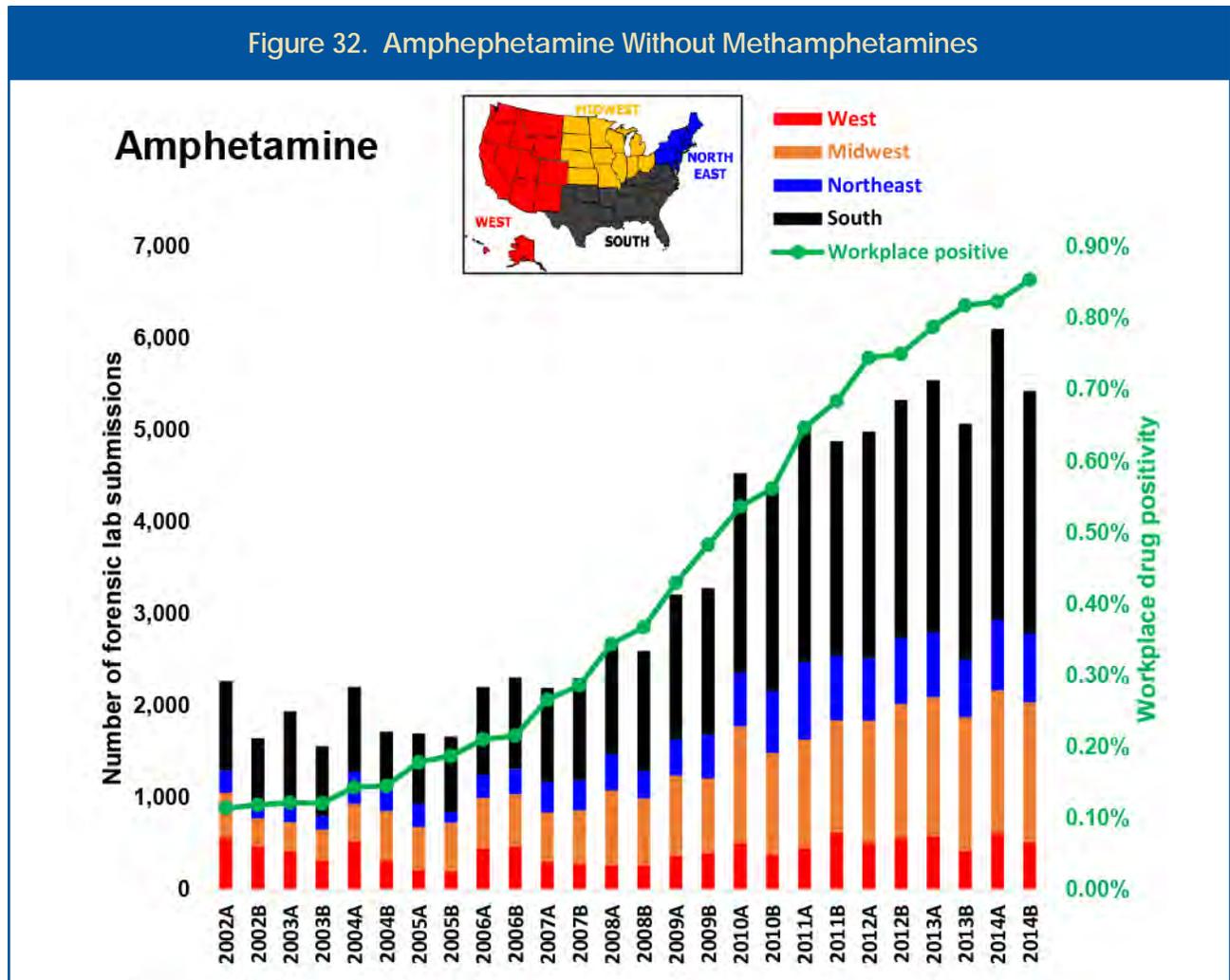
prescribed for the treatment of attention deficit hyperactivity disorder (ADHD) among other conditions. These substances are marketed under the brand names Adderall®, Dextrostat®, and Dexedrine®. The nonmedical use of Adderall^h, a Schedule II substance, has increased by 67 percent between 2006 and 2011. This rise in abuse of ADHD medication is concurrent with the increase in ADHD diagnoses. The number of children diagnosed with ADHD has increased from 7.8 percent in 2003 to 11 percent in 2011.

Additionally, misuse of ADHD medication resulted in a 76 percent rise in poison control center interventions from 2005-2010. Young adults 18-25 years old represent the majority of the increase in Emergency Department visits, despite children comprising the largest subset of ADHD diagnoses. Many high school and college age students display limited knowledge of either the side effects or the addictive nature of Adderall®. This coincides with the popular reputation of the drug on college campuses as a study-aid to improve concentration, and not something harmful or addictive. This contributes to the increased rate of non-medical use among adults.

The rise in diagnoses of ADHD corresponds with almost a tripling of emergency department visits involving ADHD medications (specifically Adderall®) from 2005 to 2010.

The increased diagnoses of adult ADHD

Figure 32. Amphetamine Without Methamphetamines

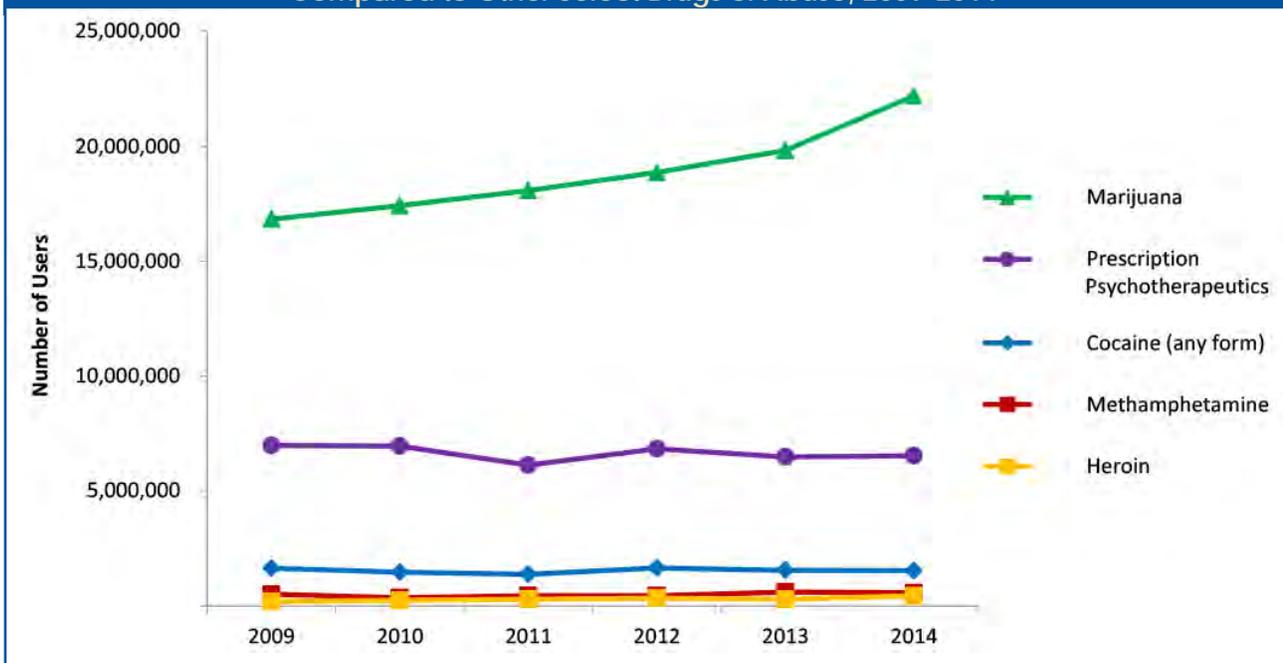


Source: National Forensic Laboratory Information System and Quest Diagnostics

^h For ease of understanding, all mentions of dextroamphetamine-amphetamines will be labeled under the term Adderall® with the understanding that is not the only brand name.

CONTROLLED PRESCRIPTION DRUGS (CPDs)

Figure 33. Number of Past Month, Nonmedical Users of Psychotherapeutic Drugs Compared to Other Select Drugs of Abuse, 2009-2014



Source: 2014 National Survey on Drug Use and Health

Largest-Ever Prescription Drug Operation

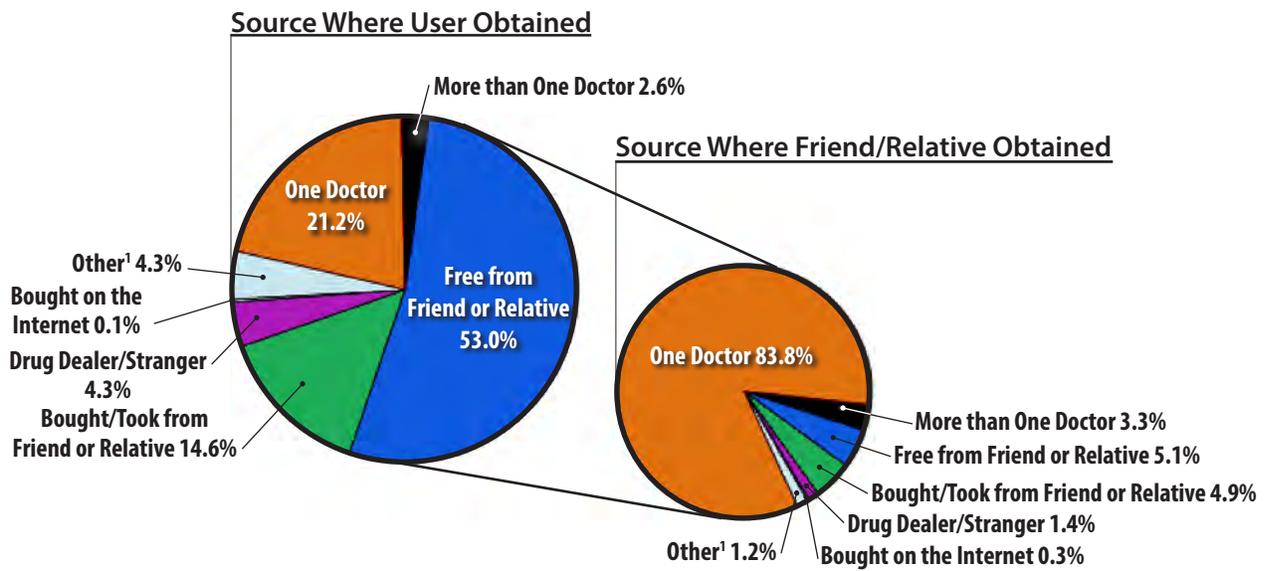
Operation Pilluted, led by the DEA New Orleans FD in coordination with state and local law enforcement partners, identified DEA Registrants and others involved in abusing their authority to prescribe, obtain, and distribute dangerous and addictive controlled substances, such as oxycodone, hydrocodone, and Xanax®. The operation spanned across four states —Arkansas, Alabama, Louisiana, and Mississippi. In 2015, this operation involved 99 criminal investigations, which led to 313 arrests, including 25 DEA Registrants, 46 vehicles seized, 204 weapons seized, and 62 DEA registrations surrendered. In addition, the operation resulted in the seizure of \$615,428 USC, [\$315,000 in fines levied] approximately \$11,300,000 in bank accounts, and \$6,745,800 in real property.

and the corresponding usage of ADHD stimulant medication, both legitimate and illicit use, is being reflected in the nationwide increase in forensic cases that test positive for amphetamines without the presence of methamphetamines. While these numbers are not exclusively the result of Adderall® and ADHD medications, the increased prescribing of Adderall® corresponds with the increase in positive workplace drug tests for amphetamines without methamphetamine (see Figure 32).

Diversion

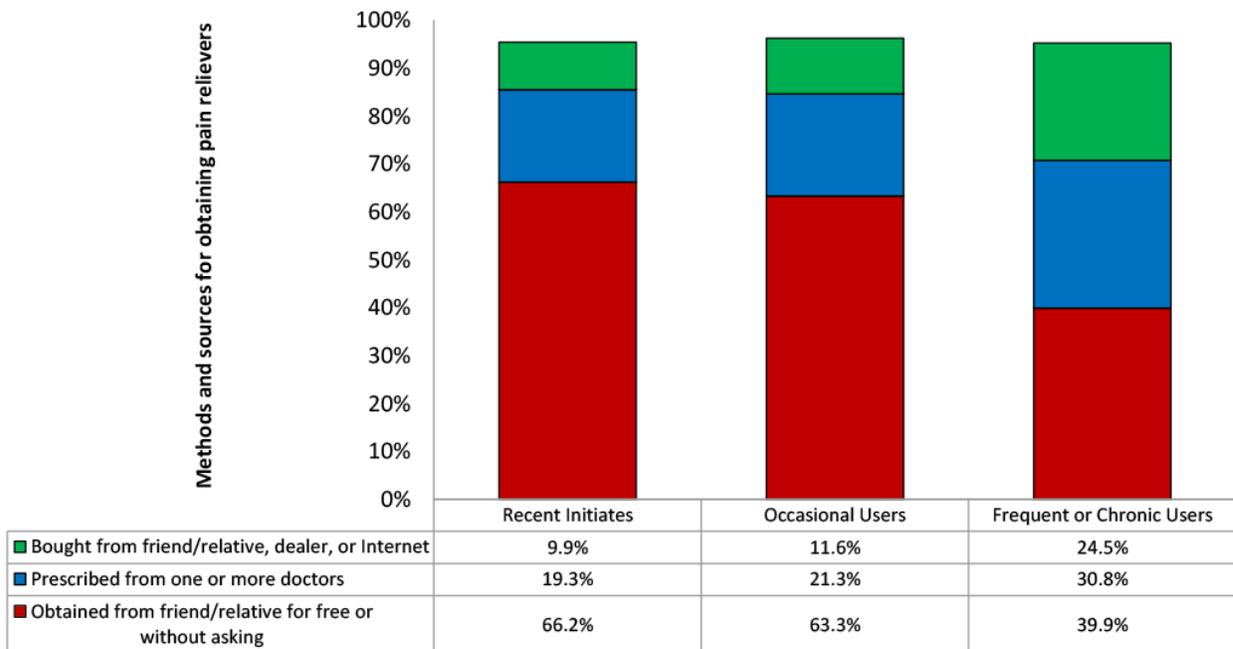
According to the 2016 NDTs, nationwide, about half of the respondents indicated that diversion of narcotics was high, similar to the percentage reported in 2015 (see Figure A6 in Appendix A). Additionally, another quarter of the respondents indicated that narcotic diversion was moderate. Prescription opioid analgesics—specifically those containing oxycodone and hydrocodone—are the most common types of CPDs diverted and abused.

Figure 34. Source Where Pain Relievers Were Obtained for Most Recent Nonmedical Use Among Past Year Users Aged 12 or Older: 2012-2013



Source: 2014 National Survey on Drug Use and Health

Figure 35. Methods and Sources for Users Obtaining Pain Relievers



Source: 2014 National Survey on Drug Use and Health

CONTROLLED PRESCRIPTION DRUGS (CPDs)

NSDUH 2012-2013 data indicates that 53 percent of nonmedical users of CPDs (i.e., pain relievers, tranquilizers, stimulants, and sedatives) aged 12 or older got their most recently used prescription drugs “from a friend or relative for free.” Of these nonmedical users, the majority indicated that their friend or relative obtained the drugs from a single doctor (see Figure 34). Further analysis of the NSDUH data indicated frequent CPD users increasingly obtain CPDs via purchases from friends and family, street dealers, or via the Internet (see Figure 35).

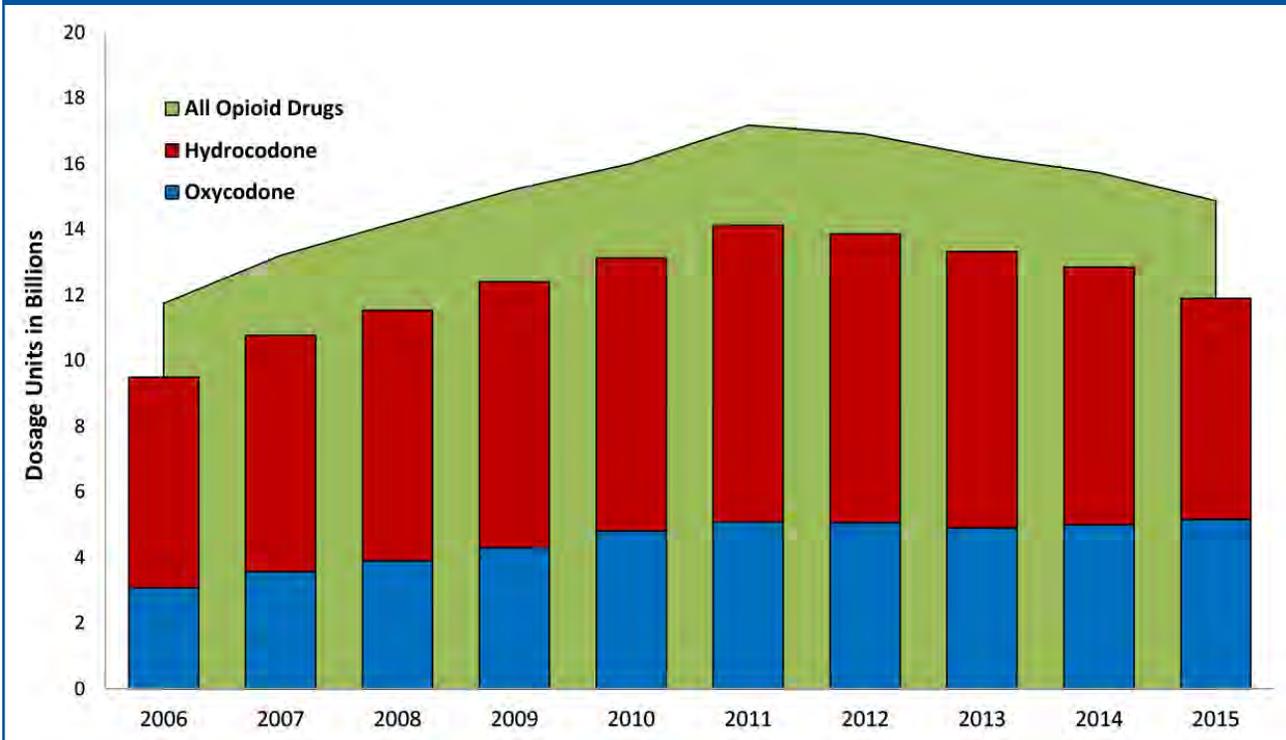
In addition to obtaining CPDs from friends and family, users also frequently obtain CPDs by diverting them from the legitimate market or a supply chain for illegal distribution and abuse. Types of diversion include doctor shopping, prescription fraud/forgery, employee theft (from pharmacies, hospitals, physician offices, etc.), non-therapeutic prescribing by rogue practitioners, and burglaries or armed robberies of pharmacies and drug distributors. Data shows the amount of opioid CPDs legitimately distributed to dispensers decreased slightly between 2011 and 2013.

Figure 36. Number of Dosage Units of Opioid Narcotics Disbursed to Retail Level Purchasers by U.S. Distributors, 2006-2015 (in Billions)

Drug	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Opioids	11.7	13.2	14.2	15.2	16.0	17.2	16.9	16.2	12.0	14.9

Source: DEA

Figure 37. Opioid CPDs Compared to the Number of Hydrocodone and Oxycodone CPDs Available on the Legitimate Market, 2006-2015 (in Billions)



Source: DEA

Figure 38. Number of Dosage Units of Opioid Narcotics Lost, 2009-2015
(in Millions)

Drug	2009	2010	2011	2012	2013	2014	2015
Opioids	12.1	12.5	19.5	13.1	11.6	12	9.1

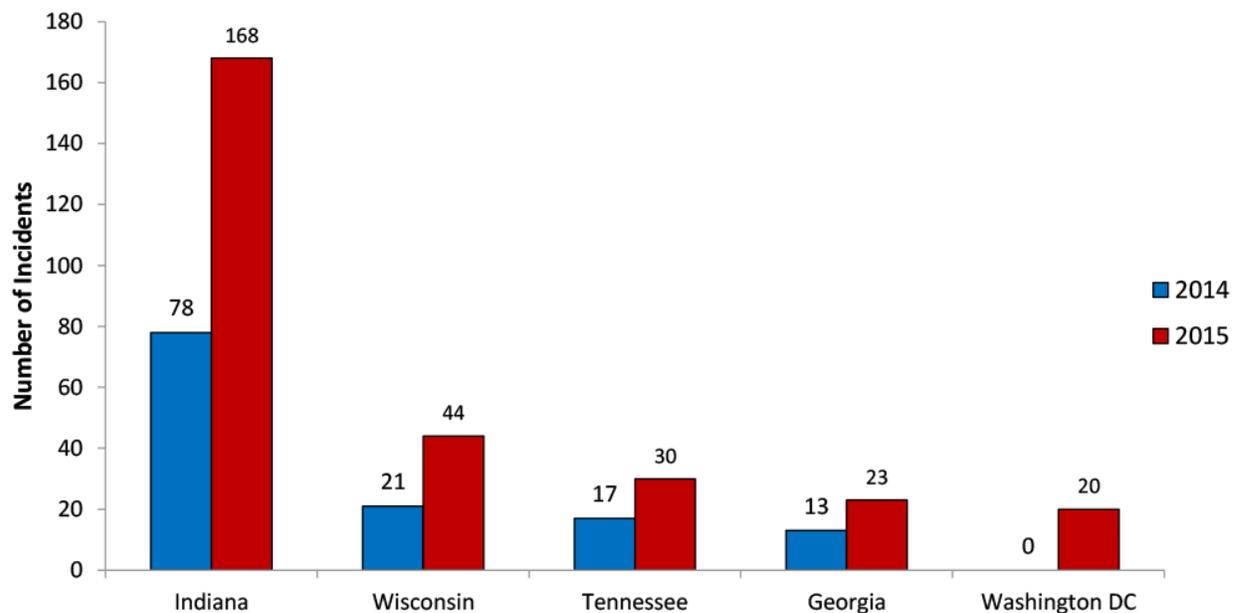
Source: DEA

Before its peak in 2011, distribution had risen steadily since 2006 (see Figure 36). The amount of CPDs available on the legitimate market is significant, and a large percentage (over 80%) is oxycodone and hydrocodone products (see Figure 37). Data regarding legitimate commercial disbursement of prescription opioids show the amount of opioid CPDs disbursed to pharmacies, hospitals, practitioners, narcotic treatment programs, and teaching institutions. In 2015, sales data from IMS Health, a public company that provides national prescription audit data

and measures the outflow of prescriptions from retail, mail order, and long-term care pharmacies, revealed more than 6.7 billion hydrocodone tablets were distributed in the United States.

While the percentage of opioid narcotics diverted from the legitimate market is small—less than 1 percent of what is legitimately available—that amount still totaled more than 9 million dosage units in 2015 (see Figure 38).

Figure 39. Top Percentage Change in Armed Robberies, 2014 -2015



Source: DEA

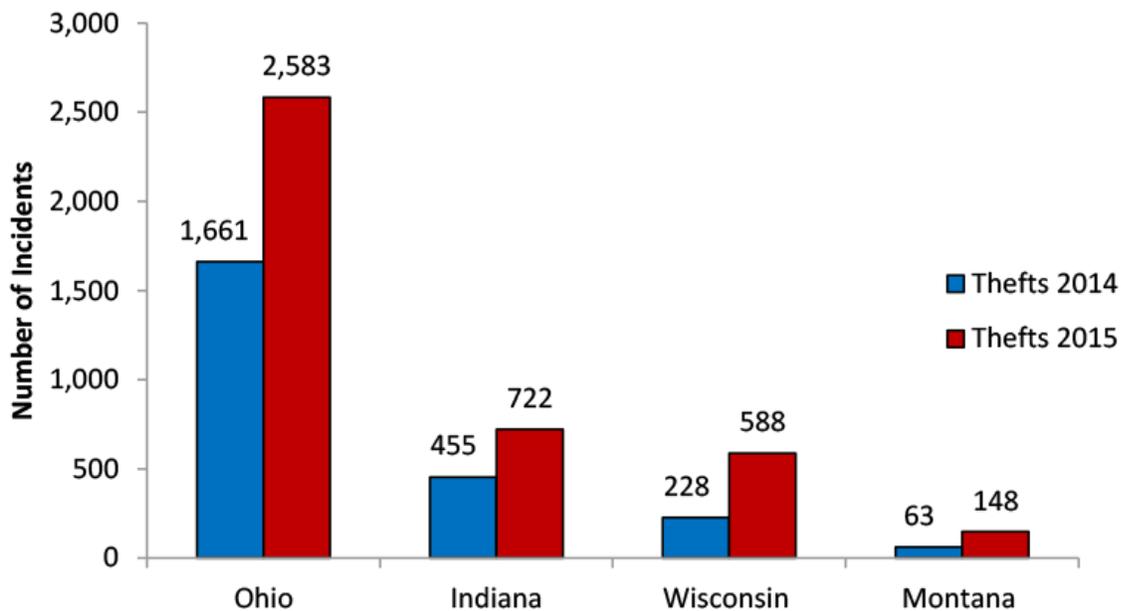
CONTROLLED PRESCRIPTION DRUGS (CPDs)

CPD diversion by armed robbery is increasing in some areas of the United States. According to the DEA Drug Theft and Loss Database, the total number of prescription drug armed robberiesⁱ has fluctuated but increased overall since 2009.

In 2015, most states experienced fewer pharmacy armed robberies, with some notable exceptions. Indiana, Washington, DC, Wisconsin, Tennessee, and Georgia all experienced nearly double the number of armed robberies compared to the previous year. Of these exceptions, Indiana experienced 168 armed robberies in 2015, which made Indiana the only state with more than 100 armed robberies in a single year. In fact, none of the other states have had over 100 pharmacy armed robberies in a single year in the last seven years^j (see Figure 39).

- Indianapolis, Indiana: In April 2015, a man was arrested for the armed robbery of a pharmacy in Terre Haute, Indiana. The man was previously arrested in March 2015 for Conspiracy to Deal Oxycodone and Cocaine, Forgery, Prescription Fraud, Identity Theft, Insurance Fraud and Medicare Fraud. During the arrest in March, information was obtained that led to his becoming a suspect in the Terre Haute, Indiana pharmacy robbery.
- Indianapolis, Indiana: In 2015, a trend emerged where individuals as young as 12 perpetrated robberies during which they were either armed or implied to be armed. Most of these minors were recruited by someone older to commit armed robbery on their behalf. In

Figure 40. Top Percentage Change in Thefts, 2014 -2015

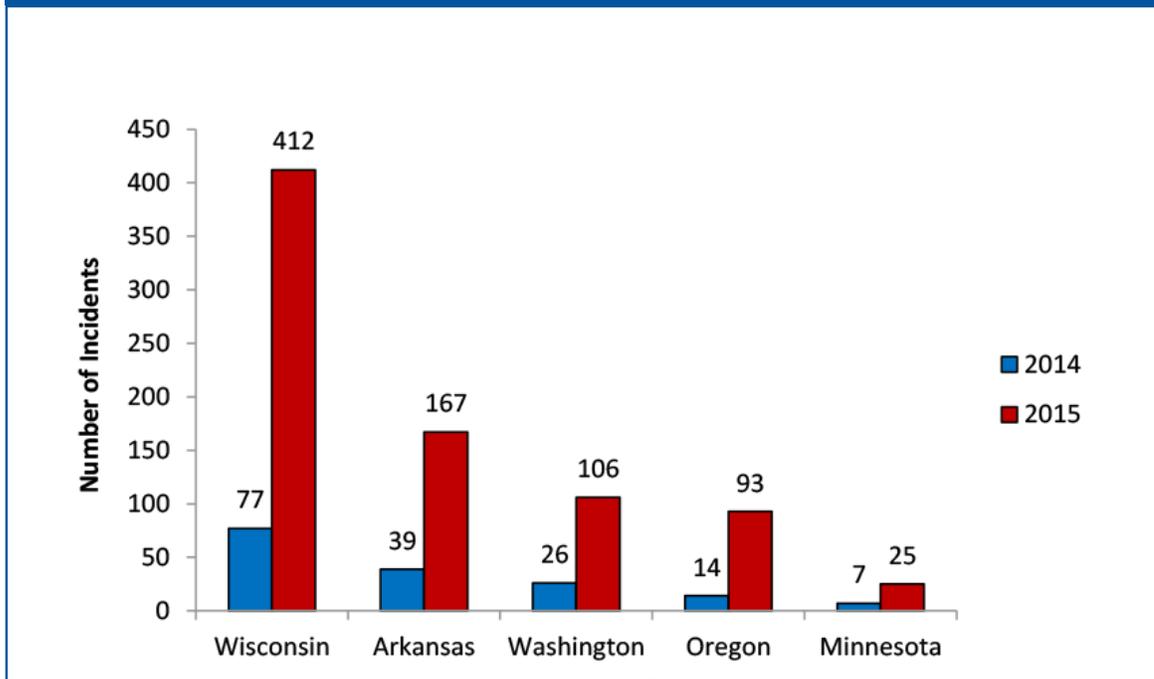


Source: DEA

ⁱ 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.

^j The cause for the increase in armed robberies in Indiana does not have an official explanation at this time.

Figure 41. Top Percentage Change Lost in Transit, 2014 -2015



Source: DEA

September 2015, seven pharmacies were robbed by suspects under the age of 18 in a 24-hour period. Security footage from the robberies identified dozens of suspects appearing to be in their teens and early 20s.

Between 2014 and 2015, incidents of theft, to include customer theft, employee theft, and nighttime break-ins, rose for 28 states. The greatest percentage increases occurred in Wisconsin, Montana, Ohio, and Indiana. The total number of theft incidents greatly exceeds those of armed robbery (see Figure 40).

- Greenwood, Indiana: In September 2015, a pharmacy technician was arrested for theft of controlled substances from seven pharmacies. More than \$55,000 worth of painkillers and approximately 14,000 pills were stolen. The pharmacy tech had only been working with the pharmacy as a technician in training since 2014.
- Masontown, Pennsylvania: In December 2015, four individuals from Columbus, Ohio attempted to burgle a pharmacy in Masontown, PA and were arrested in the act. The individuals were part of a

burglary ring that stole from a number of pharmacies in Ohio and the surrounding states. The total amount burglarized was estimated to be in excess of 50,000 pills.

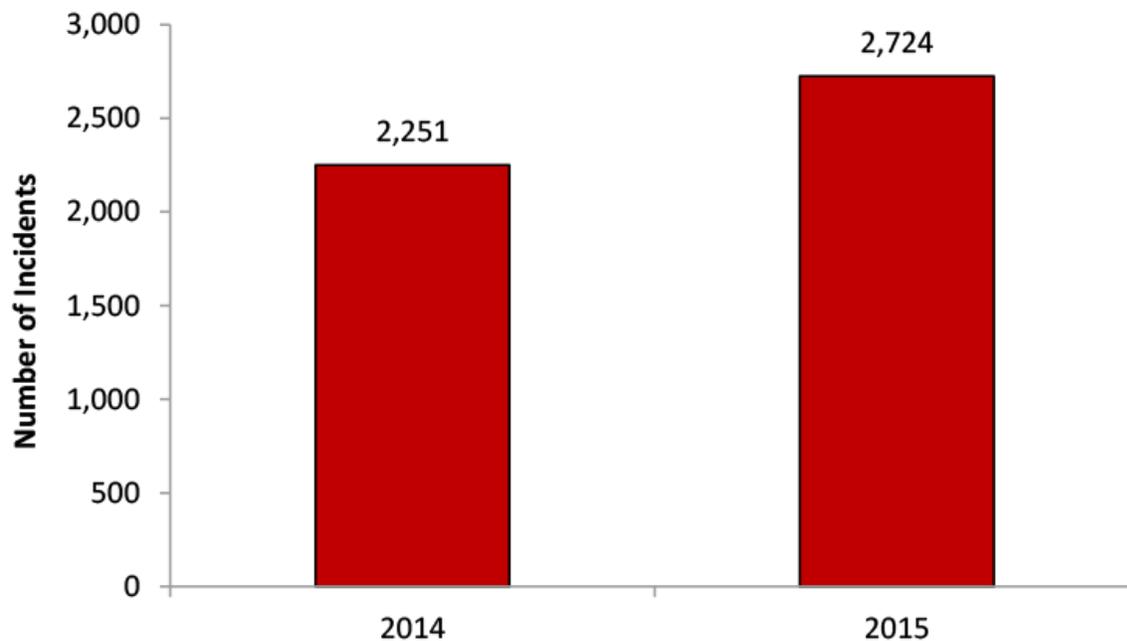
Another trend in 2015 was the increase in incidents of CPDs being “lost in transit.” “Lost in transit” is described as controlled substances being misplaced while being moved from one point to another. Thirty-four states rose in number of incidents occurring, with Arkansas, Minnesota, Oregon, Washington, and Wisconsin showing the greatest percentage increase^k (see Figure 41).

Arizona has reported the most lost in transit incidents in the nation for six out of the last seven years. In 2014, Arizona accounted for nearly half of the incidents reported for the entire nation (see Figure 42). The number of incidents nationwide increased 50 percent between 2014 and 2015. National losses in transit equate to approximately 1.9 million dosage units in 2015 alone. It is unclear

^k The increases in CPDs being lost in transit does not have an official explanation at this time.

CONTROLLED PRESCRIPTION DRUGS (CPDs)

Figure 42. Arizona CPD Lost in Transit Incident, 2014 -2015



Source: DEA

if these dosage units are being diverted, destroyed, or truly lost.

Economic Impact of Prescription Drug Abuse

The economic impact of prescription drug abuse is significant. A number of studies have been conducted on the impact on health care costs for prescription drug abuse. One such estimate, aggregating census data, levels of abuse, and cost of health care services, conservatively estimates the cost is \$25 billion annually. Healthcare services under this estimate consisted of overdose treatment, inpatient care, substance abuse treatment, cost of care, and cost of preventative measures.

In addition to health care costs, the productivity of a worker is greatly reduced when abusing drugs, including CPDs, due to absenteeism and decreased participation in the work force. The likelihood of an unemployed person to succumb to addiction is far greater than that of an employed individual, further burdening the system. An employed person who is a current drug user is twice as

likely to skip one or more work days a month, and is also more likely to miss two or more days due to illness or injury when compared to non-drug users. This lost workplace productivity equates to an estimated \$25.5 billion annually on top of the health care costs of \$25 billion.

The number of hydrocodone and hydromorphone users testing positive in the work place decreased between 2014 and 2015; this is likely due to the rescheduling of hydrocodone products to Schedule II in October 2014. This could be corroborated by the fact oxycodone and oxymorphone positive tests remained relatively steady during the same time frame (see Figure 43).

Another impact of CPD abuse is the societal costs of prescription opioid abuse, totaling an estimated \$55.7 billion annually in 2007. It is estimated approximately 46 percent of the total economic impact is from workplace costs, 45 percent is from healthcare costs, and nine percent is from criminal justice costs.

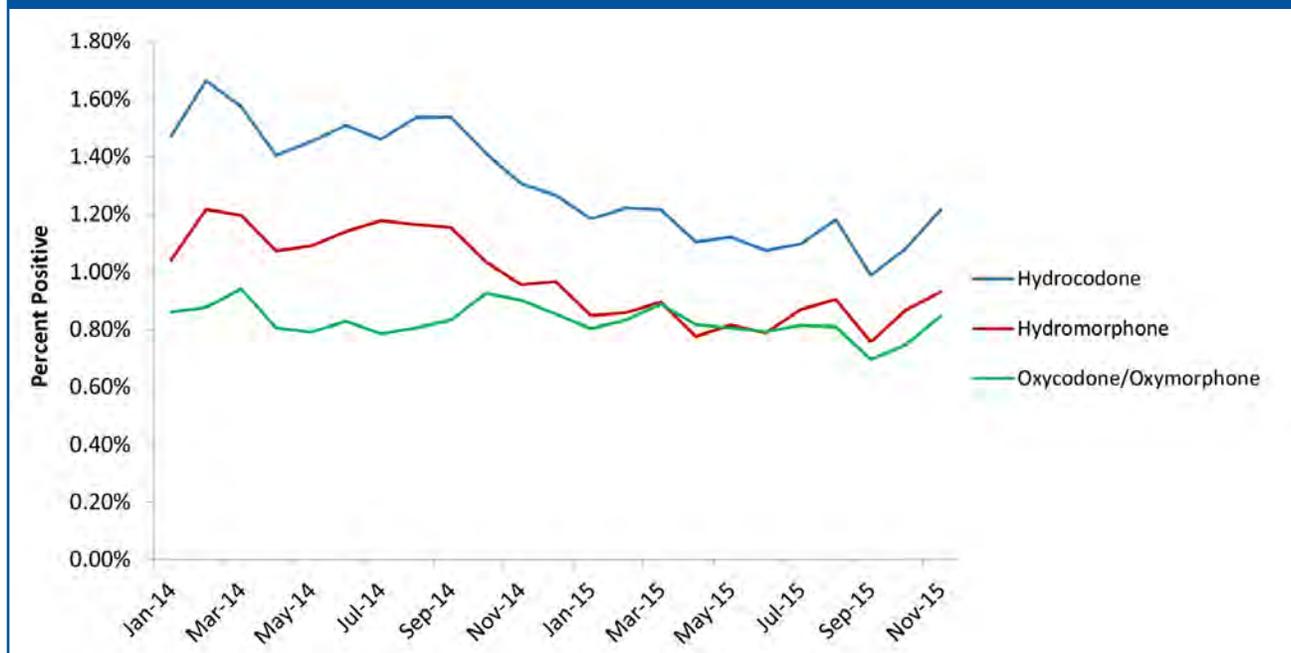
Unscrupulous physicians and pharmacists, and doctor shoppers add to the health care burden in the United States. Corrupt

pharmacists contribute to burgeoning health care costs in the United States by overbilling patients to increase their profits or even colluding with physicians to gain patients. Across the country, corrupt physicians accept cash payments from patients without providing them proper examinations, and some file erroneous or fraudulent claims with private insurance companies and Medicare/Medicaid. Insurance fraud on part the of pharmacists, physicians, and doctor shoppers taxes the insurer's resources, which in turn contributes to increases in premiums and costs for legitimate insurance holders who have to recoup the damages done by fraud. The Coalition Against Insurance Fraud estimated the average doctor shopper costs insurers \$10,000 to \$15,000 per year.

- Philadelphia, Pennsylvania: In July 2015, search warrants were executed against a series of urgent care clinics due to their prescribing practices. In addition to submitting approximately
- Newark, New Jersey: In September 2015, a pharmacist operating in Easton, Pennsylvania was sentenced in the Southern District of New York to three years in prison, 24 months parole, and a \$2.5 million dollar money judgment for participating in a prescription-selling scam. The pharmacist was part of a criminal organization which sold prescriptions over the Internet without a valid prescription or a consultation with a physician. This criminal organization would take pills returned by customers or delivery services and re-dispense the pills with new labels to other customers. It is estimated that the organization earned approximately \$25 million dollars in a three year period.

\$1.3 million in fraudulent insurance and Medicare claims, the owner of the clinics employed physicians who pre-signed blank prescriptions and had revoked medical licenses.

Figure 43. Workplace Positive Drug Tests for Prescription Drugs



Source: Office of National Drug Control Policy/Quest Diagnostics

CONTROLLED PRESCRIPTION DRUGS (CPDs)

Outlook

CPD availability and abuse will continue to pose a significant drug threat to the United States especially with the increase in overdose deaths. The implementation of legislation and successful law enforcement efforts have proven effective in various areas of the country. Diversion will likely become more difficult, as prescription monitoring programs become more sophisticated and more states share their data with each other. With the successful reduction in availability of controlled prescription drugs, more users may shift to abusing heroin, a cheaper, and widely available opioid that produces similar effects for users of prescription drugs. The financial impact of abuse will continue to be significant for both the medical industry and patients alike, as the considerable profits to be gained from illegal diversion continue to far outweigh minimal fiscal losses suffered by traffickers and relatively short incarceration terms.

Overview

Heroin poses a serious and increasing threat to the United States. The size of the U.S. heroin user population continues to grow aggressively and overdose deaths, already at high levels, continue to rise. Increases in poppy cultivation and heroin production in Mexico, the primary source of heroin for the U.S. market, allow traffickers to provide a steady stream of high-purity, low-cost heroin to markets throughout the United States.

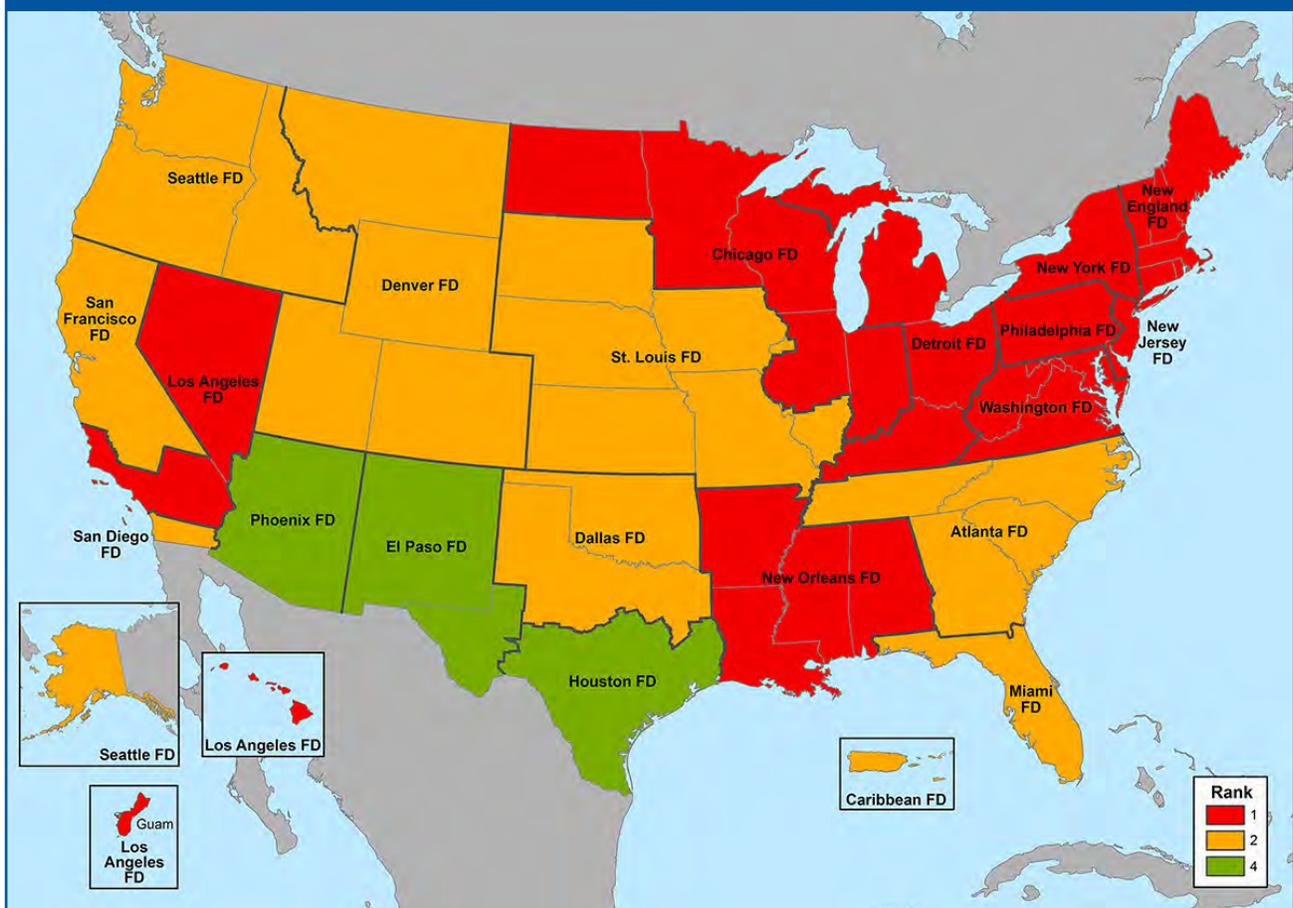
Heroin overdose deaths are high and increasing across the United States, particularly in the Northeast and Midwest. Heroin overdose deaths more than tripled between 2010 and 2014, with the most recent data indicating that heroin was involved in 10,574 American deaths in 2014. While the size of the heroin user population is smaller than other major drugs, heroin is much more deadly to its users. For example, the

population that currently abuses prescription pain relievers is approximately 10 times the size of the heroin user population; however, opioid analgesic-involved overdose deaths are approximately twice that of heroin-involved deaths.

Nine of the 21 domestic DEA FDs ranked heroin as their number one drug threat in 2015. Another nine FDs ranked heroin as the second greatest threat to their areas (see Figure 44).

According to the 2016 NDTs, 45 percent of respondents reported heroin was the greatest drug threat in their area, more than for any other drug. Since 2007, the percentage of NDTs respondents reporting heroin as the greatest threat has steadily grown, from eight percent in 2007 to 45 percent in 2016 (see Figure A2 in Appendix A). The regions with the highest percentage of respondents choosing heroin as the greatest drug threat are in the

Figure 44. Heroin Threat in the DEA Field Divisions



Source: DEA Field Division Reporting

HEROIN

Northeast and Midwest: the Mid-Atlantic region (85%), the New York/New Jersey region (76%), the New England region (74%), and the Great Lakes region (66%) (see Figure 45).

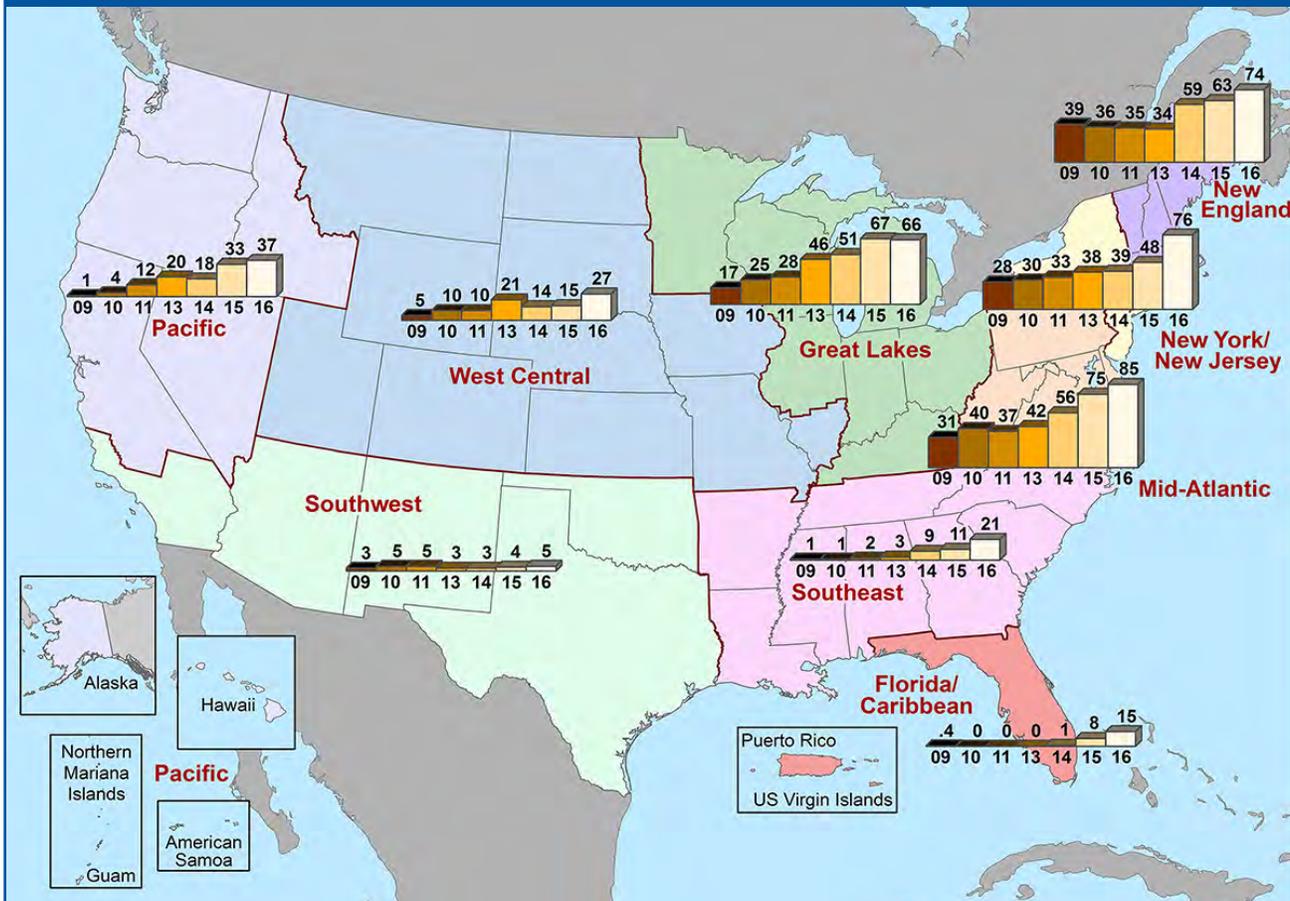
Availability

The United States has seen substantial increases in heroin availability in the last seven to 10 years, which has allowed the heroin threat to expand to unprecedented levels. Increases in heroin production in Mexico (see Production section) have ensured a reliable supply of low-cost heroin, even in the face of significant increases in user numbers.

Reporting from federal, state, and local law enforcement agencies indicates heroin availability is increasing in areas throughout the United States. Availability levels are highest in the Northeast and in areas of the Midwest. These regions are white powder heroin markets and have historically had higher heroin use levels than other regions of the country.

- According to the 2016 NDTs, 45 percent of respondents said heroin availability was high in their areas, meaning it is easily obtainable at any time. The regions with the highest percentage of respondents reporting high availability of heroin are in the Northeast and Midwest: the Mid-Atlantic

Figure 45. Heroin as the Greatest Drug Threat as Reported by State and Local Agencies, 2009-2011, 2013-2016

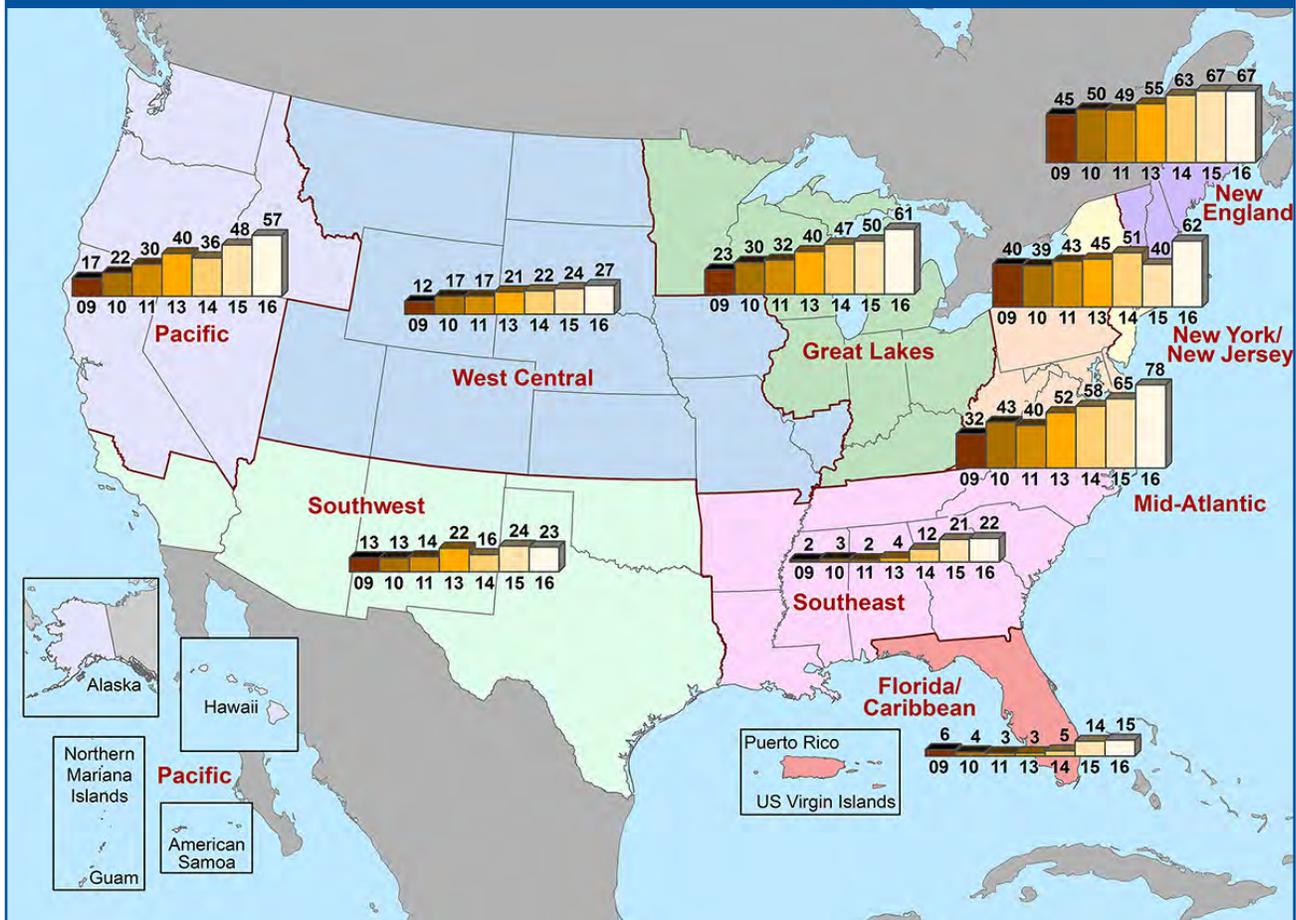


Source: 2016 National Drug Threat Survey

region (78%), the New England region (67%), the New York/New Jersey region (62%), and the Great Lakes region (61%). Most respondents in the Pacific region (57%) also reported high heroin availability (see Figure 46). In addition, 68 percent of respondents reported that heroin availability was increasing and 66 percent said that heroin demand was increasing.

- DEA investigative reporting shows increasing heroin availability in cities throughout the United States. Fourteen of DEA's 21 FDs reported that heroin availability was high during the first half of 2015; all others reported availability was moderate. Six FDs reported heroin availability across the Division Area of Responsibility (AOR) was increasing from the previous reporting period (see Figure 47).

Figure 46. Percentage of NDTs Respondents Reporting High Heroin Availability, 2009-2011, 2013-2016



Source: 2016 National Drug Threat Survey

HEROIN

Figure 47. DEA Field Division Reporting of Heroin Availability in the First Half of 2015 and Comparison to Previous Period

Field Division	Availability During First Half of 2015	Availability Compared to Second Half of 2014
Atlanta Field Division	High	Stable
Caribbean Field Division	Moderate	Stable
Chicago Field Division	High	Stable
Dallas Field Division	Moderate	More
Denver Field Division	High	Stable
Detroit Field Division	High	Stable
El Paso Field Division	Moderate	Stable
Houston Field Division	Moderate	Stable
Los Angeles Field Division	High	Stable
Miami Field Division	High	Stable
New England Field Division	High	More
New Jersey Field Division	High	Stable
New Orleans Field Division	Moderate	More
New York Field Division	High	Stable
Philadelphia Field Division	High	More
Phoenix Field Division	Moderate	Stable
San Diego Field Division	Moderate	Stable
San Francisco Field Division	High	More
Seattle Field Division	High	Stable
St. Louis Field Division	High	More
Washington Field Division	High	Stable

Source: DEA Field Division Reporting

- National-level seizure data continues to correspond with substantial increases in heroin availability. According to National Seizure System (NSS) data, heroin seizures in the United States increased 80 percent over five years, from 3,733 kilograms in 2011 to 6,722 kilograms in 2015 (see Figure 48).¹

Availability by Heroin Type

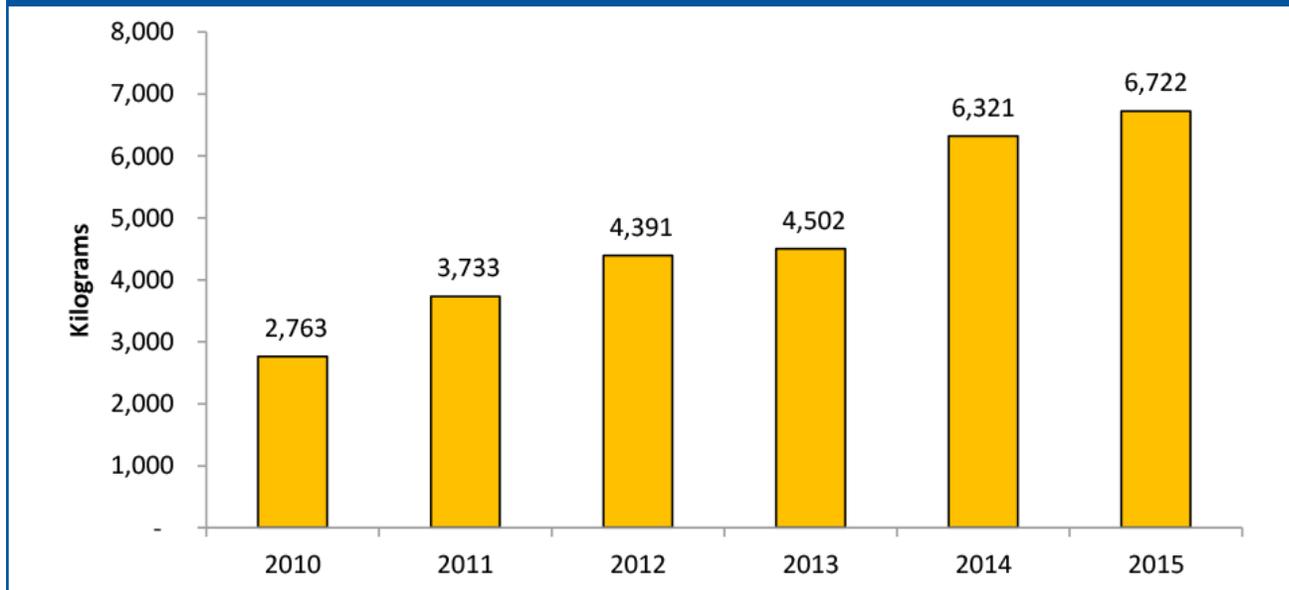
Heroin from all four source areas (Mexico, South America, Southwest Asia, and Southeast Asia) is available to varying degrees; however, analysis of DEA heroin indicator programs data, production and cultivation estimates, and seizure data indicates Mexico is the predominant source of heroin in the United States. South America is the second most common source of heroin. Smaller amounts of Southwest Asian heroin are available in certain areas, but most Southwest Asian heroin supplies markets in Africa, Asia, and Europe. Southeast Asian heroin has rarely been available in the United States in the past decade, since production in the Golden Triangle^m has declined significantly overall since 2000. In 2010, heroin production in Burma began to increase again, but current production is still below 2000 levels. 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 Heroin Signature Program (HSP) have accounted for a steadily increasing percentage of the total weight seized and analyzed since 2003. In 2014, Mexican heroin accounted for 79 percent of the total weight of heroin analyzed under the HSP (see Figure 50).

¹ This document includes only that information that has been reported to EPIC by contributing agency/ies and may not necessarily reflect the total seizures nationwide.

^m The Golden Triangle refers to the poppy growing areas of Burma, Laos, and Thailand in Southeast Asia.

Figure 48. Heroin Seizures in the United States, 2010-2015



Source: EPIC National Seizure System

- NSS data shows a substantial shift of heroin transportation toward the Southwest Border. In the 1990s and early 2000s, the majority of heroin was seized from commercial air routes, the traditional route for South American heroin traffickers. In 2008, seizures began to shift toward the SWB and overland route traditionally used by Mexican traffickers. In FY 2008 47 percent of CBP heroin seizures were made from air conveyances and 49 percent were made on land. In FY 2015, only 19 percent were made in the air and 81 percent on land. Since 2008, SWB heroin seizures have increased steadily, rising 352 percent from 559 kilograms in 2008 to 2,524 kilograms in 2015 (see Figure 49). While part of this increase can be attributed to increased security on the SWB, commercial air routes were also subjected to heightened scrutiny after the 9/11 terror attacks.

The U.S. heroin market remains geographically divided by the Mississippi River. East of the Mississippi River, particularly in the northeast where the largest U.S. heroin user populations are located, South American heroin and heroin classified as INC-SA dominate the retail market. In 2014, of the HDMP exhibits that were

The Heroin Signature Program and Heroin Domestic Monitor Program

The DEA's HSP and Heroin Domestic Monitor Program (HDMP) provide in-depth chemical analysis on the source area origin and purity of heroin found in the United States. Since 1977, the HSP has reported the geographic source and purity of heroin seized at ports-of-entry, as well as wholesale-level seizures within the United States. Each year, chemists at the Special Testing and Research Laboratory perform in-depth chemical analyses on 800 to 1,000 samples to assign geographic origin based on authentic samples obtained from the heroin producing regions around the world. The HDMP, initiated in the New York FD in 1979, provides data on the price, purity, and geographic origin of street level (retail-level) heroin purchased in 27 U.S. cities.ⁿ Both programs provide a snapshot of the U.S. heroin market. Since not all heroin seizures in the United States are submitted for analysis, the source area proportions should not be characterized as market share.

ⁿ Albuquerque, Atlanta, Baltimore, Boston, Chicago, Dallas, Denver, Detroit, Houston, Los Angeles, Miami, New Orleans, New York City, Newark, Orlando, Philadelphia, Phoenix, Pittsburgh, Portland, Richmond, San Antonio, San Diego, San Francisco, San Juan, Seattle, St. Louis, and Washington, DC.

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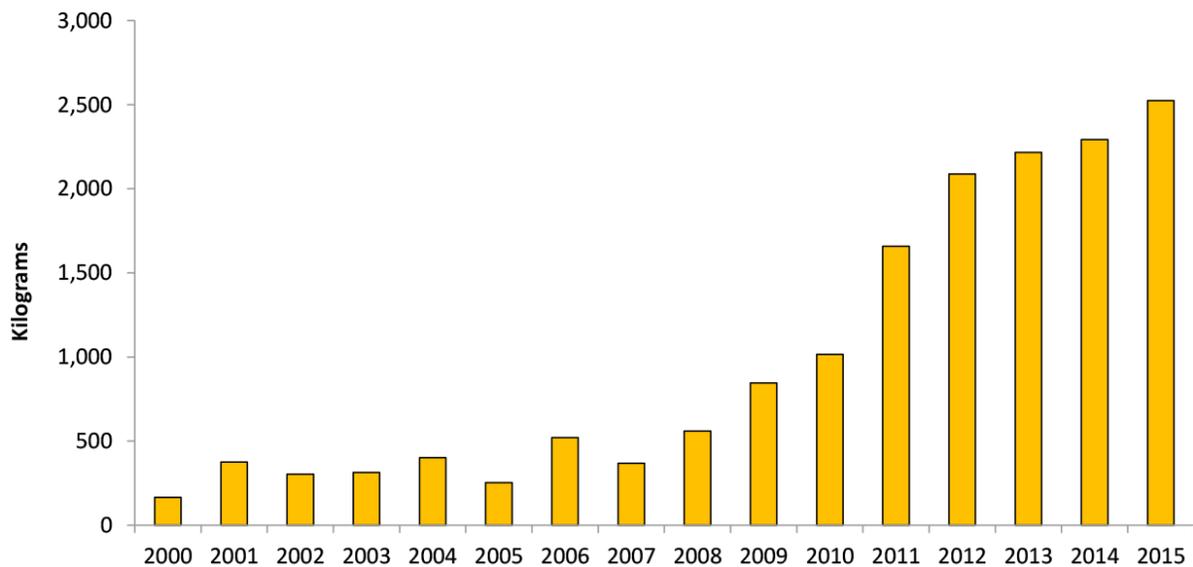
classified as SA and INC-SA heroin, 100 percent and 91.7 percent respectively, were purchased east of the Mississippi River. Of the HDMP exhibits classified as Mexican origin heroin, 96.9 percent were purchased west of the Mississippi (see Figures 51, 52, and 53).

Both the 2014 HSP and the HDMP noted the growing presence of Mexican origin white heroin in the eastern and Midwestern United States, which is an indication that Mexican traffickers are producing heroin for distribution in eastern markets and continue to expand their operations to gain a larger share of these lucrative retail markets. HSP 2014 data noted the increasing amounts of Mexico-produced white heroin at the wholesale level in the following traditional white heroin markets: Illinois, Michigan, New York, Ohio, Pennsylvania, and Virginia. On the retail side, the 2014 HDMP also documented purchases of Mexican origin white heroin.

White Powder Heroin in Western Markets

As Mexican traffickers have expanded their control of the U.S. heroin market over the past several years, there has been an increase of black tar heroin availability in eastern U.S. markets. Conversely, there have also been reports of increasing white powder heroin availability in western markets in the past year. In general, heroin users prefer a specific type of heroin and are unwilling to switch (e.g., black tar users are usually unwilling to try white powder heroin and vice versa); however, heroin traffickers may be attempting to gain a customer base among CPD abusers in western states. There have been indications that Mexican heroin traffickers are pursuing this user group. For example, they are involved in the manufacture of counterfeit prescription opioid pills which contain heroin

Figure 49. Heroin Seizures at the Southwest Border, 2000-2015

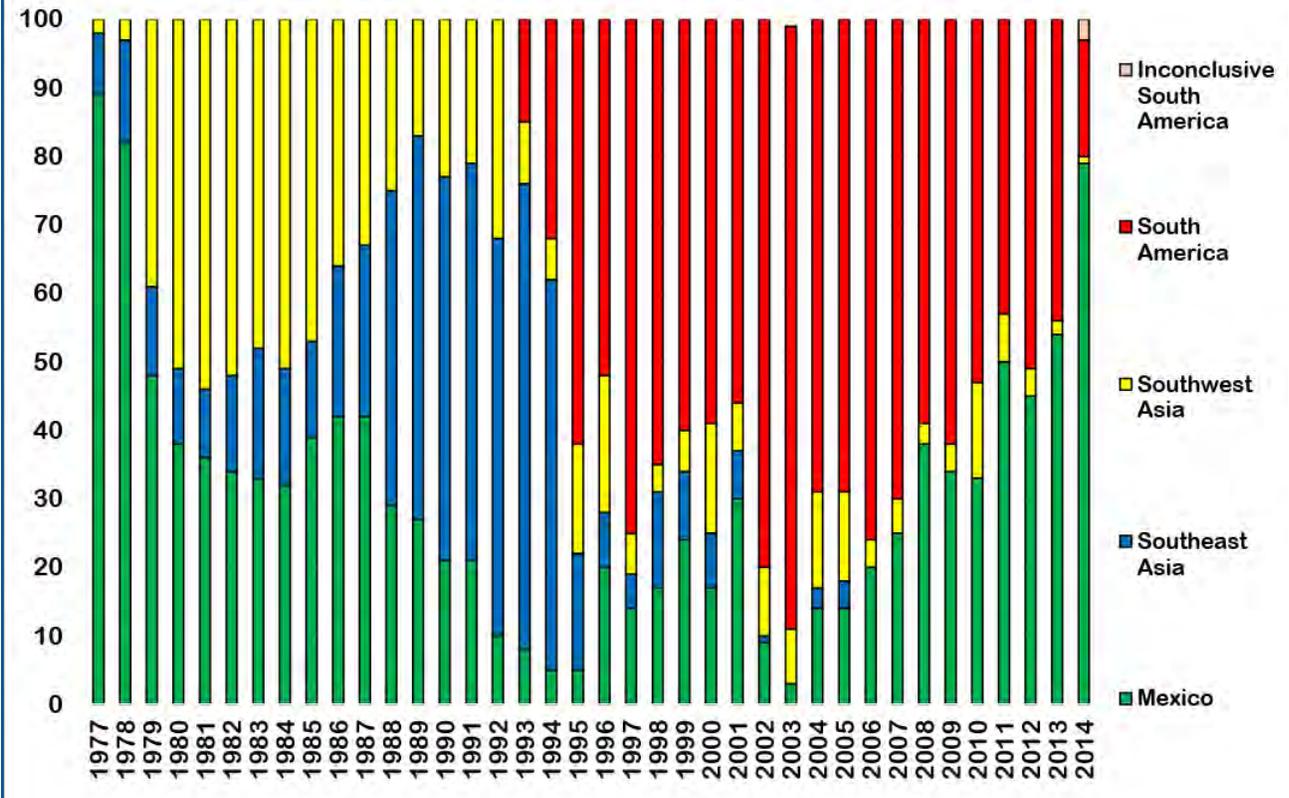


Source: EPIC National Seizure System

Changes in Heroin Origin (Signature) Classifications

Since the inception of the HSP and the HDMP, the formal signature for Mexican origin heroin has encompassed both brown powder and black tar heroin. However, over the last several years, DEA’s Special Testing and Research Laboratory has noted a significant change in heroin production occurring in Mexico with the manufacture of South American–like white heroin. This heroin has been commonly referred to as “Mexican White” or “China White” heroin and is processed from opium poppies grown in Mexico, using either Mexican- or Colombian-type poppies, and is manufactured using Colombian or a combination of Colombian-Mexican processing methods. A new formal signature for this Mexican white powder heroin (“MEX-SA,” indicating Mexican origin for heroin samples with South American processing) was established by the Special Testing and Research Laboratory on May 1, 2015. This is the first heroin signature to incorporate both poppy origin and processing methods. One other new signature classification (INC-SA) is used for heroin resembling South American heroin in appearance, with processing signatures characterized as South American, and with an “inconclusive” origin component, where either Mexico or South America could be the geographic source of origin. Both of these new signature classifications were used to analyze heroin exhibits submitted to the HSP and the HDMP in 2014.

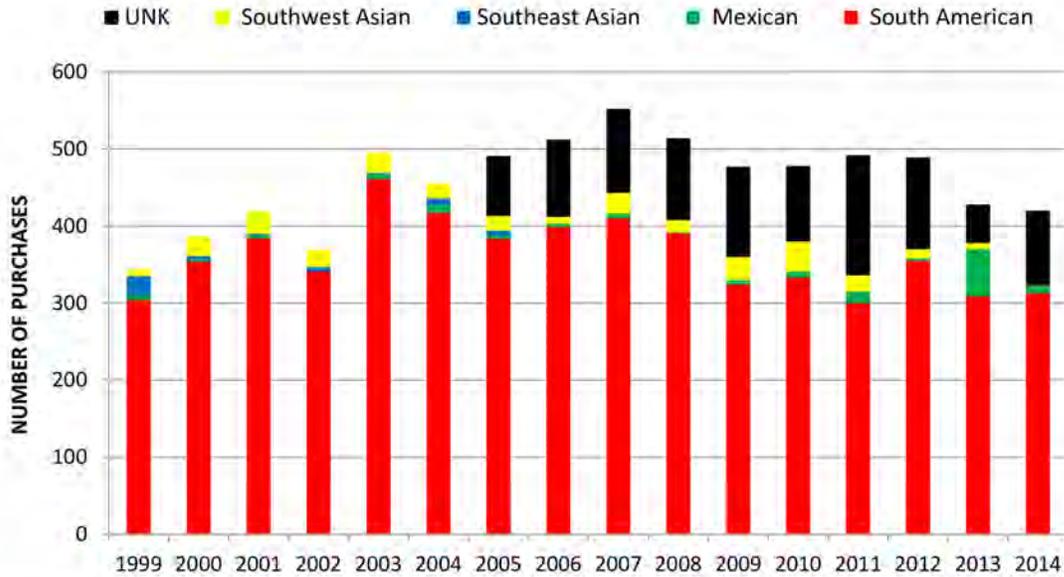
Figure 50. Source of Origin for the United States Wholesale-Level Heroin Seizures, 1977-2014



Source: Heroin Signature Program

HEROIN

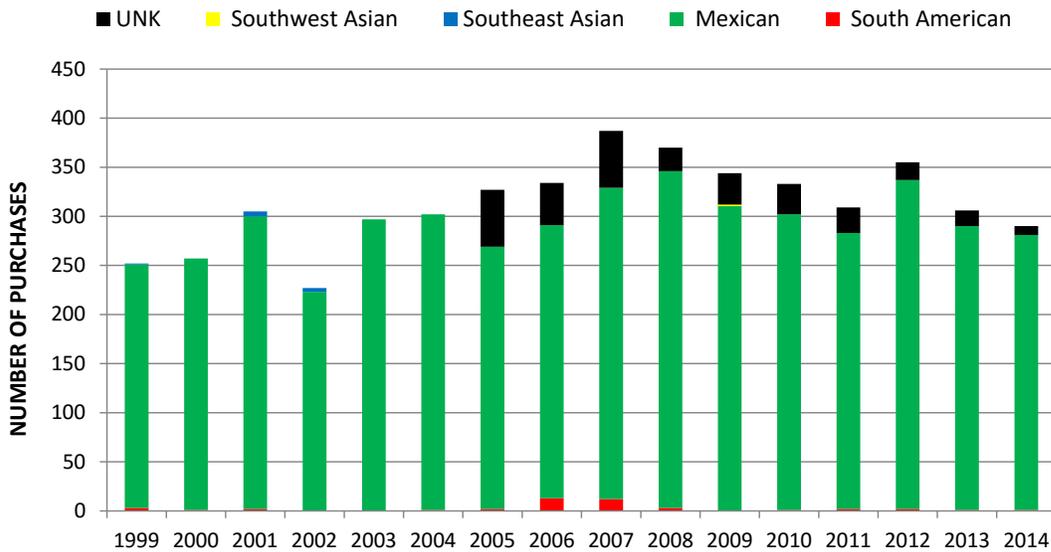
Figure 51. Source of Origin for Retail-level Heroin Purchased in Eastern U.S. Cities, 1999-2014



EAST cities: Atlanta, Baltimore, Boston, Chicago, Detroit, Miami, New Orleans, New York City, Newark, Orlando, Philadelphia, Pittsburgh, Richmond, San Juan, and Washington DC.

Source: Heroin Domestic Monitor Program

Figure 52. Source of Origin for Retail-level Heroin Purchased in Western U.S. Cities, 1999-2014



WEST cities: Albuquerque, Dallas, Denver, Houston, Los Angeles, Phoenix, Portland, San Antonio, San Diego, San Francisco, and Seattle.

Source: Heroin Domestic Monitor Program

instead of opioid painkillers. For CPD abusers transitioning to heroin use, white powder heroin is a more natural transition than black tar heroin, because a crushed prescription opioid pill is also a white powder and can be snorted or injected in the exact same manner.

Alternatively, the increase of white powder availability in western markets may also be attributed to pass-through markets being affected by the product transiting their area. As more heroin enters the United States through the SWB, the western states' roles as heroin transit areas are increasing, and white powder heroin is transiting those areas in greater volumes and in larger shipment sizes.

- Denver, Colorado: The DEA Denver FD reports Mexican heroin trafficking organizations are sending small quantities of Mexican white heroin to the Denver area. However, Colorado has long been a Mexican black tar and brown powder market, and the white heroin has not gained a significant market.
- Orange County, California: The DEA Orange County Resident Office (RO) reports a shift from Mexican black tar heroin, which has been the predominant type of heroin encountered in Orange County for years, to a powdered variety of the drug. This heroin is believed to be of Mexican origin.
- San Diego, California: Heroin encountered in the DEA San Diego FD is typically Mexican black tar or Mexican brown powder; however, an increasing number of investigations have involved white powder heroin. The heroin is believed to be Mexican in origin, and is being marketed as "China White." Heroin traffickers within the San Diego FD AOR typically refer to all white powder heroin as "China White".

Southwest Asian Heroin and the U.S. Market

Southwest Asian (SWA) heroin is, by far, the most common type of heroin produced in the world; however, its availability in the

U.S. market is very low. In 2014, SWA heroin accounted for only one percent of the total weight of heroin classified by the HSP, down from two percent in 2013, for several reasons.

The domestic supply of Mexico-sourced heroin is more than sufficient to satisfy current U.S. market demand. Moreover, Mexican heroin traffickers are able to keep the supply steady and reliable. This is evidenced by high availability levels in U.S. heroin markets and low retail-level prices.

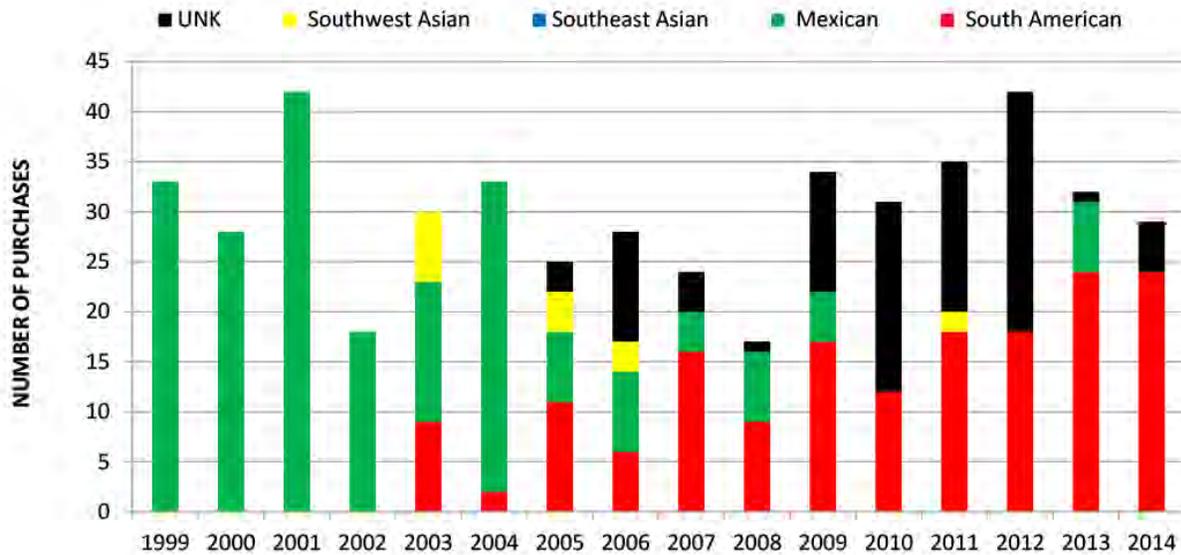
SWA heroin cannot compete with Latin American white powder heroin, in either price or purity level. SWA heroin averaged \$5,000 - \$10,000 more per kilogram than South American heroin in 2014 and 2015. This may be due to the fact that SWA heroin travels longer distances than Latin American heroin to reach the U.S. market, resulting in increased transportation costs. It is notable that only a small number of DEA field divisions are able to provide price reporting on wholesale quantities of SWA heroin, which is indicative of its low availability in the U.S. market.

There are large differences in purity levels of the wholesale amounts of SWA and Latin American heroin entering the United States. DEA indicator programs show that, at the wholesale level, SWA heroin purity averaged 35 percent in 2014, while wholesale South American heroin seized at ports of entry averaged 61 percent pure and wholesale Mexican white heroin averaged 74 percent pure (see Figure 54). Due to the longer distance travelled than Latin American heroin, SWA heroin may change hands more often in the supply chain, allowing it to be cut with diluents more times before reaching the U.S. market.

Similar disparities between SWA and Latin American heroin appear at the retail level. DEA indicator programs showed that SWA heroin averaged 16 percent pure at the retail level in 2014, while South American heroin averaged 31 percent pure and alleged Mexican white heroin samples exhibited the highest average purity at 57 percent.

SWA heroin traffickers cannot compete with Mexican and Colombian traffickers in U.S.

Figure 53. Source of Origin for Retail-level Heroin Purchased in St. Louis, 1999-2014



Source: Heroin Domestic Monitor Program

markets. Latin American groups, especially Mexican groups, use their proximity to their advantage and ship wholesale quantities of both Mexican and South American heroin across the SWB. Heroin is being transported across the SWB in larger quantities and is transiting the western United States in greater volumes and in larger shipment sizes. The SWA heroin smuggled into the United States is usually brought by African traffickers bringing courier-level amounts through airports and through international mail delivery services. Air couriers often arrive at JFK International Airport on flights that originated in Western Europe or West Africa. SWA heroin seized at U.S. airports from couriers and analyzed through the HSP in 2013 ranged in weight from approximately 5 grams to 13 kilograms. SWA heroin is not shipped to the United States in the quantities needed to challenge Mexican and South American heroin distribution networks.

Mexican and South American heroin networks in the United States are well-entrenched and expansive. They have established supply lines and a financial infrastructure developed over decades of being the primary suppliers of cocaine and marijuana to the United States, and they have established smuggling routes and distribution cells in the United States. Until

SWA heroin trafficking networks can ensure a consistent flow of high-purity, competitively-priced heroin, while simultaneously expanding their distribution networks in the United States, it is unlikely SWA heroin will gain a sizeable foothold in the U.S. heroin market.

Use

National-level treatment, survey, and health data indicate heroin use and demand continue to increase significantly. User numbers, new heroin initiates, and treatment levels all increased in the most recent reporting period. Some CPD abusers continue to initiate heroin use, which contributes to the increased use levels of heroin. While the number of CPD abusers initiating heroin use was a relatively small percentage of the total number of CPD abusers from 2002 to 2011 (an estimated 3.6%), it represented a large percentage of new heroin initiates (79.5%) because the CPD abuser population is much larger than the heroin population.^o

^o In 2013, the CPD abuser population was estimated to be about 15 times larger than the heroin user population, according to NSDUH survey data (Past 30 Days user statistics). In 2014, the CPD abuser population was approximately ten times the size of the heroin user population, due to large increases in the size of the heroin user population.

- According to NSDUH, the number of heroin users reporting current (past month) use increased by 184 percent between 2007 and 2014, with a 51 percent increase in just the last year. (see Figure 55) There was a 150 percent increase in users who reported past year heroin use during that time, and a 27 percent increase in users who reported lifetime heroin use.
 - NSDUH data also indicates an increase in the number of people who initiated heroin use in the past year. The estimated number of new heroin initiates doubled between 2007 (106,000) and 2014 (212,000) (see Figure 56). On a positive note, the mean age at first use of heroin has increased steadily since 2010 after several years of declining. In 2010, the mean age of first heroin use was 21.4; however, it was 29.6 in 2014.
 - According to NSDUH, there was a 139 percent increase in heroin use among prescription opioid abusers between the period of 2002–2004 and the period of 2011–2013. Heroin use also increased 98 percent among nonmedical users of other prescription drugs (stimulants, tranquilizers, and sedatives), 87.3 percent among users of cocaine, 57.3 percent among people who binge drink, and 45.4 percent among marijuana users.
 - According to TEDS information, primary heroin-related treatment admissions to publicly funded facilities increased between 2007 (262,777) and 2013 (316,797). There were more treatment admissions for heroin than for any other illicit drug in 2013, despite the fact that the heroin user population is smaller than that of methamphetamine and significantly smaller than the CPD, cocaine, and marijuana user populations (see Figure 57). Of the total number of users admitted for heroin-related treatment in 2013, 67.1 percent reported their frequency of use as daily and 71.4 percent reported their preferred route of administration as injection.
- Repeated sessions of treatment are often necessary for heroin users. In 2013, 78 percent of the primary heroin admissions had been in treatment prior to the current episode, and 27 percent had been in treatment five or more times. It is unclear if this is attributable to heroin's addictive properties, to individuals not receiving the type of treatment they require, or to other factors.
- According to TEDS, primary heroin admissions were less likely than all admissions combined to be referred to treatment by a criminal justice source (16% vs. 34%) and more likely to be self- or individually-referred (58% vs. 37%).

Figure 54. Comparison of the Average Purity Levels of Southwest Asian, South American, and Mexican White Heroin Analyzed by DEA Indicator Programs in 2014

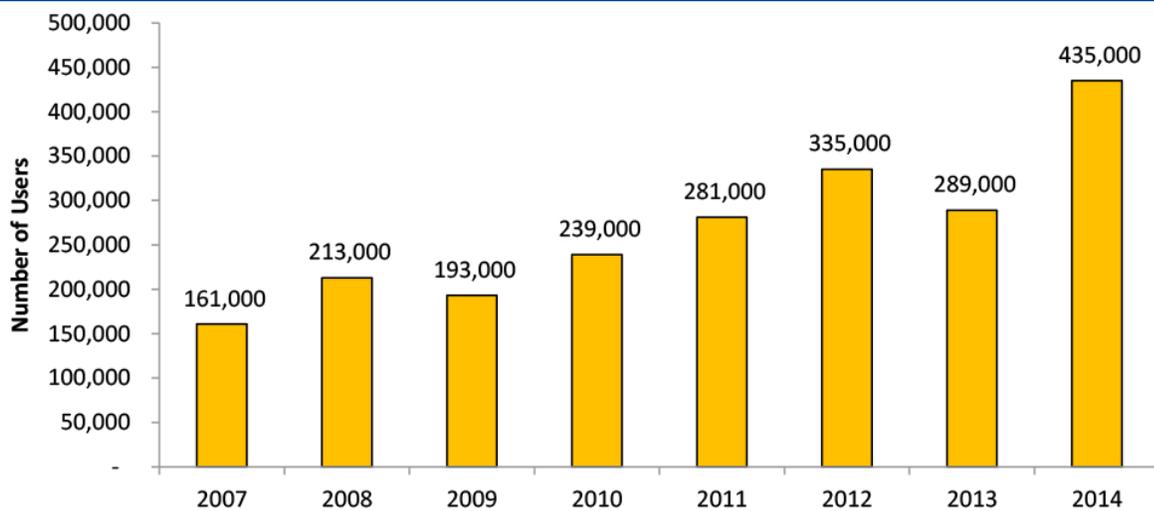
	Southwest Asian	South American	Mexican White
Wholesale level	35%	61%	74%
Retail level	16%	31%	57%

Source: Heroin Signature Program and Heroin Domestic Monitor Program

HEROIN

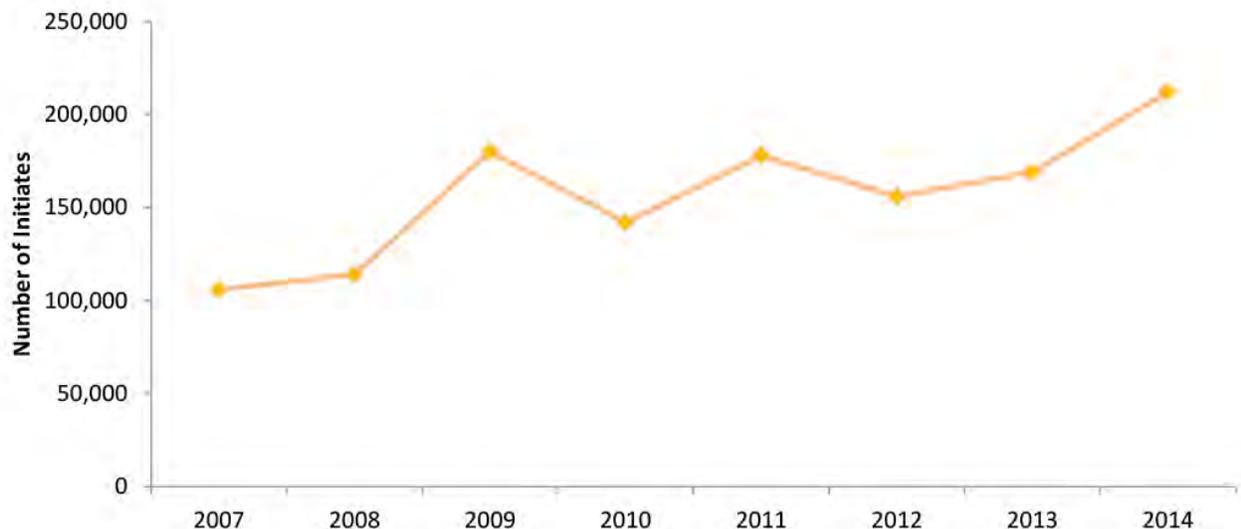
- Of those entering treatment in 2013, 57 percent had no wait to enter treatment and another 30 percent waited a week or less.
 - An increasing number of users who inject heroin are seeking treatment. The proportion of injectors among heroin admissions aged 20 to 34 (the largest age group for heroin abuse) increased from 26 percent in 2003 to 46 percent in 2013.
 - Twenty-seven percent of heroin admissions received medication-assisted opioid therapy (opioid therapy using methadone or buprenorphine); however, that percentage has declined steadily over ten years from 32 percent in 2003.
- The number of heroin-related overdose deaths in the United States has increased sharply between 2010 and 2014, rising 248 percent. In 2014, there were 10,574 American

Figure 55. Current Heroin Users, 2007-2014



Source: 2014 National Survey on Drug Use and Health

Figure 56. Past Year Initiation of Heroin Use Among Persons Aged 12 or Older, 2007-2014



Source: 2014 National Survey on Drug Use and Health

heroin drug poisoning deaths, the highest number on record (see Figure 58). The CDC estimates the number of heroin deaths is undercounted by as much as 30 percent. This is due both to variations in state reporting procedures, and because heroin metabolizes into morphine very quickly in the body, making it difficult to determine the presence of heroin.

Heroin, while used by a smaller number of people than other major drugs, is much more deadly to its users. The population that currently abuses prescription pain relievers was approximately 10 times the size of the heroin user population in 2014; however, opioid analgesic-involved overdose deaths in 2014 were only approximately twice that of heroin-involved deaths. Deaths involving heroin are also increasing at a much faster rate than for other illicit drugs, more than tripling between 2007 (2,402) and 2014 (10,574).

Rates of heroin overdose deaths are highest in the Northeast and Midwest (see Figure 59). These regions have long been the center of the U.S. heroin threat, with higher rates of use and consequently higher rates of overdose

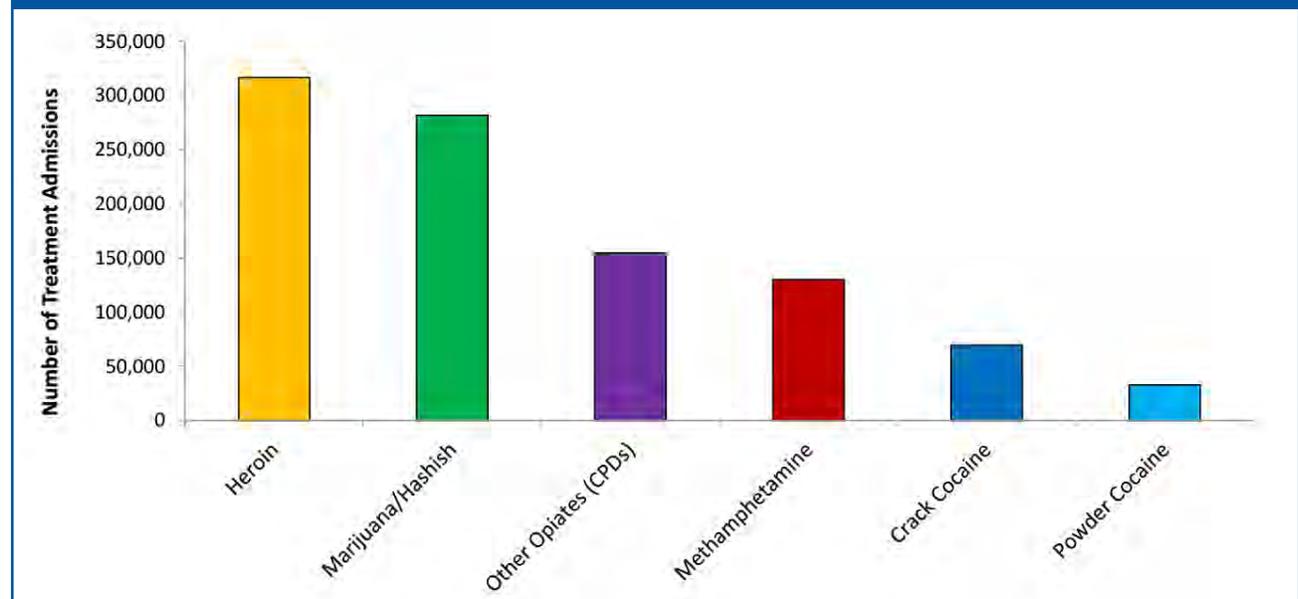
deaths. Ohio had the highest number of heroin-related deaths in both 2013 and 2014. Ohio heroin deaths increased 21 percent between 2013 (998) and 2014 (1,208).

In response to the high amount of overdoses involving heroin and other opioids, an increasing number of law enforcement agencies are training officers to administer naloxone, commonly known as Narcan®, a prescription drug that can counter the effects of opioid overdose, and ensure follow-up medical attention. Naloxone can be used on adults or children and generally has no adverse effect if administered to a person who is not suffering from opioid overdose (see Figure 60).

- Since April 2014, law enforcement agencies in New Jersey have been authorized to carry and administer naloxone. New Jersey law enforcement officers administered naloxone 542 times statewide during 2014, and 2,117 times in 2015.

In November 2015, the Food and Drug Administration (FDA) approved Narcan®

Figure 57. Treatment Admissions to Publicly-Funded Facilities by Primary Drug, 2013



Source: 2014 National Survey on Drug Use and Health

HEROIN

nasal spray, the first FDA-approved nasal spray version of naloxone. Until this approval, naloxone was only approved in injectable forms, most commonly delivered by syringe or auto-injector. Many first responders preferred a nasal spray formulation of naloxone which eliminates the risk of a contaminated needle stick. This newly approved formulation does not require assembly and delivers a consistent, measured dose. The FDA granted Narcan® nasal spray fast track status, a process designed to facilitate development and expedite review of drugs intended to treat serious conditions and demonstrate the potential to address an unmet medical need.

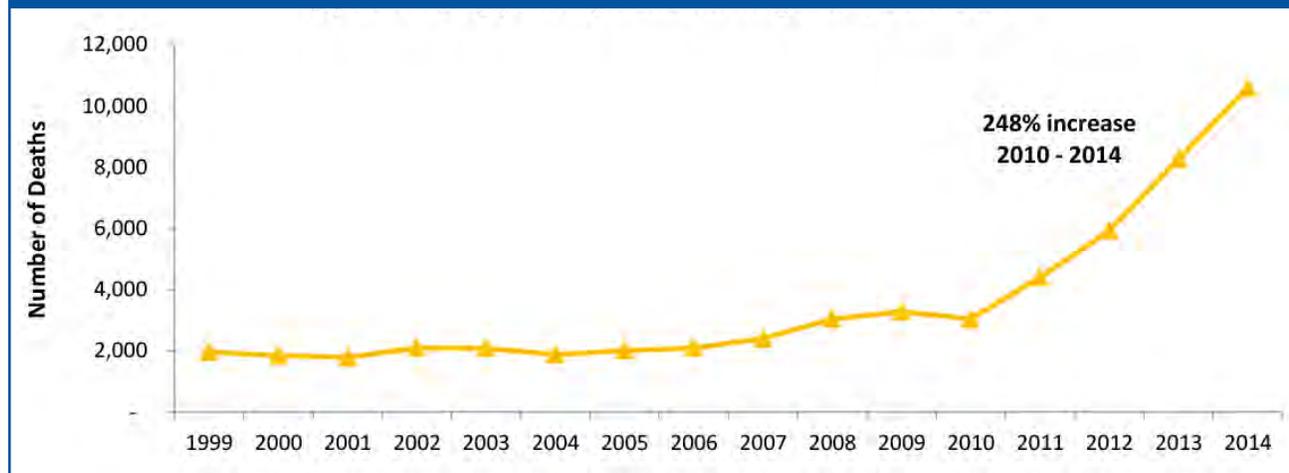
Production

Opium poppy is illicitly cultivated for heroin production in four major source areas of the world: Mexico^p, South America^q, Southwest Asia^r, and Southeast Asia^s. Mexico is the primary supplier of heroin to the United States. Opium poppy cultivation in Mexico has increased in recent years, reaching 28,000 hectares in 2015, with an estimated pure potential production of 70^t metric tons of

heroin. The estimated potential production in 2013 was 26 metric tons and in 2014 was 42 metric tons. This increase was driven in part by Mexican TCO's shift to increased heroin trafficking. In 2014, the U.S. Government estimated that 800 hectares of opium poppy were under cultivation in Colombia, sufficient to produce about two metric tons of pure heroin. Southwest Asia produces, by far, the majority of the world's heroin; however, very little of the heroin produced in Southwest Asia supplies U.S. markets. Most of the heroin produced in Southwest Asia is consumed in Europe and Asia. Likewise, very little of the heroin produced in Southeast Asia is transported to the United States. Significant declines in Southeast Asian poppy cultivation have affected exports, and even though production is rebounding, the majority of the heroin produced in Southeast Asia is now consumed in that region and in Australia.

Heroin is not produced in the United States, but it is commonly milled (wholesale quantities broken down and packaged into mid-level and retail quantities) here. Wholesale quantities of heroin are delivered to the "mill" location

Figure 58. Drug-Poisoning Deaths Involving Heroin, 1999-2014



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

^p Small amounts are also produced in neighboring Guatemala.

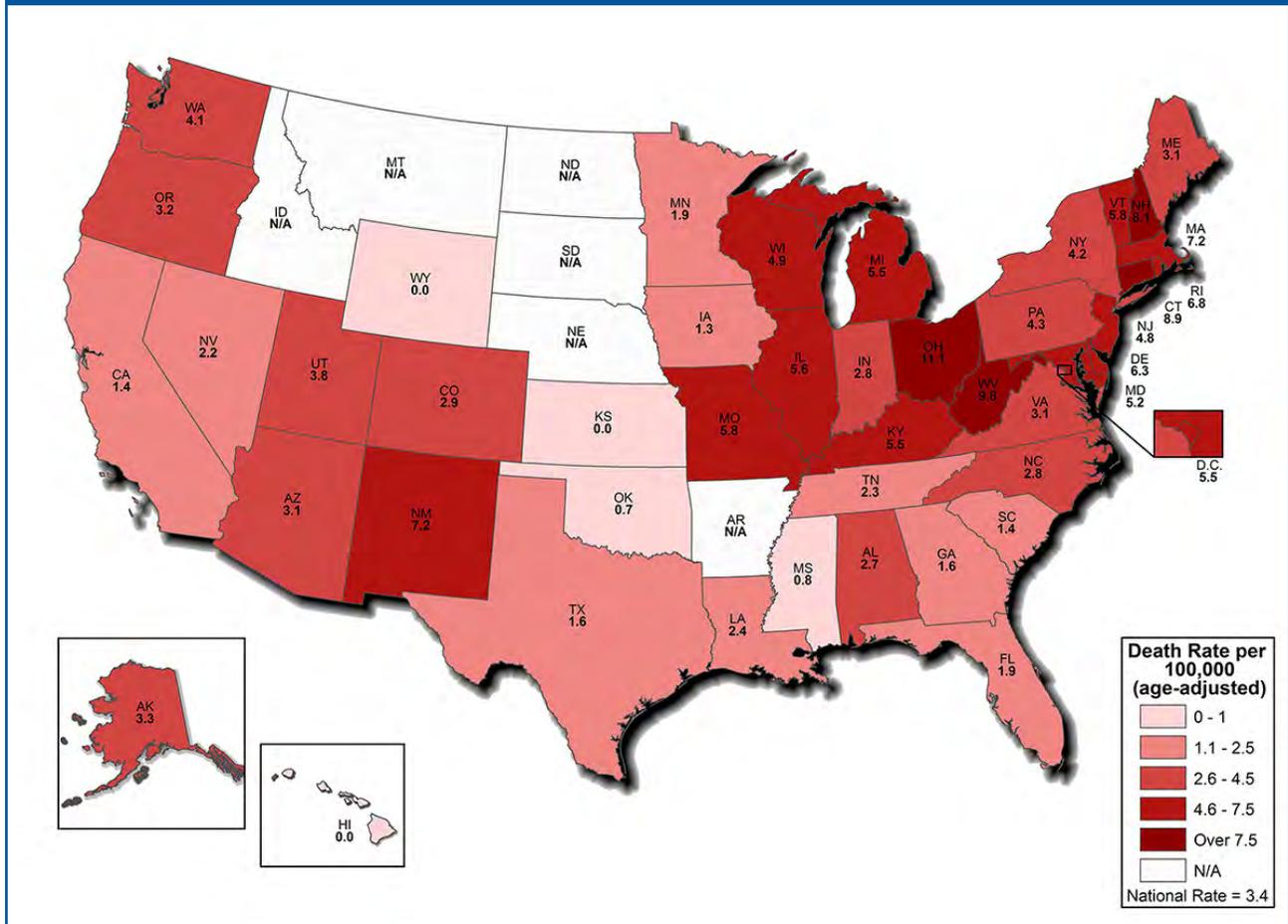
^q Mainly Colombia.

^r Mainly Afghanistan, also Pakistan.

^s Mainly Burma, also Laos and Thailand.

^t The last heroin yield study of opium poppy in Mexico was conducted in 2003. The range of potential pure heroin produced may be an overestimate or an underestimate of the actual figure.

Figure 59. Heroin Overdose Age - Adjusted Death Rate - 2014



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

(usually a private home or apartment) where members of the trafficking organization break the heroin down into smaller quantities. Heroin baggers can be paid as much as several thousand dollars per shipment for their labor. Kilogram- and pound-sized blocks are broken down using coffee grinders, blenders, or food processors, and diluents and adulterants such as lactose, mannitol, and quinine are added to the heroin. The heroin is then repackaged for mid-level or retail sale.

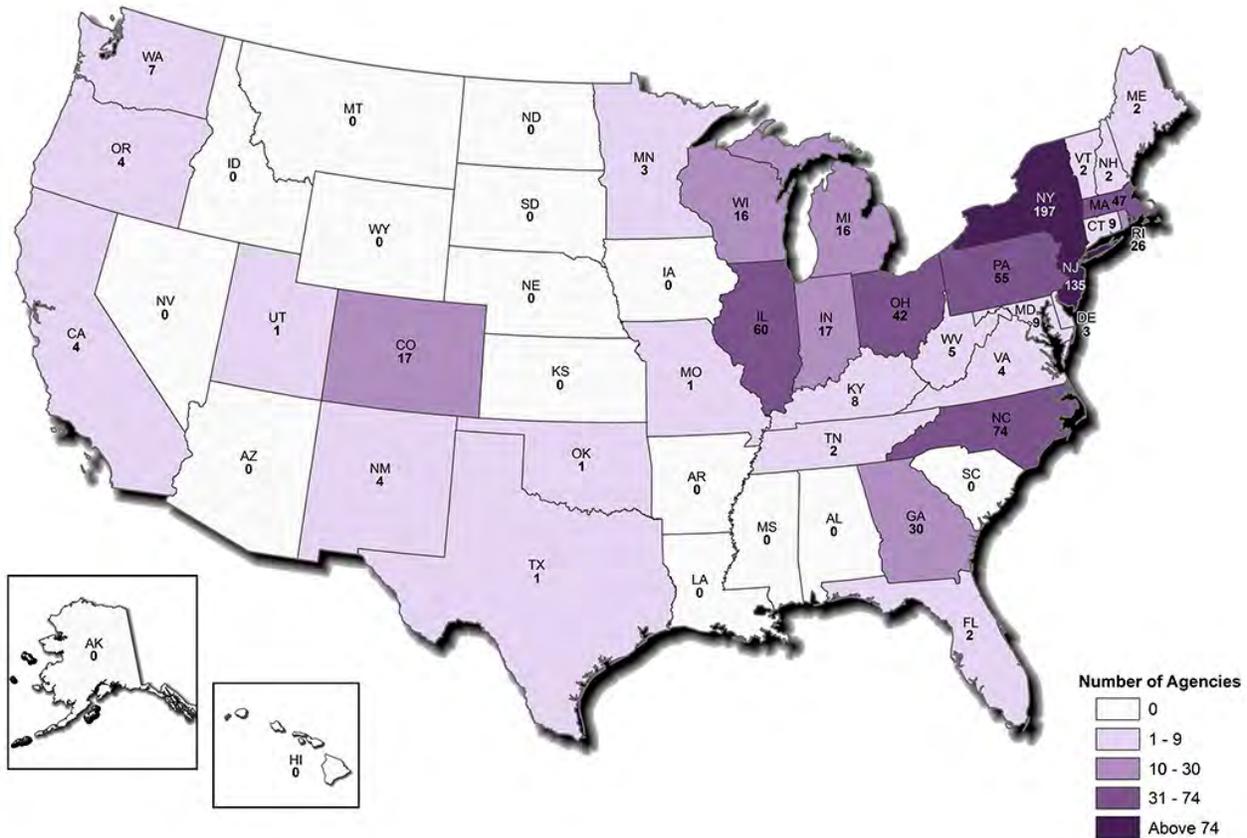
- Central Massachusetts: The DEA New England FD reported the seizure of two heroin mills in Central Massachusetts in May 2015, both containing fentanyl, as well as heroin. In one mill, DEA in coordination with state and local authorities seized approximately four kilograms of combined heroin and

fentanyl, as well as kilogram presses, “finger” presses, blenders, and various other milling tools. At the second mill, a much larger operation, an estimated 15 kilograms of heroin/fentanyl were seized in bulk form, along with kilogram presses, finger presses, blenders, and other items associated with the cutting and packaging of heroin and fentanyl.

- New York: Heroin mills are commonly found in the New York City metropolitan area due to its station as a major heroin distribution hub. The DEA New York FD reports organizations are operating mills and stash locations in the suburban and affluent areas of New York City and in nearby states.

HEROIN

Figure 60. Number of Law Enforcement Agencies Carrying Naloxone by State^u, as of April 2016



Source: North Carolina Harm Reduction

Transportation and Distribution

Most of the heroin smuggled into the United States is brought overland across the Southwest Border (mostly Mexican heroin and some South American heroin) with lesser amounts transported by couriers on commercial airlines (South American, Southwest Asian, and Southeast Asian heroin). Heroin is commonly transported commingled with other drugs, particularly methamphetamine. Seizures at the Southwest Border have increased sharply since 2007, corresponding to increases in Mexican heroin production and a shift to transportation across the Southwest Border as opposed to commercial air routes. Heroin seizures at

the border more than doubled between 2010 (1,016 kilograms) and 2015 (2,524 kilograms), due both to increased Mexican heroin smuggling and to enhanced law enforcement efforts along the border. Most heroin smuggled across the border is transported in privately-owned vehicles, usually through California, as well as through south Texas.

- HSP data indicates that Southwest Border POEs located in California, Arizona, and Texas remain entry points for South American heroin entering the United States via Mexico, with California being the primary entry point. In 2014, Mexican-South American heroin trafficked overland from Mexico through Southwest Border POEs had an average purity of 82 percent.

^u Some states may be undercounted due to voluntary reporting procedures.

- In 2015, nearly half of all United States Customs and Border Protection (CBP) heroin seizures at the Southwest Border (2,120 kilograms) were seized in the San Diego Corridor (1,048 kilograms). Seizures in the San Diego Corridor more than quadrupled since 2010 (229 kilograms). Seizures in the Tucson and Rio Grande Valley corridors were also significant and increased over the past year (see Figure 61).

Heroin is still commonly transported by couriers on commercial aircraft. The major airports in Miami and New York remain the primary arrival points for heroin couriers, with JFK International Airport in New York the most common arrival point.

Mexican traffickers continue to expand their operations in eastern U.S. heroin markets. Mexican traffickers already control many western U.S. heroin markets where Mexican heroin is commonly used. However, heroin use in the United States is much more prevalent in the Northeast and Midwest areas, where white powder heroin is used. The largest, most lucrative heroin markets in the United States are the big white powder markets in major eastern cities: Baltimore, Boston and its surrounding cities, Chicago, Detroit, New York City and the surrounding metropolitan areas, Philadelphia, and Washington DC. Mexican traffickers are expanding their operations to gain a larger share of these markets. Mexican organizations are now the most prominent wholesale-level heroin traffickers in the DEA Chicago, New Jersey, Philadelphia, and Washington, DC FD AORs, and have greatly expanded their presence in the New York City area.

Because heroin is such a compact drug, it is often smuggled in small amounts, concealed in private vehicles, on the body or in body cavities, in luggage, and in shoes. Larger loads are often commingled with other, bulkier, drugs such as methamphetamine, and concealed in a variety of ways.

- On April 29, 2015, a parcel was seized that had been shipped from Guatemala to New York, destined for Baltimore. The parcel contained 15 bags of 24 lollipops each. There were also 17 bags containing 100 pieces of hard candy

each. The bags were factory sealed and the contents had the appearance of legitimate candy (see Figures 65, 66, 67, and 68). The lollipops weighed approximately 20 grams and the candy weighed 5 grams each. The parcel contained approximately 15 kilograms of heroin total. The seizure was the result of a joint investigation by HSI, DEA Baltimore DO, the Baltimore Police Department, and the Baltimore County Police Department into a TCO that smuggles cocaine and heroin concealed as food parcels from Guatemala to the United States.

- On January 26, 2016, the NYDETF arrested two Guatemalan nationals and seized approximately 48 kilograms of heroin concealed within vehicle parts in two pick-up trucks. Heroin was concealed in a car axle and drive shaft casings in the bed of one of the trucks. The heroin had been pressed into round shapes to fit in the axle casing and packaged in square shapes to fit in the drive shaft (see Figures 71,72, and 73).

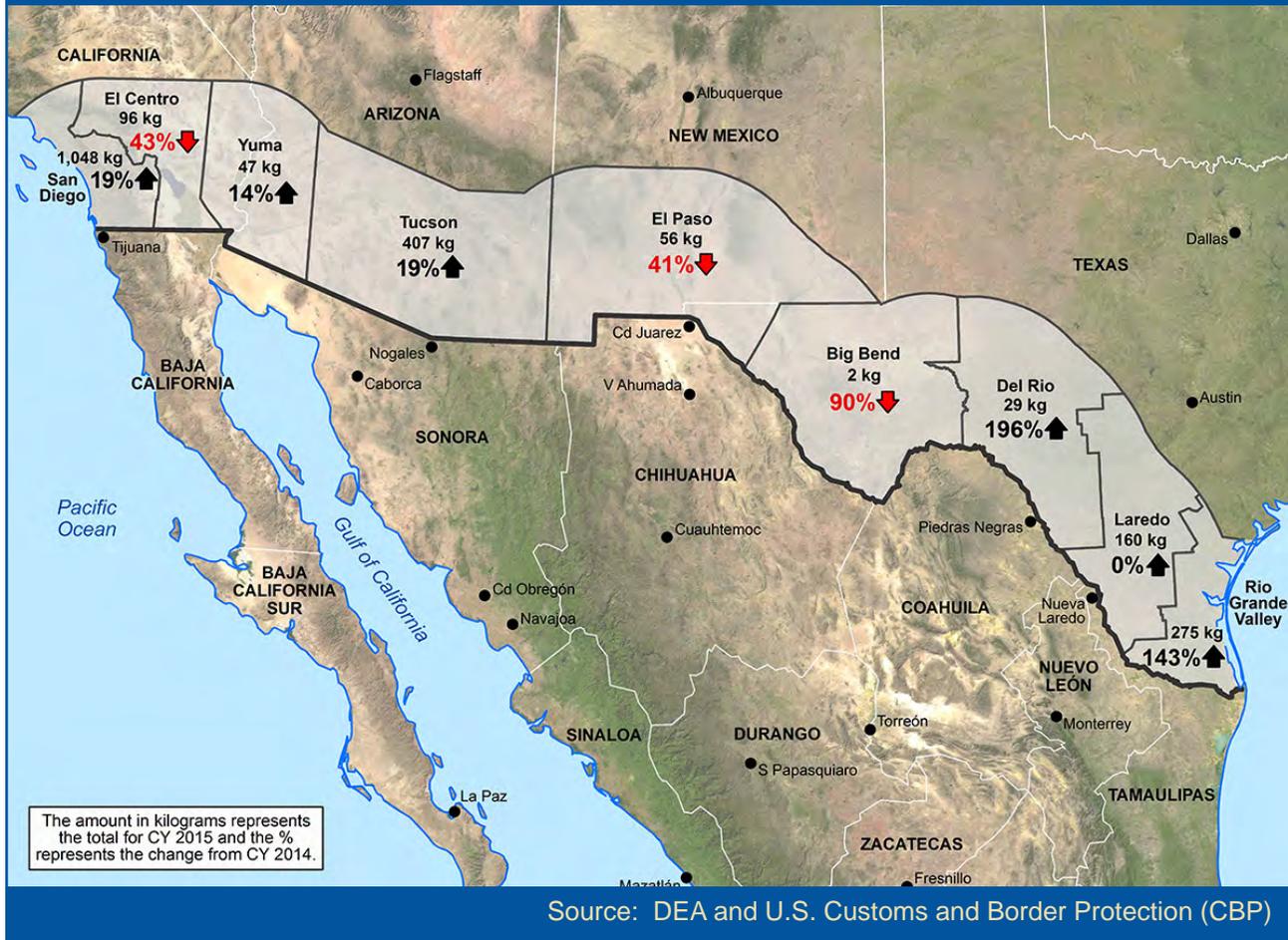
Traffickers continue to sell heroin disguised as prescription opioid tablets, most commonly as counterfeit OxyContin® tablets. This allows heroin traffickers to tap into the CPD abuser market, which is approximately 10 times the size of the heroin abuser market. It also maximizes profits, as the street price for CPD painkillers is typically a dollar per milligram. A counterfeit 30 mg OxyContin® tablet could sell for \$30 while containing a comparable amount of heroin would only sell for \$10.

The amount of heroin found in the tablets varies widely and some of the seized tablets contained levels of heroin so high they would cause even experienced users to overdose.

- Central Massachusetts: On August 13, 2015, the DEA New England FD Tactical Diversion Squad (TDS) seized 3,800 counterfeit 30 mg oxycodone tablets containing a mixture of heroin and fentanyl, and small quantities of powdered heroin and fentanyl from a trafficking organization. The organization had manufactured and distributed multi-thousand tablet quantities of counterfeit oxycodone tablets (see Figure 74).

HEROIN

Figure 61. CBP Heroin Seizures by Southwest Border Corridor in 2015^v, with Percent Change from 2014



Outlook

Heroin use and availability are likely to continue to increase in the near term. Mexican traffickers are making a concerted effort to expand the U.S. heroin market and increase the amount of heroin transported to the United States. Increasing poppy cultivation and heroin production in Mexico, the primary source of heroin for the U.S. market, will allow Mexican traffickers to reliably supply heroin markets throughout the United States.

Heroin overdose deaths will continue at high levels in the near term. The factors contributing to these deaths (ready availability of high-purity, low-cost heroin and a large influx of new users) continue to occur. However, the high numbers of heroin overdose deaths may be mitigated by the expanding access to naloxone that is occurring. Newly-approved nasal spray formulations and auto-injectors, combined with increased access for third-party carriers and law enforcement agencies, have expanded the presence of naloxone to its widest extent thus far.

^v CBP figures are based on total CBP effort. In addition to CBP's "at the line" seizures, those occurring at and between the Ports of Entry (POE) and at CBP checkpoints, the figures in the figure include: CBP technical seizures (e.g. US Coast Guard seizures on the high seas processed by CBP), CBP's assistance to other law enforcement agencies, and efforts on the high seas with other agencies.

Major New York City Heroin Source from Mexico

On May 17, 2015, the DEA New York Drug Enforcement Task Force (NYDETF) dismantled a heroin trafficking organization operating in New York City and seized 70 kilograms of heroin and two million dollars in cash. The NYDETF reported this organization had received sizable shipments of heroin at least once a month from suppliers in Culiacan, Mexico, an area controlled by the Sinaloa Cartel. The organization is believed to have served as a main source of heroin for customers throughout New York City, as well as Connecticut, Massachusetts, Pennsylvania, and Rhode Island. New York City is the largest hub for regional heroin distribution in the Northeast.

Figure 62. Heroin packages concealed in a vehicle hidden compartment



Source: DEA

The heroin was seized from hidden compartments in two vehicles and the cash was hidden under the floorboards of an apartment in the Fieldston section of the Bronx used by the traffickers. Four members of the trafficking organization were arrested during the investigation. This was the largest New York heroin seizure in DEA history. Seventy kilograms of heroin is enough to provide millions of individual doses.

The NYDETF is comprised of DEA Special Agents, New York City Police Department Detectives, and New York State Police Investigators. The investigation was conducted jointly with the Office of the Special Narcotics Prosecutor. The Immigration and Customs Enforcement (ICE) HSI El Dorado Task Force, Yonkers Police Department, and the Port Authority of New York & New Jersey also assisted.

Figure 63. Two million dollars being pulled from under the floorboards



Figure 64. Seventy kilograms of seized heroin



Source: DEA

HEROIN

Figure 65. Packages of lollipops concealing heroin



Source: DEA

Figure 66. Packages of hard candy concealing heroin



Source: DEA

Figure 67. Pressed heroin pellets that had been concealed as lollipops. Note the holes drilled for the lollipop sticks



Source: DEA

Figure 68. Pressed heroin pellets that had been concealed as lollipops.



Source: DEA

Figure 69. Half a kilogram of heroin concealed inside Mexican food cans



Source: DEA

Figure 70. Each can contained foam spacers on the lids and sides to protect the heroin package inside



Source: DEA

Figure 71. Car axle and drive shaft casings in the bed of the pick-up truck



Source: DEA

Figure 72. Car axle with heroin packages concealed inside



Source: DEA

HEROIN

Figure 73. Forty-eight kilograms of heroin pulled from the seized trucks



Source: DEA

Figure 74. Counterfeit oxycodone tablet



Source: DEA

DEA Heroin 360 Strategy



In November 2015, DEA announced the rollout of its Heroin 360 Strategy: a comprehensive law enforcement and prevention strategy to help communities dealing with the heroin and prescription drug abuse epidemic, and its associated violent crime. The 360 Strategy comprises a three-fold approach:

- Provide DEA leadership with coordinated DEA enforcement actions targeting all levels of drug trafficking organizations and violent gangs supplying drugs in our neighborhoods.
- Have a long-lasting impact by engaging drug manufacturers, wholesalers, practitioners and pharmacists to increase awareness of the heroin and prescription drug problem and push for responsible prescribing and use of these medications throughout the medical community.
- Change attitudes through community outreach and partnership with local organizations following DEA enforcement actions to equip and empower communities with the tools to fight the heroin and prescription drug epidemic.

The community aspect of the program will focus on substance abuse and prevention experts engaging with four key groups: parents and caregivers in the home, educators and the classroom, after-school organizations such as Boy and Girl Scouts and athletic associations, and the workplace.

In the short term, the goal of the 360 Strategy is to provide as much information as possible in many different forms to reach young people. Officials will work to form a “Community Alliance” that will comprise key leaders from law enforcement, prevention, treatment, the judicial system, education, business, government, civic organizations, faith communities, media, social services, and others, to form the core of a long-term group that will cross disciplines to help carry the prevention and treatment messages to the local population during the critical post-operation timeframe.

In the future, DEA and its partners also plan to host multi-day summits to bring community leaders together to look for sustainable, impactful efforts to address drug abuse, addiction, trafficking, and the violence that accompanies it. Other partners will include: the Department of Justice Violence Reduction Network, Health and Human Services, the Substance Abuse and Mental Health Services Administration, Centers for Disease Control, the Office of National Drug Control Policy, Community Anti-Drug Coalitions of America, Partnership for Drug-Free Kids, and many others.

Four cities have been selected as pilot locations for the first year: Pittsburgh, Pennsylvania; St. Louis, Missouri; Milwaukee, Wisconsin; and Louisville, Kentucky.

Figure 75. Local Billboard in Milwaukee, Wisconsin



Source: DEA

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Overview

Fentanyl is a Schedule II synthetic opioid originally developed to serve as both an analgesic (painkiller) and an anesthetic; however, its strong opioid properties have made it an attractive drug of abuse. Fentanyl, in its licit form, is diverted from the market for personal use or sale, on a small scale. Illicit fentanyl is responsible for the current epidemic; it is manufactured in China and possibly Mexico, and smuggled into the United States. Illicit fentanyl is usually mixed into heroin products, or pressed into counterfeit prescription drugs.

In March 2015, DEA issued a nationwide alert about the dangers of fentanyl and fentanyl-related compounds, stating, "Fentanyl is commonly laced in heroin, causing significant problems across the country, particularly as heroin use has increased." In addition, the Centers for Disease Control and Prevention (CDC) issued a health advisory in October 2015 to alert public health departments, healthcare providers, first responders, medical examiners, and coroners to the surge in fentanyl-related overdose deaths.

Availability

Fentanyl is available throughout the United States, with most DEA Field Divisions reporting encounters with the drug. Fentanyl is available in two varieties: licit, which is illegally diverted from the market, and illicit, which is illegally manufactured. Both types of fentanyl are abused; however, non-pharmaceutical fentanyl is primarily responsible for the current fentanyl epidemic. In CY 2015, approximately 167 kilograms of illicit fentanyl were seized by law enforcement agencies across the United States, more than any other year. While this figure may seem small relative to other drug seizures, it should be noted that as little as two milligrams of fentanyl can cause a lethal dose (see Figure 76). Investigative reporting indicates that in one recipe, a fentanyl-laced kilogram of heroin contains as little as one teaspoon, or 5.69 grams, of fentanyl along with four kilograms of adulterants or diluents such as quinine. Pharmaceutical fentanyl is available in a variety of forms such as transdermal patches, lozenges, injectable solution, and a sublingual spray. In 2015, non-pharmaceutical fentanyl was also available in a variety of forms, including mixed with or sold

as white heroin, counterfeit prescription pills, or black tar.

Figure 76. Two Milligrams of Fentanyl - A Potential Lethal Dose



Source: Network Environmental Systems (NES)

Fentanyl exhibits tested by forensic laboratories and reported to the National Forensic Laboratory Information System (NFLIS) in 2015 show every state has analyzed an exhibit of fentanyl, with a heavy concentration of exhibits in the Northeast, where there has been a historical white powder heroin and opioid problem. DEA tracking indicates wholesale quantity seizures of fentanyl (over .5 kilograms) are concentrated in the Northeast, and along the southwest border (see Figure 77).

Use

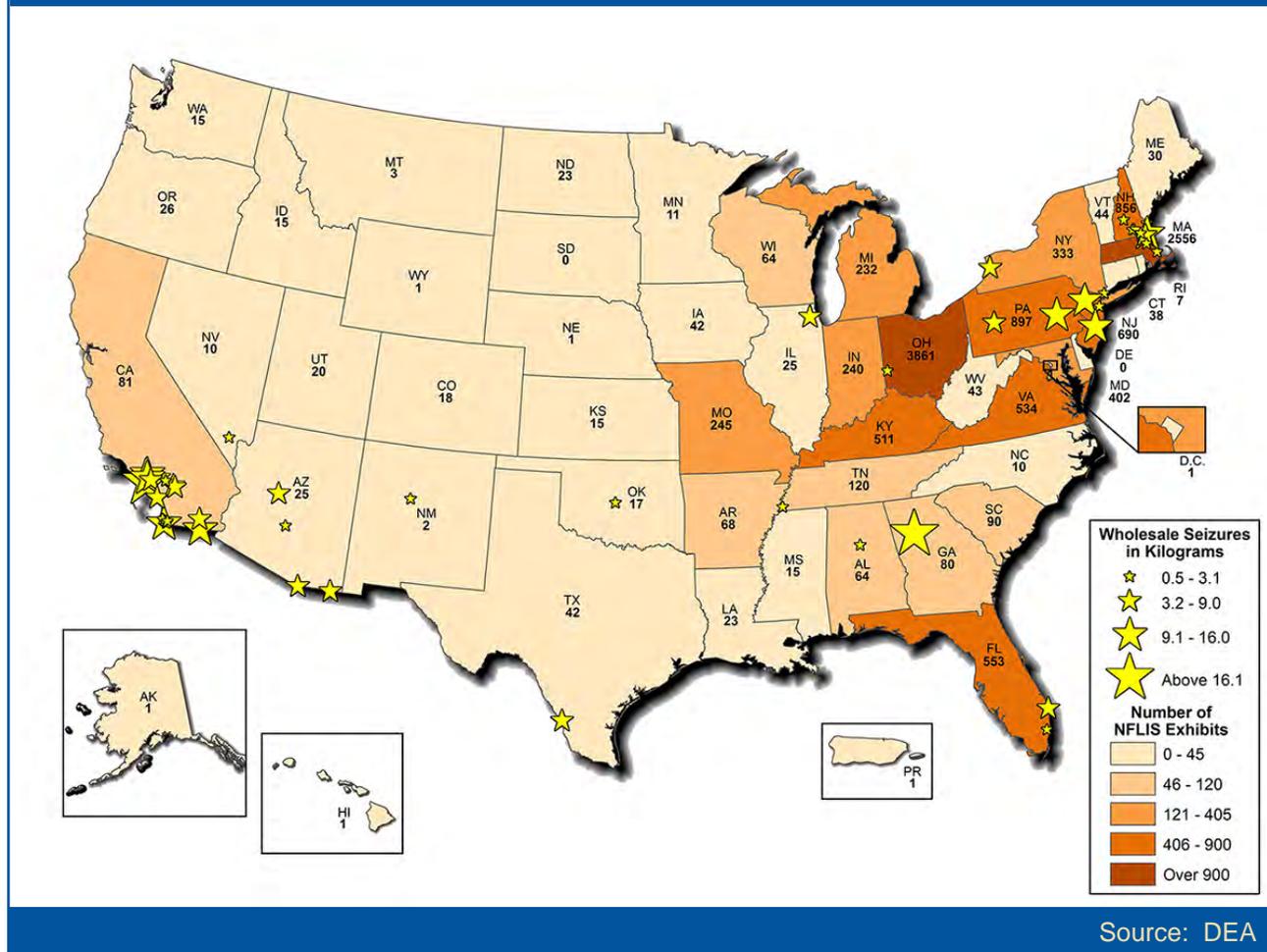
Fentanyl and its related compounds are abused for their strong opioid properties. Fentanyl provides users with a strong, euphoric high, although it does not last as long as heroin. Like other opioids, fentanyl is highly addictive and users will seek it or other opioids to avoid withdrawal symptoms. Adverse effects of fentanyl use include nausea, fainting, seizures, coma, reduction in respiration, and death.

According to the CDC, there was a 79 percent increase in deaths involving synthetic opioids from 3,097 in 2013 to 5,544 in 2014. The CDC includes both fentanyl and tramadol as synthetic opioids in their data.

Pharmaceutical fentanyl is diverted from

FENTANYL

Figure 77. Fentanyl Exhibits in NFLIS, 2015 and Wholesale Seizures, 2013 - December 2015



Source: DEA

the legitimate market, usually for personal use or low-level dealing, on a small scale. Pharmaceutical fentanyl diverted from the legitimate market represents only a small portion of the fentanyl market.

- Billings, Montana: In October 2015, the DEA Billings RO purchased 50 fentanyl transdermal patches from a low-level drug dealer who obtained them from a patient at a pain clinic. The dealer admitted to having 120 patches on hand and sold them for \$60 each.

Non-pharmaceutical fentanyl is abused much like other opioids. When it is mixed into or sold as heroin, it is abused just like heroin and can be injected, smoked, or snorted. Users are often unaware that fentanyl is in the heroin they purchase.

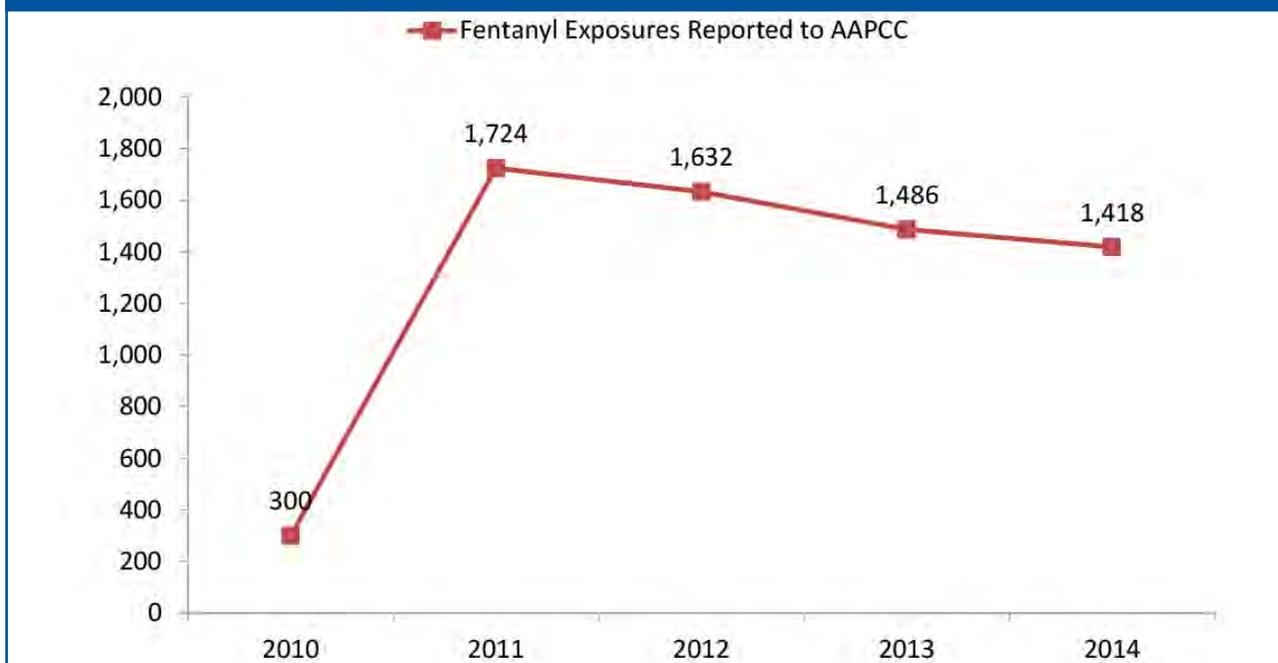
- New York, New York: There has been

an increase in heroin and fentanyl combinations sold in the New York Field Division AOR, and it is reported that fentanyl is being sold as heroin.

- San Diego, California: The term “China White” has been increasingly applied to fentanyl and its related compounds. Purchases of purported white heroin under the HDMP have turned out to be acetyl fentanyl upon laboratory testing.
- Boston, Massachusetts: Increased availability of fentanyl-laced heroin and fentanyl disguised as heroin has occurred in kilogram quantities.

The American Association of Poison Control Centers (AAPCC) reports that in 2014 there were 1,418 calls to poison control centers nationwide reporting fentanyl exposure (Figure 78). AAPCC reporting includes both

Figure 78. Fentanyl Exposures, 2010 - 2014



Source: American Association of Poison Control Centers

pharmaceutical and non-pharmaceutical fentanyl, as well as the presence of other substances, such as heroin. Fentanyl exposures reported to the AAPCC initially spiked in 2011, when they increased from 300 in 2010 to 1,724 in 2011, and have remained steadily high.

In 2015, there was a marked surge in the availability of illicit fentanyl pressed into counterfeit prescription opioids, such as

oxycodone. In many cases, the shape, colorings, and markings were consistent with authentic prescription medications and the presence of fentanyl was only detected after laboratory analysis. Investigative reporting indicates that traffickers acquire fentanyl powder and a pill press and process the fentanyl into pill form domestically. Fentanyl

Some Users Seek Fentanyl

Some opioid users actively seek fentanyl, despite its lethality. Some users want their heroin mixed with fentanyl to maximize their high, and will seek dealers who can supply this combination. Alerts issued by public health officials and law enforcement regarding the dangers of fentanyl may increase awareness of the particular stamps on heroin bags containing fentanyl, aiding users in locating them for use. In 2015, social media scans conducted under the National Drug Early Warning System found many users praising fentanyl use.

Figure 79. Counterfeit Oxycodone Pills Containing Fentanyl



Source: Tennessee Bureau of Investigation

FENTANYL

disguised as counterfeit prescription pills can be used by ingesting the pills or by crushing them into a powder for inhalation or smoking. The rise of fentanyl in counterfeit pill form exacerbates the fentanyl epidemic. Prescription pill abuse has fewer stigmas and can attract new, inexperienced drug users, creating more fentanyl-dependent individuals.

- New Jersey: Between April 2015 and September 2015, New Jersey law enforcement officers seized 386 suspected oxycodone 30mg tablets. Chemical analysis indicated all the pills were either fentanyl or acetyl fentanyl.
- Tennessee: In May 2015, the Tennessee Bureau of Investigation issued a public warning concerning the presence of counterfeit fentanyl pills on the market. A law enforcement officer seized several pills that appeared to be oxycodone 30mg tablets; however, laboratory analysis indicated the pills contained fentanyl (see Figure 79).

Production

Non-pharmaceutical fentanyl is mainly produced in China and likely Mexico. Fentanyl-related compounds such as acetyl fentanyl are also manufactured in China. Fentanyl seized in 2015 has often ranged between trace and 9 percent pure.

Fentanyl is synthesized in laboratories from chemicals, unlike drugs such as heroin, which require plant-based alkaloids. There are two primary methods used to produce fentanyl: the Janssen method and the Siegfried method. The Janssen method is complicated

and beyond the skill set of most clandestine laboratory cooks. The Siegfried method was developed in the 1980s and proves to be much simpler for drug cooks to execute. The Siegfried method uses the chemical N-phenethyl-4-piperidone (NPP) as its starting point and synthesizes 4-anilino-N-phenethyl-4-piperidone (ANPP), which is fentanyl's immediate precursor. In 2015, 80.4 kilograms of ANPP were seized entering the United States at various ports of entry, indicating that traffickers are interested in performing fentanyl synthesis domestically or in Mexico. DEA regulates NPP as a List I chemical and ANPP as a Schedule II controlled substance.

Transportation and Distribution

Fentanyl is smuggled into the United States across the SWB, shipped to a variety of locations within the United States via mail services (see Figure 83). Packages containing fentanyl are usually shipped from China. Non-pharmaceutical fentanyl, often distributed in the same manner as heroin, is sold in powder form, packaged in glassine bags or wax envelopes, and often stamped with brand names. In 2015, some of these brand names were "Ghost," "Get Right," "El Chapo," and "56 Nights."

- New Mexico: In March 2015, DEA agents assigned to the Albuquerque District Office seized three kilograms of fentanyl concealed in a false bottom compartment of a suitcase at a

Figure 80. Potential Revenue Generated from Fentanyl Pill Sales Using One Kilogram of Fentanyl (in USD)

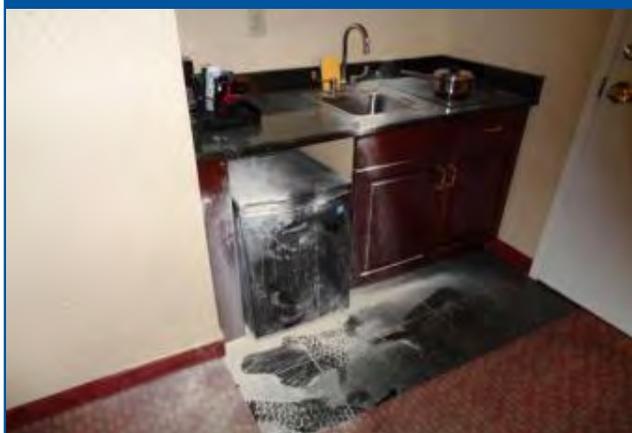
Amount of Fentanyl Per Pill	Price Per Pill	Price Per Pill	Price Per Pill
	\$10.00	\$15.00	\$20.00
1.5 milligrams (666,666 pills)	\$6.6 million	\$9.9 million	\$13.3 million
1 milligram (1 million pills)	\$10 million	\$15 million	\$20 million

Source: DEA

Fentanyl Milling

Fentanyl is not believed to be mass-produced in the United States. Instead, traffickers usually obtain finished fentanyl and mix it into heroin on their own. This occurs at a variety of locations such as hotel rooms or homes, and they are known as fentanyl "mills." In August 2015, the DEA Manchester, New Hampshire DO, along with the Salem, New Hampshire Police Department, conducted an enforcement operation at a fentanyl mill in a hotel in New Hampshire. The traffickers used a hotel room kitchenette for mixing heroin and fentanyl together. Upon entry by law enforcement officers, the traffickers attempted to dispose of the drugs down the sink, spilling the highly lethal drugs all over the room.

Figure 81. Hotel Room Contaminated with Heroin and Fentanyl Powder



Source: DEA

Black Tar Fentanyl

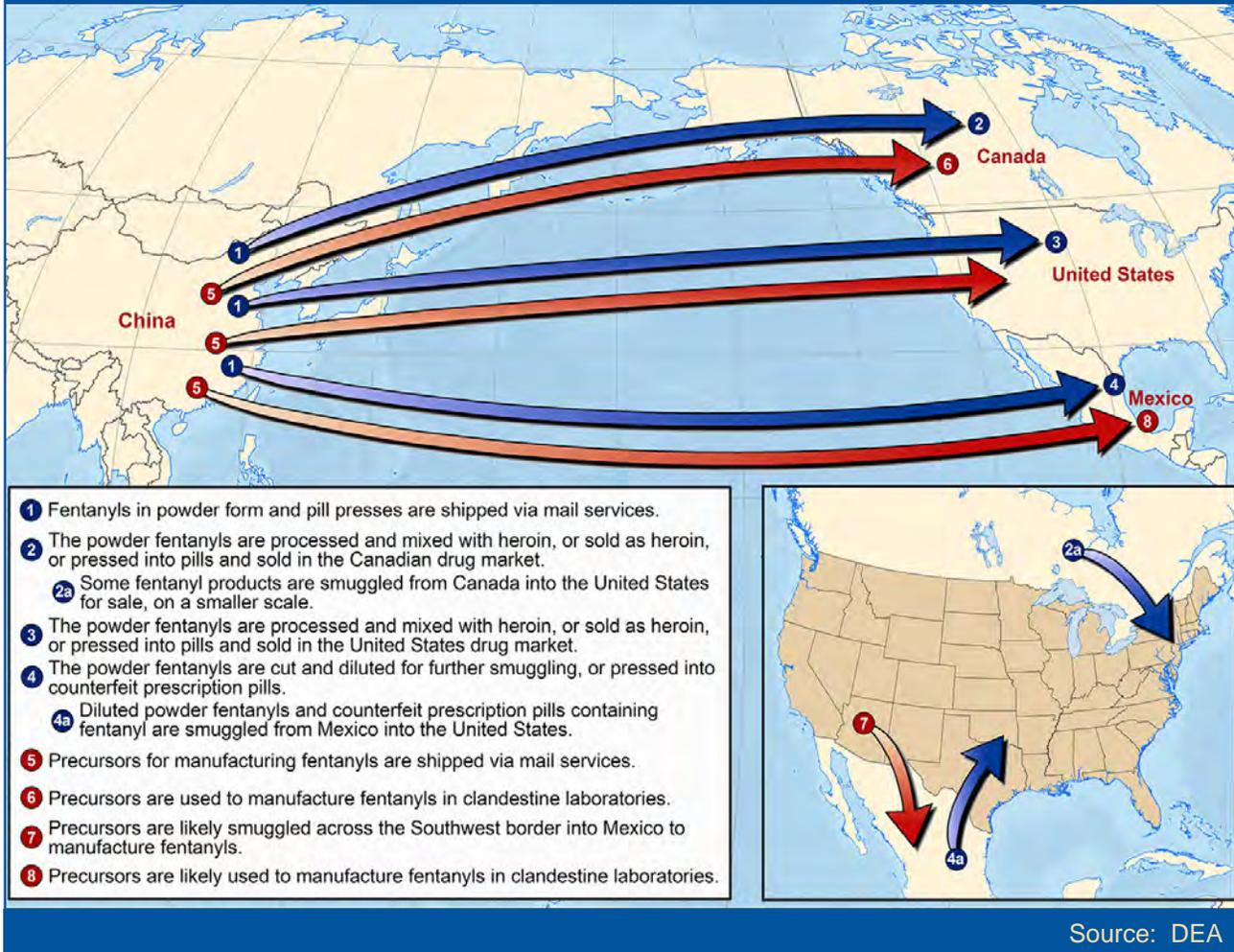
In May 2015, Orange County Police Officers in California stopped and searched a suspicious person while on foot patrol. Officers seized approximately 0.3 grams of what visually appeared to be black tar heroin. Upon laboratory analysis, the substance was revealed to be fentanyl and showed no traces of heroin or any other drug. This seizure may indicate that fentanyl traffickers are attempting to expand the fentanyl market by manipulating its appearance to resemble black tar heroin.

Figure 82. Black Tar Fentanyl



Source: DEA

Figure 83. Illicit Fentanyl and Fentanyl Precursor Flow Originating in China



commercial bus transportation center (see Figure 84). The trafficker was a Mexican national travelling from San Diego, CA, to New York City, NY.

- Arizona: In October 2015, a Yavapai County Sheriff's Office deputy conducted a traffic stop of a vehicle and seized 14 pounds of fentanyl, five pounds of heroin, and 15.5 pounds of cocaine. The drugs were wrapped in plastic, covered in axle grease, and secreted in a spare tire (see Figure 85).

Outlook

Fentanyl will remain an extremely dangerous public safety threat while the current production of non-pharmaceutical fentanyl continues. Fentanyl poses not only a threat to

users, but also to law enforcement personnel and postal service employees as minute amounts of the drug are lethal and can be inadvertently inhaled or absorbed through the skin. Although many drug users avoid fentanyl, still others actively seek it out for its strong and intense high. In 2015 traffickers expanded the historical fentanyl markets as evidenced by a massive surge in the production of counterfeit tablets containing the drug, and manipulating it to appear as black tar heroin. The fentanyl market will continue to expand in the future as new fentanyl products attract additional users.

Figure 84. Fentanyl Seized from a Suitcase



Source: DEA

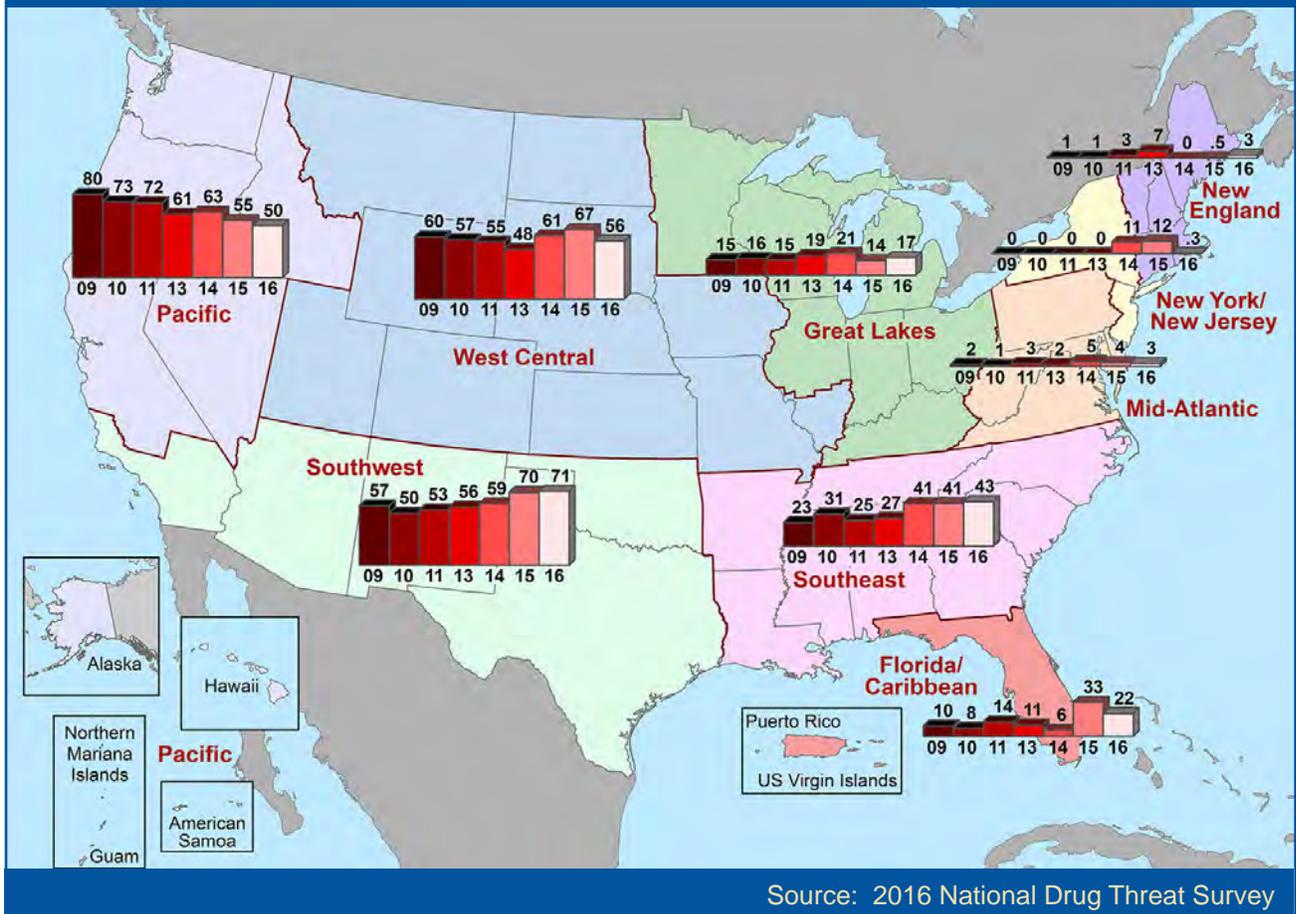
Figure 85. Fentanyl Hidden in a Spare Tire



Source: Yavapai County Sheriff's Office

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Figure 86. Methamphetamine as the Greatest Drug Threat as Reported by State and Local Agencies, 2009-2011, 2013-2016



Overview

Methamphetamine seizures, survey data, price and purity data, and law enforcement reporting indicate methamphetamine continues to be readily available throughout the United States. National-level use survey data remains stable, while treatment admissions increased slightly in 2013. Most of the methamphetamine available in the United States is produced clandestinely in Mexico and smuggled across the SWB. Domestic production continues to occur at much lower levels than in Mexico, and seizures of domestic methamphetamine laboratories have declined, most likely due to the high availability of high-purity, high-potency Mexican methamphetamine and the passage of the CMEA, which placed restrictions on the following methamphetamine precursors: ephedrine, pseudoephedrine, and phenylpropanolamine.

According to the 2016 NDTs, 31.8 percent of responding agencies reported that methamphetamine was the greatest drug threat in their areas (see Figure A1 in Appendix A). Methamphetamine was reported as the greatest drug threat in the Southwest OCDETF Region (71%), followed by West Central (56%), Pacific (50%), and Southeast (43%) (see Figure 86). Additionally, NDTs respondents reported methamphetamine as the drug that most contributes to violent crime (33.7%) (see Figures A3 and A7 in Appendix A).

Availability

Reporting from federal, state, and local law enforcement agencies indicates methamphetamine availability remains high in the United States. DEA FDs, NDTs respondents, and laboratory reporting indicates availability levels are highest in the

METHAMPHETAMINE

Pacific, Southeast, Southwest, and West Central OCEDEF Regions (see Figures A10 in Appendix A).

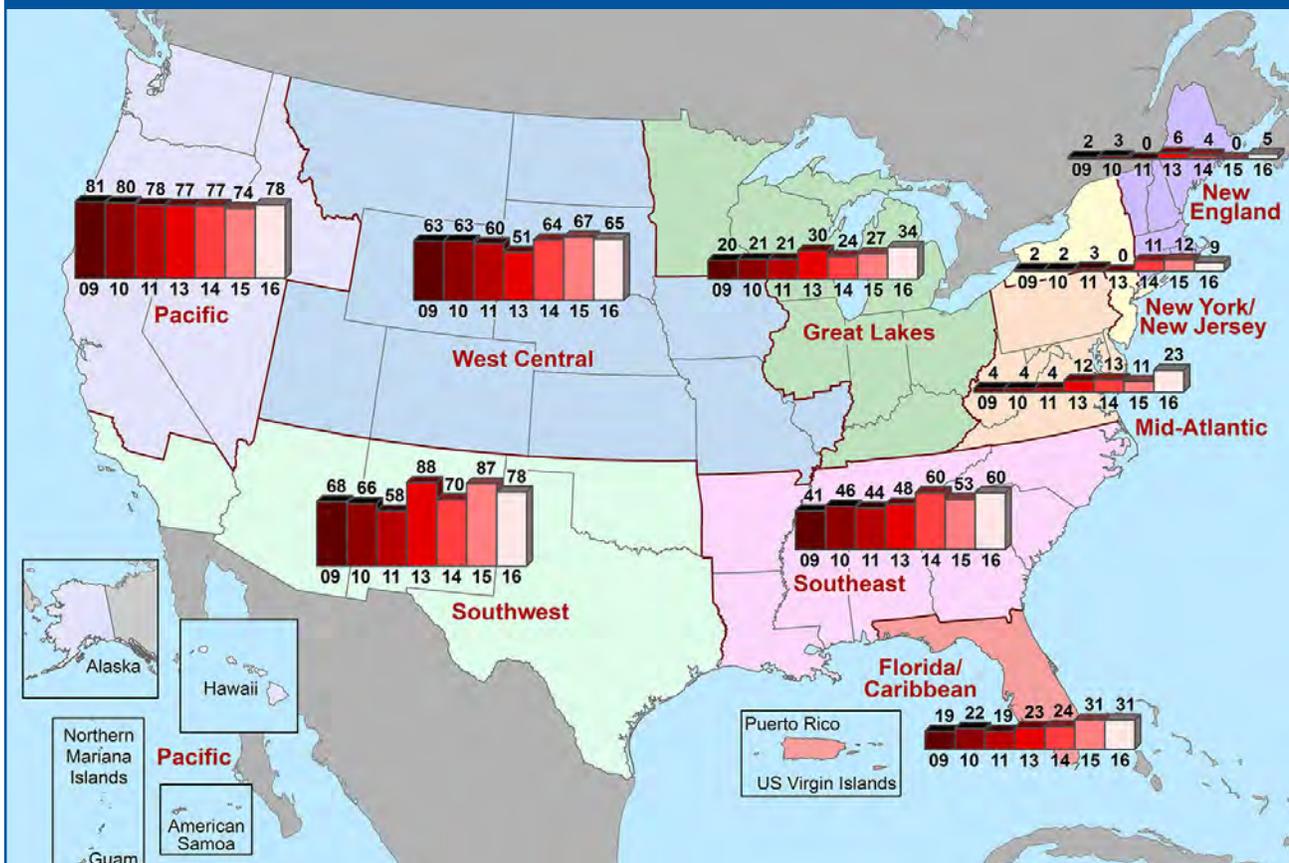
According to the 2016 NDTs, 45 percent of responding agencies reported methamphetamine availability was high. The percentage of NDTs respondents reporting high methamphetamine availability has risen each year since 2013 (see Figure A9 in Appendix A). The regions with the highest percentage of respondents reporting high availability for methamphetamine were the Pacific (78%), Southwest (78%), West Central (65%), and Southeast (60%) (see Figure 87).

- DEA investigative reporting indicates high availability throughout the United States. In 2015, 13 of DEA's 21 FDs reported methamphetamine availability was high and six reported methamphetamine availability was moderate. Seventeen divisions reported

availability was stable compared to the previous reporting period, and the El Paso, Miami, Philadelphia, and San Diego FDs reported higher availability in 2015 (see Figure 88).

- Methamphetamine exhibits reported to the National Forensic Laboratory Information System (NFLIS) increased 14.2 percent between 2013 (206,784 reports) and 2014 (236,175 reports), the most current year available. In addition, methamphetamine reports increased significantly—75.1 percent—since 2009 (134,891 reports). NFLIS data also indicates methamphetamine exhibits have continued to represent a larger portion of the total number of exhibits reported. Methamphetamine exhibits have grown from representing 7.75 percent of all exhibits submitted in 2009 to 15.63 percent of all exhibits submitted in 2014.

Figure 87. Percentage of NDTs Respondents Reporting High Methamphetamine Availability, 2009 - 2011, 2013 - 2016



Source: 2016 National Drug Threat Survey

Figure 88. DEA Field Division Reporting of Methamphetamine Availability in the First Half of 2015 and Comparison to Previous Period

Field Division	Availability During First Half of 2015	Availability Compared to Second Half of 2014
Atlanta Field Division	High	Stable
Caribbean Field Division	Low	Less
Chicago Field Division	High	Stable
Dallas Field Division	High	Stable
Denver Field Division	High	Stable
Detroit Field Division	Moderate	Stable
El Paso Field Division	High	More
Houston Field Division	High	Stable
Los Angeles Field Division	High	Stable
Miami Field Division	Moderate	More
New England Field Division	Moderate	Stable
New Jersey Field Division	Moderate	Stable
New Orleans Field Division	High	Stable
New York Field Division	Moderate	Stable
Philadelphia Field Division	Moderate	More
Phoenix Field Division	High	Stable
San Diego Field Division	High	Stable
San Francisco Field Division	High	Stable
Seattle Field Division	High	Stable
St. Louis Field Division	High	Stable
Washington Field Division	Low	Stable

Source: DEA Field Division Reporting

- Methamphetamine seizures continue to increase along the SWB. According to CBP, methamphetamine seizures along the SWB increased 305 percent from CY 2010 (4,024 kg) to CY 2015 (16,283 kg). Seizures increased in almost every corridor along the SWB (see Figure 89). The majority (68%) of methamphetamine seizures in CY 2015 occurred in California.

Purity^w, potency^x, and price data indicate methamphetamine availability is increasing in the United States. Through March 2015, DEA reported methamphetamine per-gram purity levels averaged above 90 percent, while prices remained low and stable. Additionally, purity of seizures sampled through the DEA Methamphetamine Profiling Program (MPP) remain high, indicating high availability of methamphetamine. Mexico-produced methamphetamine is particularly pure and potent.

- Methamphetamine sampled through the MPP in the second quarter of 2015 averaged 95.6 percent purity and 86.7 percent potency (see Figure 90).
- Analysis of domestic methamphetamine purchases analyzed by the DEA laboratory system indicates from January 2007 through March 2015, the price per pure gram of methamphetamine decreased 56.5 percent from \$152 to \$66, while the purity increased 63.8 percent from 56.4 percent to 92.4 percent (see Figure 91).

Use

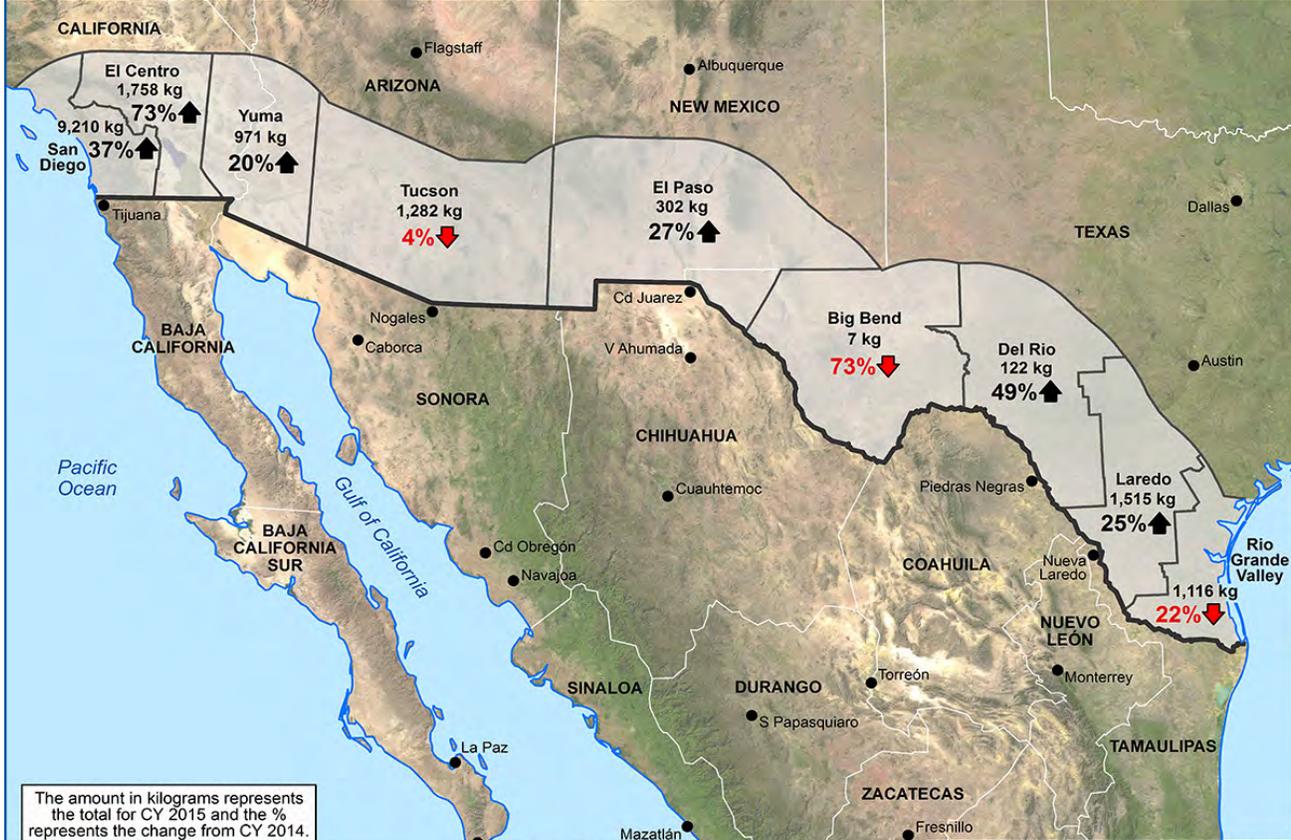
National-level survey and treatment data indicates methamphetamine use may be increasing. According to NSDUH, the number of current users 12 years or older increased 61 percent between 2010 and 2014, while the number of new users 12 years or older increased 71 percent over the same period.

^w 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.

^x Potency is defined as the measure of drug activity in terms of the dosage required to exert an effect on the body.

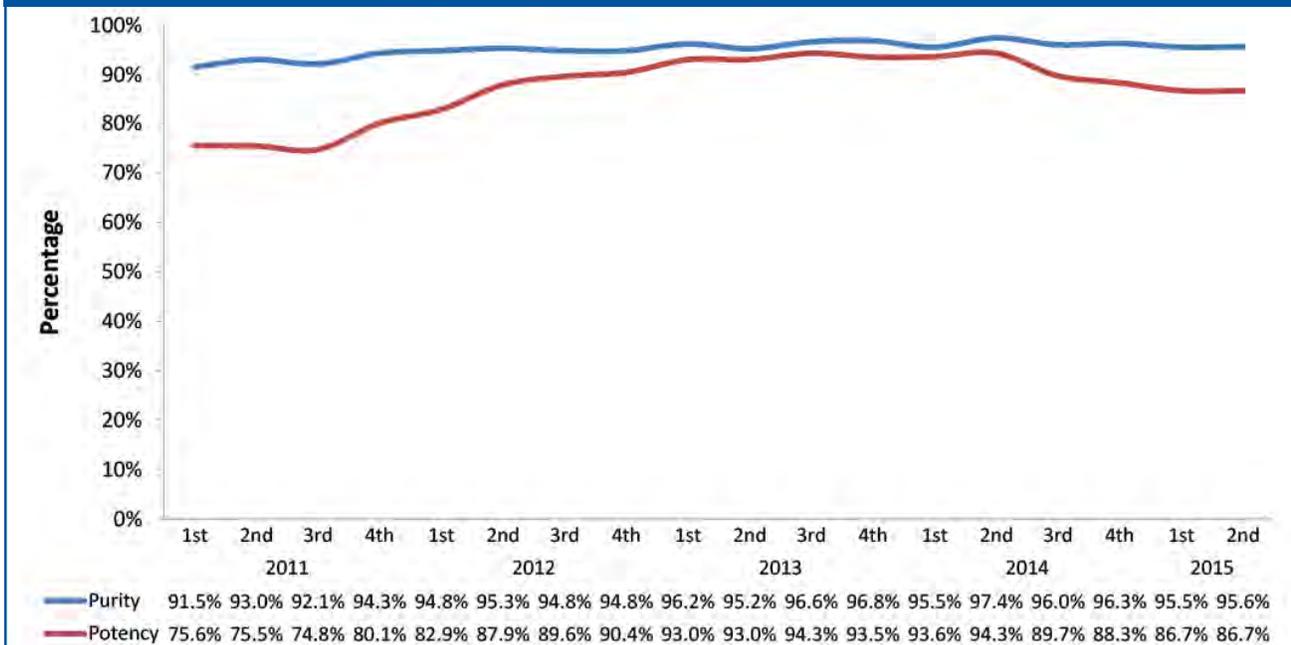
METHAMPHETAMINE

Figure 89. CBP Methamphetamine Seizures by Southwest Border Corridor in 2016, with Percent Change from 2014



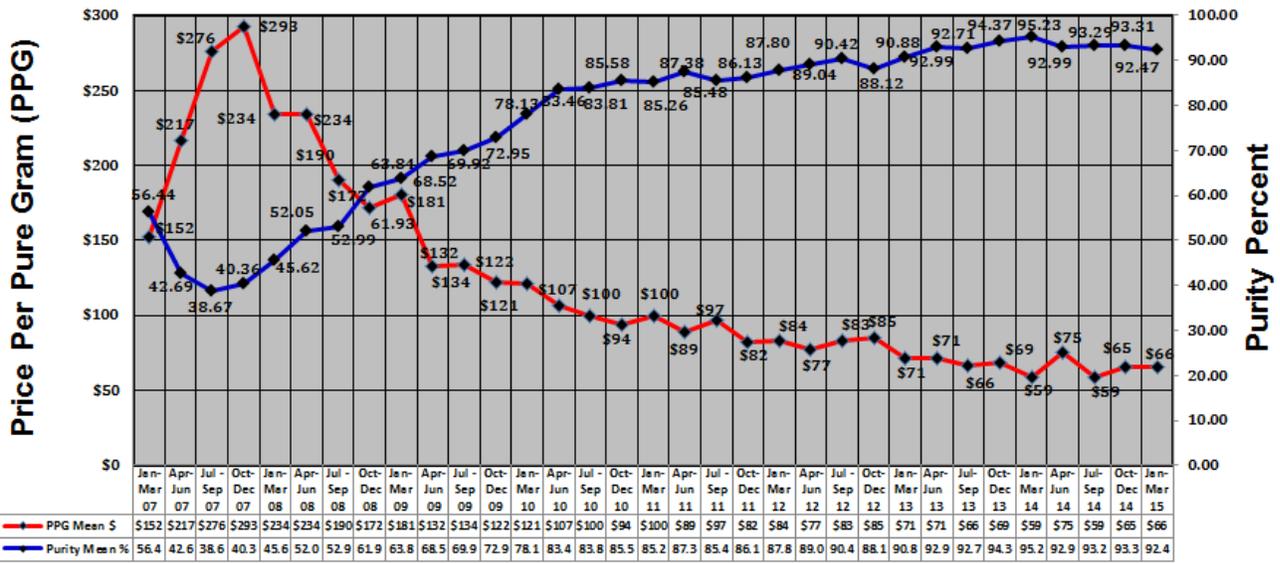
Source: DEA and U.S. Customs and Border Protection

Figure 90. Methamphetamine Purity and Potency



Source: DEA Methamphetamine Profiling Program

Figure 91. Price and Purity of Domestic Methamphetamine Purchases, January 2007-March 2015



Source: DEA

DEA's Methamphetamine Profiling Program

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 organic sources. It should also 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.

Additionally, according to the 2016 NDTs, 40 percent of respondents reported an increased demand for methamphetamine, while 39 percent said it remained the same.

- NSDUH data from 2014 indicates a slight decline in the number of methamphetamine users reporting current (past month) use compared to 2013. In 2013, there were 595,000 people aged 12 or older who reported current (past month) use of methamphetamine. In 2014, that number declined to 569,000, a four percent decrease. However, the percentage of the population aged 12 or older in 2014 who were current users of methamphetamine was similar to the percentages for most years between 2002 and 2013.
- According to NSDUH, there has been a steady increase in the number of past year users of methamphetamine since 2010, as well as the number of new users. In 2014, the number of past year users, which includes new initiates and current users, was 1,301,000, up from 1,186,000 in 2013. The number of past year methamphetamine initiates ages

METHAMPHETAMINE

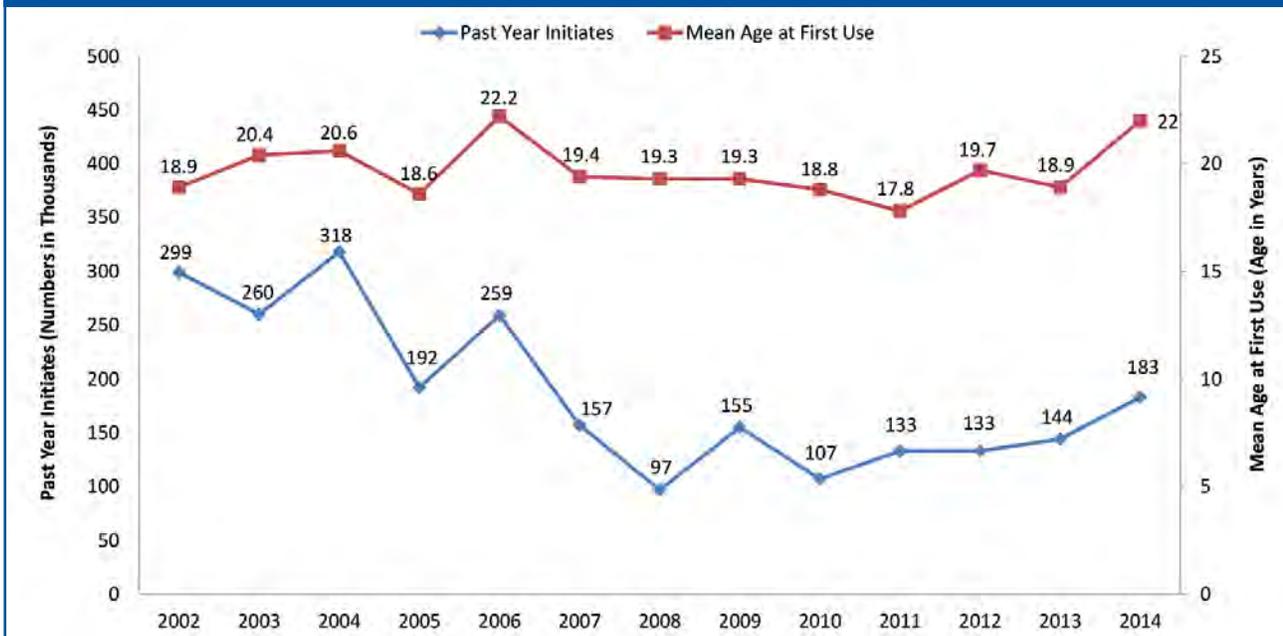
12 or older increased from 144,000 in 2013 to 183,000 in 2014. However, these numbers remain significantly lower than estimates from 2002 to 2006. In 2014, the average age at first use was 22 (see Figure 92).

- The number of methamphetamine-related treatment admissions continues to increase. TEDS data indicates the number of methamphetamine-related treatment admissions to publicly-funded facilities increased to 130,033 in 2013, which is a 10.6 percent increase from 2012 admissions. However, this increase follows a steady decrease that occurred between 2005 and 2011 (see Figure 93).

Production

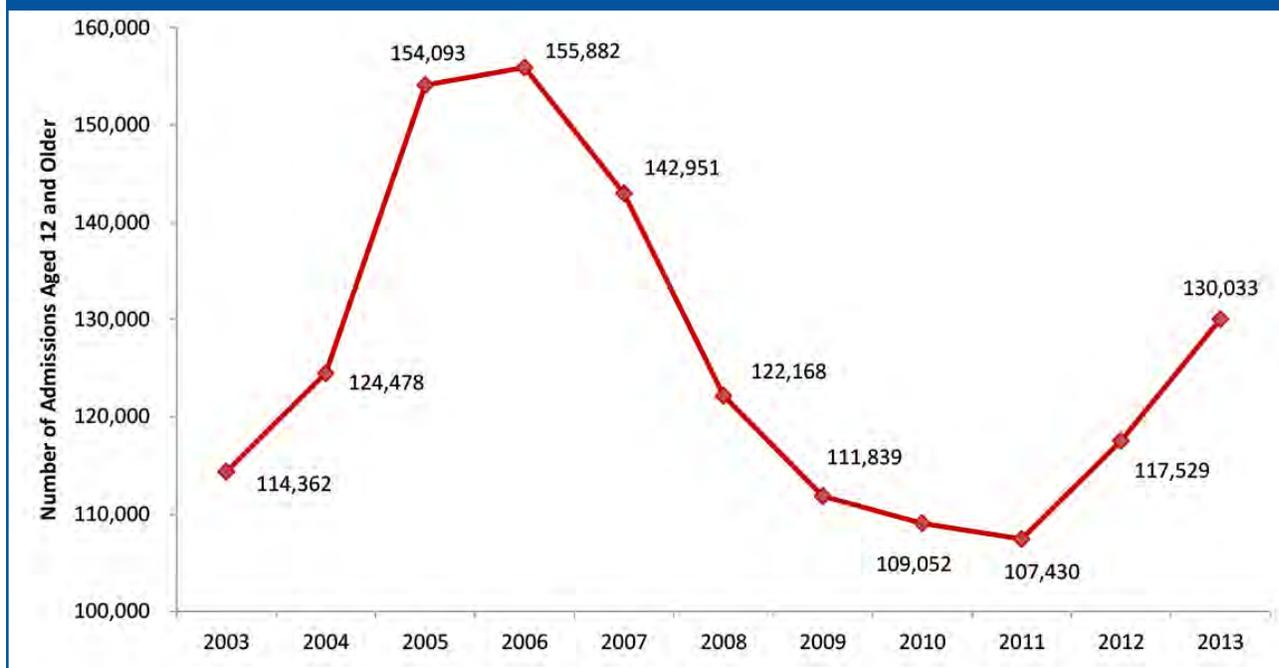
Unlike other major drugs of abuse, methamphetamine is a synthetic drug, and as such, is manufactured in a laboratory. Methamphetamine does not rely on a plant as its main source and is not affected by drought, flooding, growth cycles, or other natural elements that affect production. Instead, methamphetamine production relies on the ability of traffickers to obtain precursors and other essential chemicals. Methamphetamine can be produced using several variations of multiple synthetic production routes. Most of the methamphetamine available in the United States is produced in Mexico and smuggled across the SWB. Mexican TCOs will continue to adapt to precursors restrictions in Mexico, finding alternative methods to manufacture methamphetamine.

Figure 92. Past Year Methamphetamine Initiates Among Persons Age 12 or Older and Mean Age at First Use of Methamphetamine Among Past Year Initiates Aged 12 to 49: 2002-2014



Source: National Survey on Drug Use and Health

Figure 93. Methamphetamine Primary Admissions to Publicly-Funded Treatment Facilities



Source: Treatment Episode Data Set

Methamphetamine Drug Poisoning Deaths

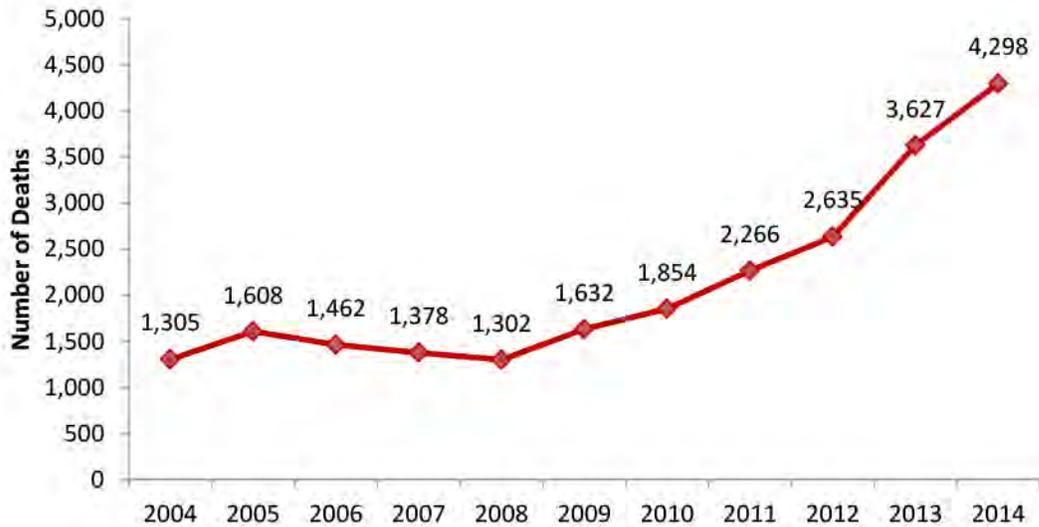
Unlike cocaine and heroin, methamphetamine drug poisoning deaths are harder to track. According to the CDC, methamphetamine drug poisoning deaths are included under the broader psychostimulant category. The psychostimulant category includes multiple drugs such as MDMA, caffeine, phenylethylamine, ethylone, cathinones, amphetamine, and methamphetamine. Although the value changes from year to year, in recent years (2010 – 2014) approximately 85-90% of the drug poisoning deaths that were reported under psychostimulants mentioned methamphetamine in the death certificate. According to the CDC, in 2014 there were 4,298 psychostimulant drug poisoning deaths in the United States, representing a 229 percent increase since 2004 (see Figure 94).

Foreign Production

Although domestic production has been decreasing, methamphetamine production in Mexico continues, as Mexican TCOs have adapted to restrictions on the precursor pseudoephedrine. 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, 78 percent of samples analyzed were produced using the reductive amination method, using P2P as the precursor chemical.

In 2009, the MPP first noticed a significant shift away from pseudoephedrine/ephedrine precursors to a P2P-based methamphetamine product. Since that time, samples analyzed from seizures at the SWB and domestic locations have almost exclusively fallen into a common forensic category that the MPP has referred to as the "Mexico-Profile." This profile relates back to P2P as the precursor and phenylacetic acid (PAA) as the pre-precursor, and it reached an MPP maximum in approximately 2012-2013.

Figure 94. Psychostimulant Drug Poisoning Deaths, 2004 - 2014



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

The Combat Methamphetamine Epidemic Act (CMEA) of 2005

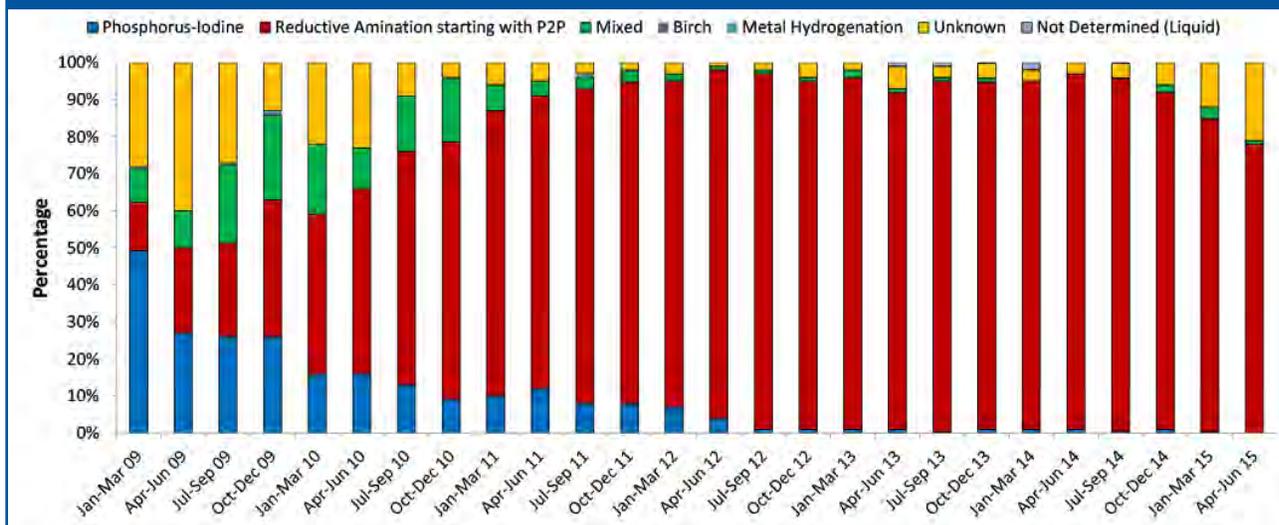
The CMEA was signed into law on March 9, 2006 to regulate, among other things, retail, over-the-counter sales of ephedrine, pseudoephedrine, and phenylpropanolamine products. Retail provisions of the CMEA include: daily sales limits and 30-day purchase limits, placement of product out of direct customer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

In mid-2014, a new forensic profile emerged for samples from the Mexico border and other domestic locations. These samples did not match the status quo “Mexico-Profile” category, and were subsequently placed into the “unknown synthetic route” category. The amount of “Unknown” samples has surged to 21% in the second quarter of 2015, but similar organic impurity patterns suggest a new profile for these samples. It is believed

this new profile is linked to an alternate P2P recipe starting from benzaldehyde and nitroethane as the key precursors. This method is referred to as the Nitrostyrene Method because nitrostyrene is produced in the reaction of benzaldehyde and nitroethane. Nitrostyrene is then converted into P2P in a separate reaction. Final forensic research is being conducted by Special Testing and Research Laboratory to confirm the link to the nitrostyrene method, which will create a new P2P-based category and fewer unknowns for the MPP.

Investigative intelligence obtained from Mexico-based methamphetamine manufacturers suggests that precursor chemical availability in Mexico drives the P2P production technique used by Mexican methamphetamine manufacturers. If PAA is temporarily unavailable or expensive, alternate P2P manufacturing techniques such as the benzaldehyde/nitroethane technique will be used. Investigative intelligence further suggests that significant methamphetamine producers in Mexico will adopt alternative P2P production techniques to keep up with demand rather than waiting on precursors for their preferred P2P production method. Evidence of these changes in production has become evident in the MPP samples analyzed by the Special Testing and Research Laboratory.

Figure 95. Synthetic Methamphetamine Production Rate



Source: Methamphetamine Profiling Program

Domestic Production

Domestic methamphetamine production has been decreasing since 2006 as a result of the introduction of the CMEA which placed restrictions on several key methamphetamine precursors (see Figure 98). According to the 2016 NDTs, 44.6 percent of the responding agencies reported methamphetamine production was low and only 10.2 percent of the responding agencies reported methamphetamine production was high (see Figure 97).

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: in private residences, motel and hotel rooms, apartments, house trailers, mobile homes, campgrounds, and commercial establishments.

The majority of the laboratories seized in the United States are small-capacity production laboratories, which produce less than two ounces per batch. The CMEA was enacted to curtail the clandestine production of methamphetamine. This reduced the supply of methamphetamine, decreased “smurfing,” increased awareness of the dangers of

methamphetamine among retailers and the general public as well as adding new penalties and tighter controls for retailers.

In 2015, most of the seized domestic laboratories were small-capacity production laboratories, such as the “one-pot” or “shake-and-bake” methamphetamine laboratories. Generally, these laboratories are small-scale, easy to conceal, and produce two ounces or less of methamphetamine per batch. The ingredients, which are common household items (e.g., pseudoephedrine/ephedrine tablets, lithium batteries, camp fuel, starting fluid, cold packs), are mixed in a container, such as a plastic soda bottle. This provides a portable method of producing small amounts of methamphetamine. “One-pot” laboratories are extremely dangerous and in many cases cause fires, which can lead to injury and sometimes death.

- The number of domestic methamphetamine laboratories decreased 56 percent from 2010 (10,522) to 2015 (4,595). Additionally, in 2015, 86 percent of all methamphetamine laboratories seized in the United States were small laboratories, capable of producing two ounces or less of methamphetamine (see Figure 98).

METHAMPHETAMINE

Transportation and Distribution

As mentioned previously, methamphetamine in the United States originates primarily from clandestine laboratories in Mexico and is smuggled across the SWB. Traffickers employ various methods and techniques in the smuggling of methamphetamine, such as human couriers, commercial flights, parcel services, and commercial buses; however, traffickers most commonly transport methamphetamine in passenger vehicles with hidden compartments.

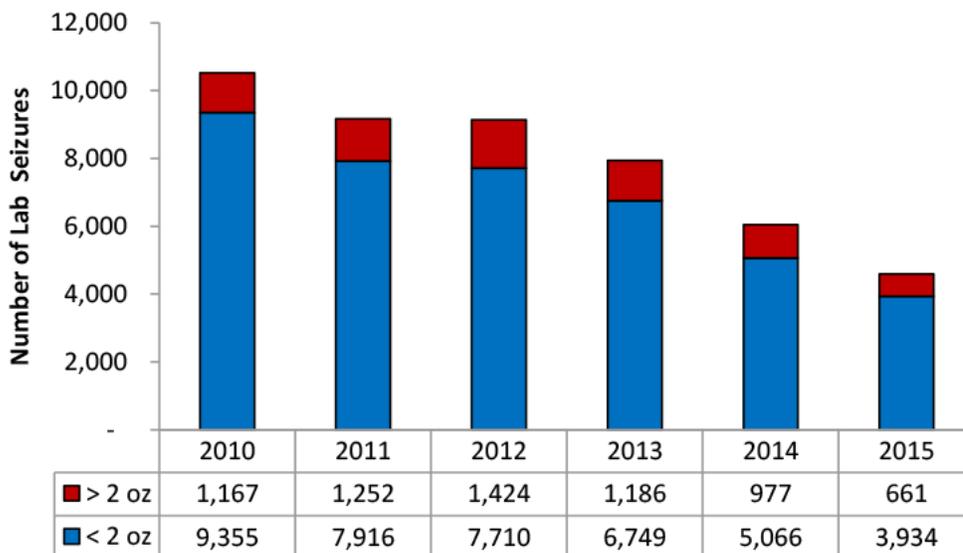
Mexican TCOs control wholesale methamphetamine distribution, while both Mexican and Caucasian criminal groups typically control retail distribution in the United States. The Mexican influence can be seen in the fact that methamphetamine is no longer only sold in pound quantities, but now sold in kilogram quantities, similar to how other Mexican TCO-controlled drugs such as heroin and cocaine are sold.

Figure 96. 2016 NDTs Respondents Reporting Methamphetamine Production, by Region (Percentage)

	High	Low	Moderate	Not Produced
Nationwide	10.2	44.6	22.4	17.3

Source: 2016 National Drug Threat Survey

Figure 97. Number of Methamphetamine Laboratories Seized, by Capacity, 2010-2015^y



Source: EPIC National Seizure System as of January 27, 2016

^y These seizures are laboratory seizures only and do not include chemical and dumpsite seizures.

Figure 98. Fire Extinguisher Used as "One-Pot" Methamphetamine Production Vessel



Source: DEA

Methamphetamine in Solution

Mexican TCOs are continually looking for new and creative ways to conceal illegal drugs and smuggle them across the border. Smuggling methamphetamine dissolved in liquids has increased over the last 10 years, with the most significant increases in the last five years. Methamphetamine in solution, while having increased in recent years, continues to account for only a small percentage of all methamphetamine seizures. As a result, it is unlikely that Mexican TCOs will come to prefer smuggling methamphetamine in liquids over traditional smuggling methods.

Methamphetamine in solution provides TCOs with a unique concealment method, which poses a variety of challenges to law enforcement. Methamphetamine can be dissolved in a variety of liquids, including vehicle fluids, water, and alcoholic beverages. These substances can disguise the drug and mask its smell from regular human senses. This concealment method continues to make searching for and identifying methamphetamine challenging; however, canine (K-9) support to law enforcement and other more complex search methods have helped identify shipments.

- Laredo, Texas: In August 2015, United States Border Patrol agents seized approximately 10 kilograms of methamphetamine in solution. The liquid was concealed in iced tea cans, as well as a jug of antifreeze, located in the rear seat area of a passenger vehicle (see Figure 102).

Conversion Laboratories

Methamphetamine conversion laboratories are not production laboratories, but are instead used to convert either powder methamphetamine into crystal methamphetamine or to reconstitute methamphetamine in solution back into crystal methamphetamine. The majority of conversion laboratories are seized in California. Each year since 2000, the number of conversion laboratories seized in California has accounted for over 60 percent of all conversion laboratories seized that year. The number of conversion laboratories seized in California in 2015 accounted for 79 percent of all conversion laboratories seized nationwide. Although most of the conversion laboratories are seized in California, or other SWB states such as Texas and Arizona, there have been laboratories seized in states farther from the border. In 2015, there were conversion laboratories seized in Georgia, Maine, Michigan, and Oregon.

- San Antonio, Texas: In August 2015, the DEA San Antonio DO and Texas Department of Public Safety seized approximately 2.5 kilograms of crystal methamphetamine and 4 gallons of methamphetamine in solution from a conversion laboratory.
- Atlanta, Georgia: In March 2015, the DEA Atlanta Task Force and Gwinnett County Police Department seized a methamphetamine conversion laboratory. This conversion laboratory was used to convert powdered methamphetamine into crystal methamphetamine for distribution (see Figure 103). The laboratory operator reportedly received one or two automotive batteries filled with powder methamphetamine about two or three times a month.

On July 18, 2015, Washington Field Division Clandestine Laboratory Enforcement personnel responded to a request for investigative support from the Montgomery County Department of Police and the Emergency Services Division of the National Institute of Standards and Technology (NIST) in Gaithersburg, MD. A NIST U.S. Federal Police Officer attempted to manufacture methamphetamine using a "one-pot" recipe, which resulted in an explosion. The explosion blew out four shatterproof windows and raised the temperature within the building to 180 degrees. The U.S. Federal Police Officer sustained burns to his hands, face and arms. In 2015, there were only three methamphetamine laboratories reported to EPIC NSS that were seized in Maryland.

Figure 99. Ventilation Hood Where "One-Pot" Production Vessel Exploded



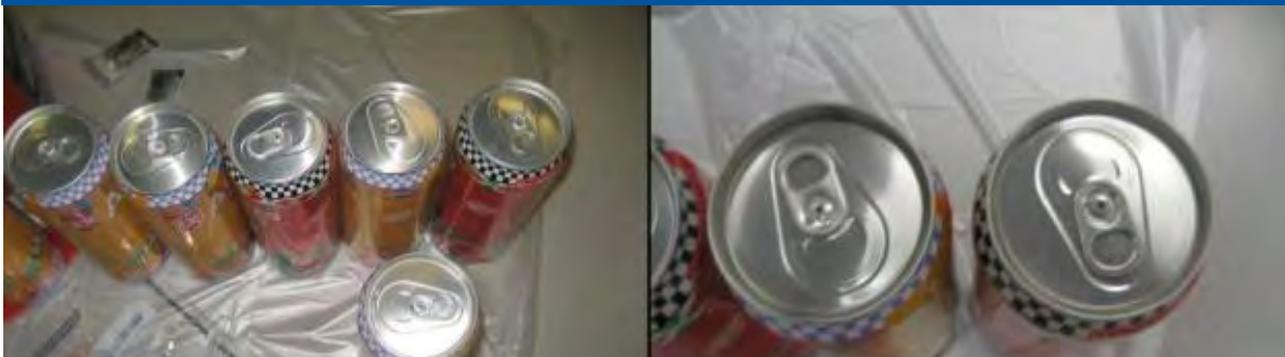
Source: DEA

Figure 100. Industrial Blast Windows Blown Out



Source: DEA

Figure 101. Re-Sealed Iced Tea Cans Containing Methamphetamine in Solution



Source: DEA

Figure 102. Liquid Solutions/Crystal Methamphetamine Inside Conversion Laboratory



Source: DEA

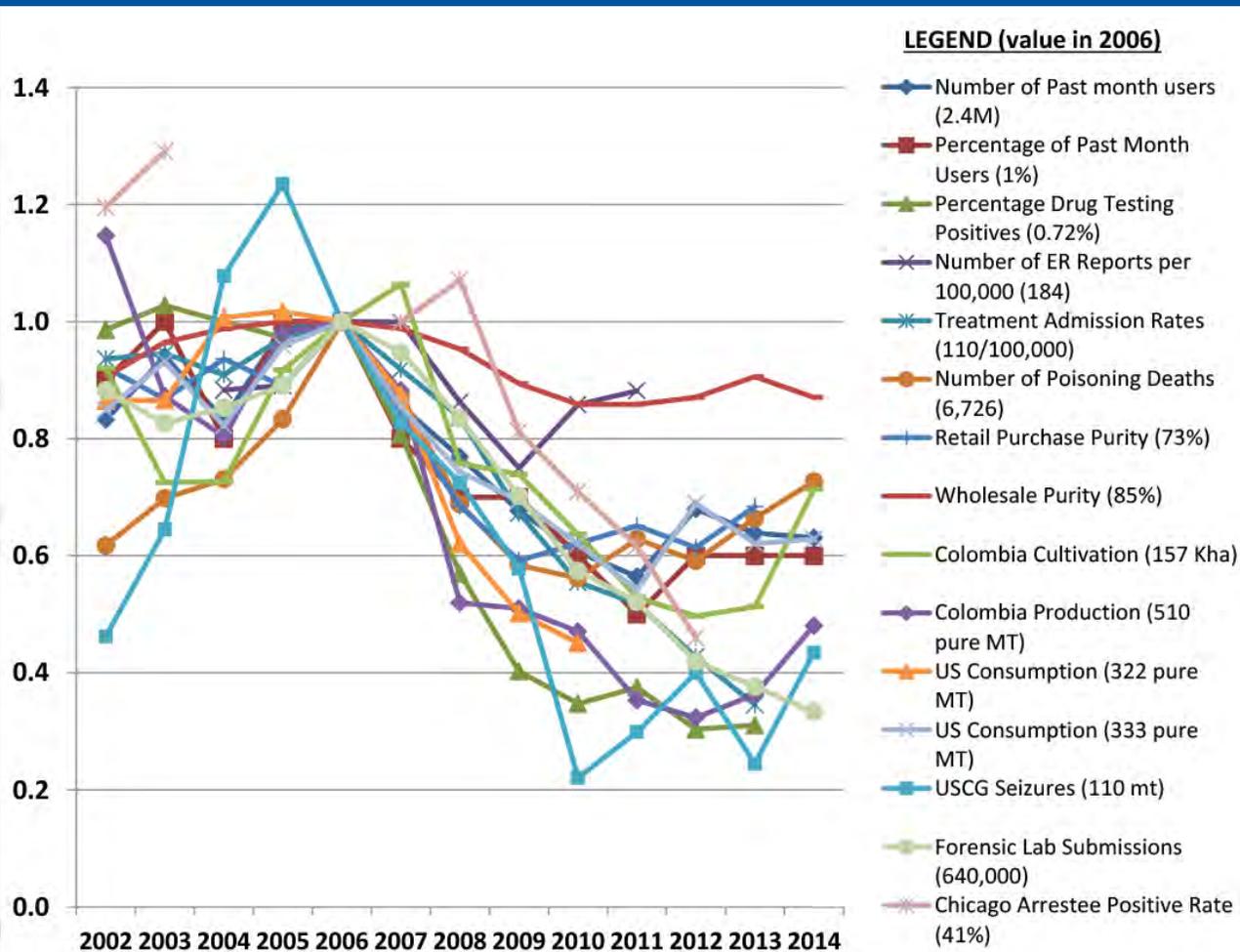
Outlook

Methamphetamine availability is likely to continue to increase in the near term. Mexican TCOs will continue to produce and traffic high-purity, high-potency methamphetamine across the Southwest Border into the United States. Mexican TCOs will continue to adapt their production methods as restrictions are placed on precursors, or precursor chemicals

become temporarily unavailable or cost-prohibitive. Seizures of methamphetamine in solution will likely increase as this has proven to be an effective concealment method, but powder and crystal methamphetamine will remain the predominant form in which the drug is smuggled into the United States. As a result, the United States will continue to see conversion laboratories used to reconstitute liquid into the useable form of crystal methamphetamine.

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Figure 103. Cocaine Indicators, Based on 2006 Value, 2002-2014



Source: ONDCP

Overview

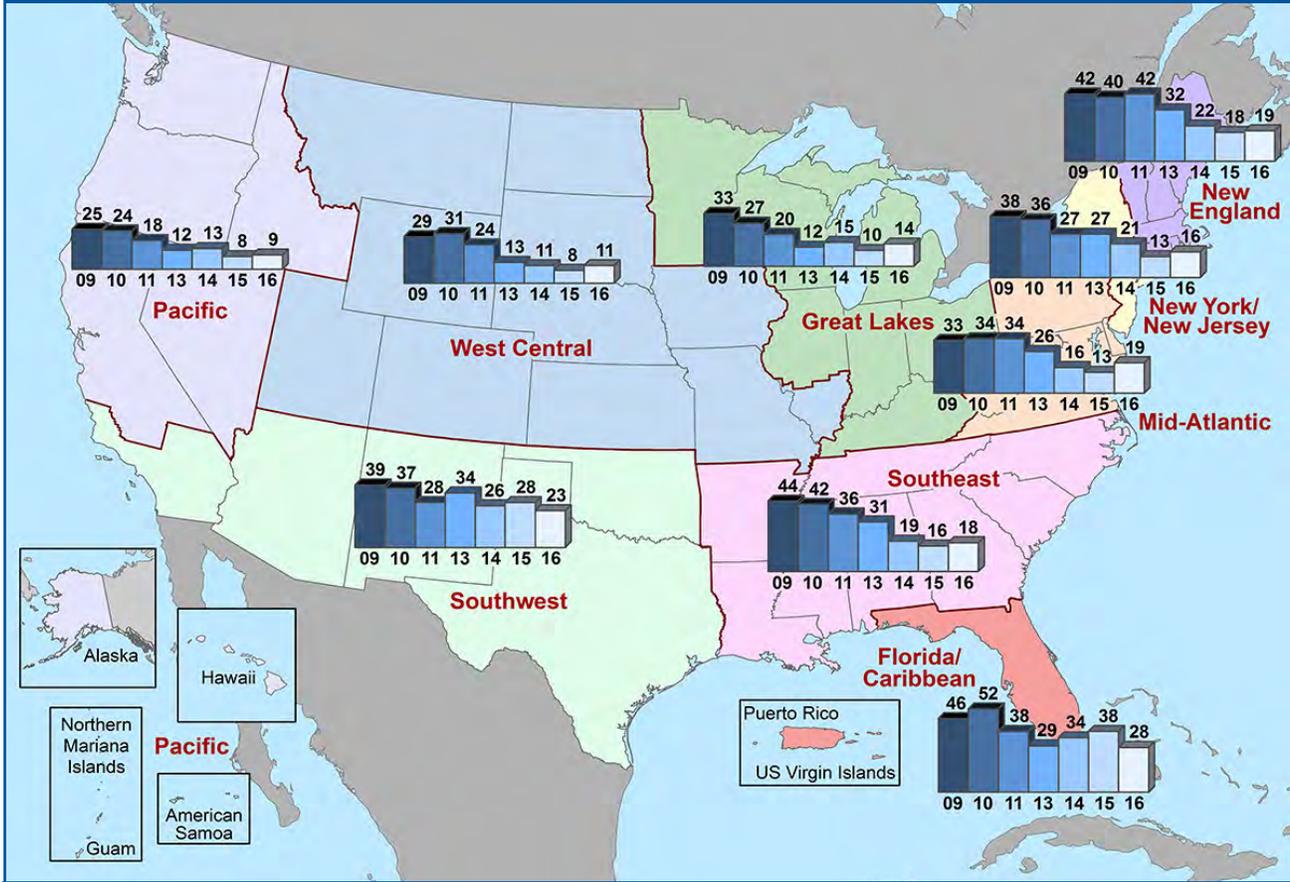
Cocaine availability and use in the United States increased between 2014 and 2015 and are likely to continue increasing in the near term. This increase is due to elevated levels of coca cultivation and potential pure cocaine production in Colombia, the primary source for cocaine seized in the United States, as well as Transit Zone movement into the United States, which may indicate that more cocaine is available for traffickers who want to invest in the U.S. cocaine market. Data from U.S. Southwest Border seizures, overdose deaths, and past-year initiates show cocaine availability and use in the United States have increased since 2014; however, these numbers currently remain below 2006 levels for cocaine availability.

Availability

Cocaine availability in the United States remains below 2006 levels, but higher production in Colombia and increased drug flow toward the United States from South America point to higher availability of cocaine in 2015. The majority of DEA FDs in 2015 indicated cocaine availability was moderate in their area, meaning cocaine is accessible. Five DEA FDs—Houston, New York, Philadelphia, Phoenix, and Washington—indicated that cocaine availability was high, meaning cocaine is easily obtained at any time (see Figure 107). In addition, only 17.3% of 2016 NDTs respondents indicated high availability of cocaine with 22.5% indicating the same for crack cocaine (see Figure A9 in Appendix A). Only a combined four percent

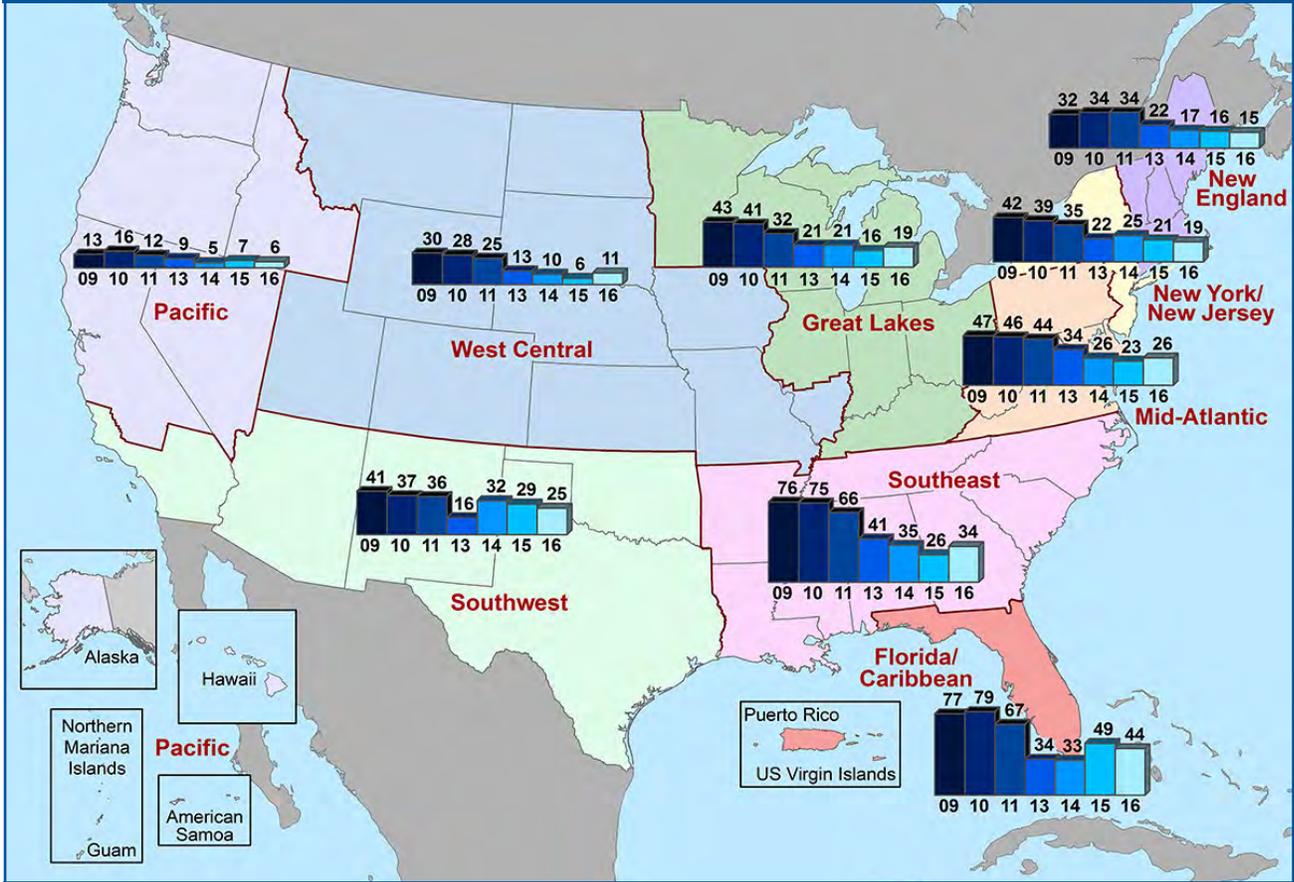
COCAINE

Figure 104. Percentage of NDTs Respondents Reporting High Powder Cocaine Availability 2009-2011, 2013-2016



Source: 2016 National Drug Threat Survey

Figure 105. Percentage of NDTs Respondents Reporting High Crack Cocaine Availability, 2009-2011, 2013-2016



Source: 2016 National Drug Threat Survey

COCAINE

Figure 106. DEA Field Division Reporting of Cocaine Availability in the First Half of 2015 and Comparison to Previous Period

Field Division	Availability During First Half of 2015	Availability Compared to Second Half of 2014
Atlanta Field Division	Moderate	Stable
Caribbean Field Division	Moderate	Stable
Chicago Field Division	Moderate	Stable
Dallas Field Division	Moderate	More
Denver Field Division	Moderate	Stable
Detroit Field Division	Moderate	Stable
El Paso Field Division	Moderate	Stable
Houston Field Division	High	Stable
Los Angeles Field Division	Moderate	Stable
Miami Field Division	Moderate	Stable
New England Field Division	Moderate	Stable
New Jersey Field Division	Moderate	Stable
New Orleans Field Division	Moderate	Stable
New York Field Division	High	Stable
Philadelphia Field Division	High	Stable
Phoenix Field Division	High	Stable
San Diego Field Division	Moderate	Stable
San Francisco Field Division	Moderate	Stable
Seattle Field Division	Moderate	Stable
St. Louis Field Division	Moderate	Stable
Washington Field Division	High	Stable

Source: DEA Field Division Reporting

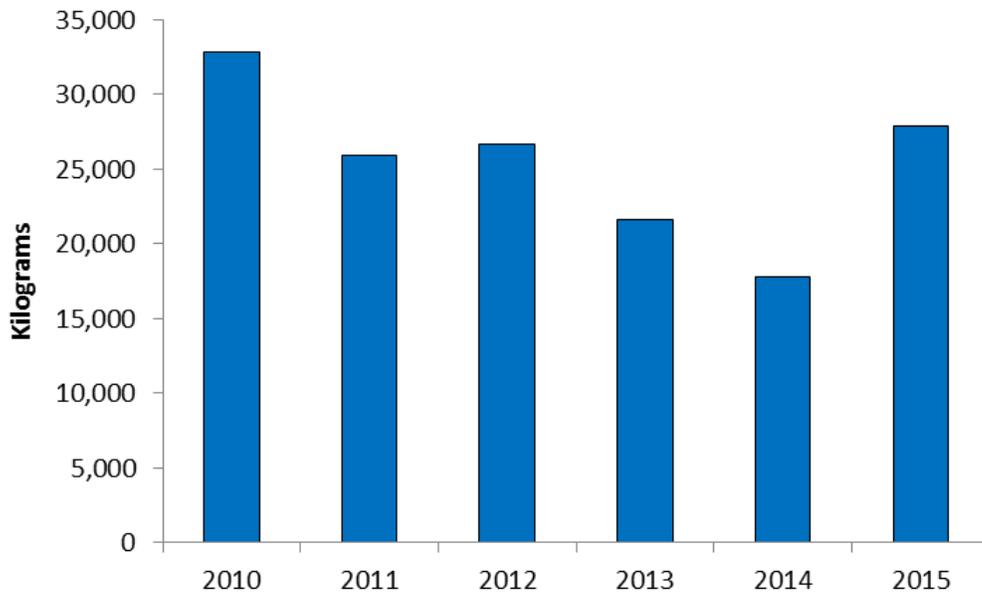
of NDTs respondents identified either powder cocaine (0.6%) or crack cocaine (3.4%) as their greatest drug threat (see Figure A1 in Appendix).

According to CBP, cocaine seizures nationwide in CY 2015 are at their highest levels since CY 2010, indicating higher cocaine availability than in the previous five years. CBP cocaine seizures increased 56.7 percent between 2014 and 2015, marking the first year-on-year increase in cocaine seizures since CY 2011 to CY 2012 (see Figure 108). As more cocaine arrives in the United States and is trafficked throughout the country, other federal, state, and local law enforcement agencies will likely begin reporting increases in cocaine seizures.

The 2014 FBI Safe Streets and Gang Task Force Survey highlights the impact of cocaine in Safe Streets and Gang Task Force gang-related investigations with federal, state, and local law enforcement. All five FBI Safe Streets and Gang Task Force regions connect their local gangs to cocaine, and two regions, North Central and South Central, reported cocaine as their top drug of concern. Furthermore, cocaine ranked as one of the top three drugs, alongside methamphetamine and marijuana, which led to OMG arrests over the past two years.

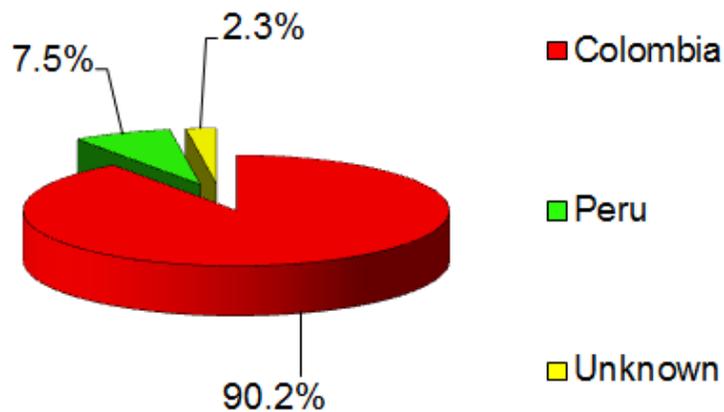
Colombia will continue to act as the source for the majority of the cocaine seized domestically. According to DEA's Cocaine Signature Program (CSP), in 2015, approximately 90 percent of cocaine samples tested were of Colombian origin, 7 percent were of Peruvian origin, and 2 percent were of Unknown origin (see Figure 109). Forensic analysis of Peru-sourced cocaine indicates that less than 1 percent of these samples appear to have been directly imported into the United States. Instead, the majority of Peruvian samples gave signatures consistent with being processed into cocaine hydrochloride (cocaine HCl or powder cocaine) within Colombia. In addition, the average purity for the cocaine bricks tested was 74 percent, with only seven percent of the tested bricks being uncut. The rest of the bricks analyzed were cut with various diluents, with 93 percent containing levamisole and/or levamisole mixtures with dexamisole.

Figure 107. U.S. Customs and Border Protection Nationwide Cocaine Seizures, 2010 – 2015



Source: U.S. Customs and Border Protection (CBP)

Figure 108. Origin of Cocaine Samples Seized in the United States Mainland, 2015



Source: DEA Cocaine Signature Program

COCAINE

The average retail price per pure gram of cocaine in the United States remained at historically higher levels through the first quarter of 2015, while the average gram purity remained at historically lower levels. Analysis reveals that the average retail price per

pure gram of cocaine increased 149 percent between January 2007 and March 2015 (\$98 to \$244) and gram purity concurrently decreased 35 percent (67.1% to 43.6%) in this timeframe. This indicates that cocaine users are continuing to pay more money for a less pure product.

DEA'S Cocaine Signature Program

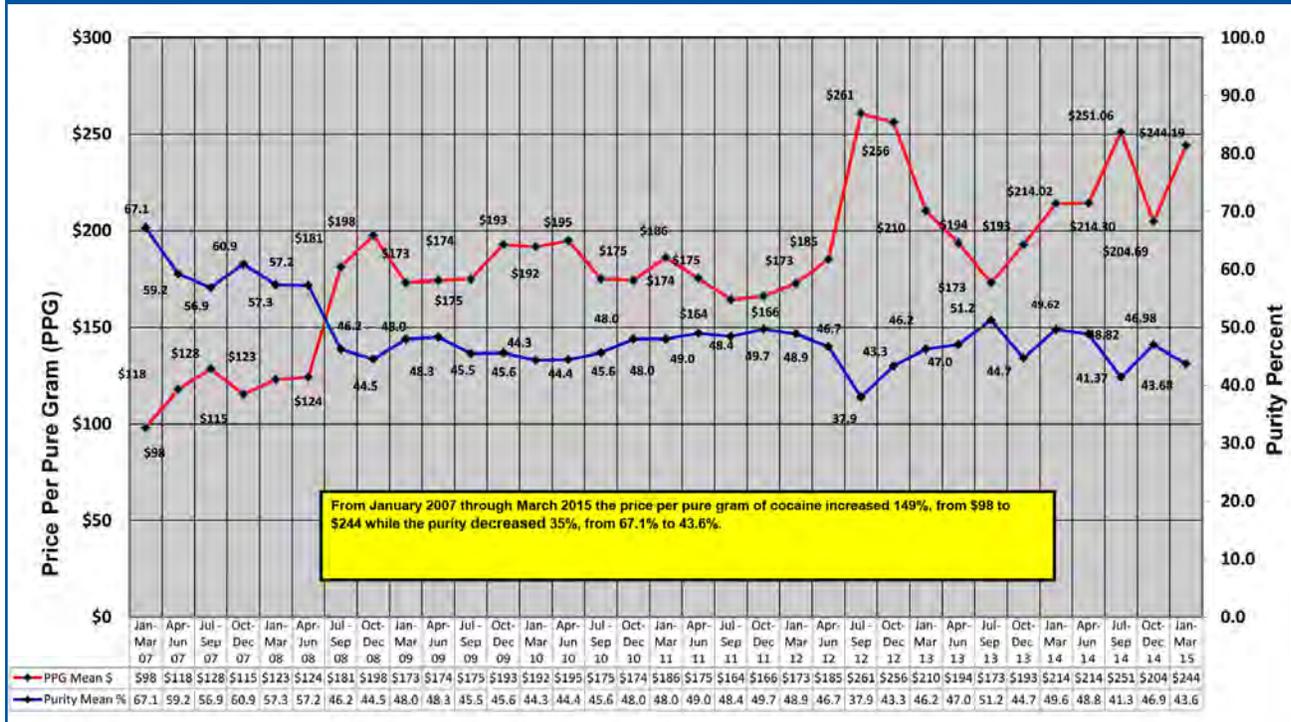
Each year, through the CSP, in-depth chemical analyses are performed on approximately 2,500 cocaine HCl exhibits obtained from bulk seizures made throughout the United States. The program also examines a smaller number of cocaine exhibits seized from around the world. Additionally, samples of solvents, 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 huge 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.

The emergence of cocaine mixed with fentanyl in select markets is a potential trend of concern. Although fentanyl is typically either mixed with or sold as heroin, DEA's Special Testing and Research Laboratory analyzed three fentanyl/cocaine mixtures from two different cases between FY 2014 and FY 2015. Additionally, at least one police department reported fatal overdoses from cocaine and fentanyl mixtures. Fentanyl is mixed with cocaine for the purpose of "speedballing," the same purpose as heroin and cocaine mixtures. The desired outcome is for the user to experience the "high" from the cocaine with the depressant (heroin or fentanyl) helping ease the otherwise sharp comedown after the effects of the cocaine subside.

- Southfield, Michigan: In November 2014, the FBI's Detroit Field Office seized one cocaine and fentanyl mixture as a part of a poly-drug seizure of three kilograms of cocaine, three kilograms of methamphetamine, and two kilograms of heroin from a tractor-trailer. Analysis of the cocaine seized revealed that one of the three kilograms also tested positive for fentanyl. The shipment of drugs reportedly originated from St. Louis, Missouri.
- New York: In March 2015, the Buffalo Police Department, with the assistance of the DEA Buffalo RO, seized two cocaine and fentanyl mixtures totaling 24 kilograms of cocaine and eight kilograms of fentanyl. Concurrently, the Rochester Police Department reported two separate incidents involving a combined three fatal overdoses due to mixtures of cocaine and fentanyl. The Rochester Police Department believed the drugs were smoked due to the presence of crack cocaine pipes at each scene.

Figure 109. Domestic Cocaine Purchases, January 2007 - March 2015



Source: DEA

Since 2007, U.S.-based organizations trafficking in cocaine have continued to cut cocaine to stretch supplies, meet demand, and recoup lost profits. In addition, trafficking organizations have expanded their drug trafficking operations to include other drugs, including methamphetamine and heroin, to maximize their profits.

- Harrisburg, Pennsylvania: In May 2015, a trafficking organization purchased a kilogram of cocaine and then wanted to return it to the sellers due to its poor quality. This is consistent with reporting from select DEA FDs where the quality of cocaine available for users remains low, but the price for the same cocaine is relatively high compared to other drugs.
- Langley Park, Maryland: In May 2015, individuals in the Langley Park area were selling retail quantities of cocaine, methamphetamine, and heroin. This emphasis on poly-drug trafficking

at the retail level is consistent with DEA reporting about co-mingled drug shipments coming across the SWB.

Use

Cocaine use is showing the first significant signs of increase in the United States since use indicators began sharply declining in 2006; however, select treatment data sets still show cocaine use at lower levels than in recent history. According to the 2014 NSDUH, there were an estimated 1.5 million persons aged 12 or older who were current cocaine users (meaning they had used the drug within the past month). These 2014 estimates are similar to data on current cocaine users reported from 2009 to 2013 but lower than estimates from years prior to 2009.

- According to NSDUH data, 1.1 million out of the approximately 1.5 million current cocaine users were aged 26 and older in 2014. This trend is consistent with historical data which shows users

aged 26 and older have comprised the majority of current cocaine users every year since 2003. Further, there was a 27.45 percent increase in the number of past year cocaine initiates aged 12 or older, from 601,000 past year initiates in 2013 to 770,000 past year initiates in 2014 (see Figure 110).

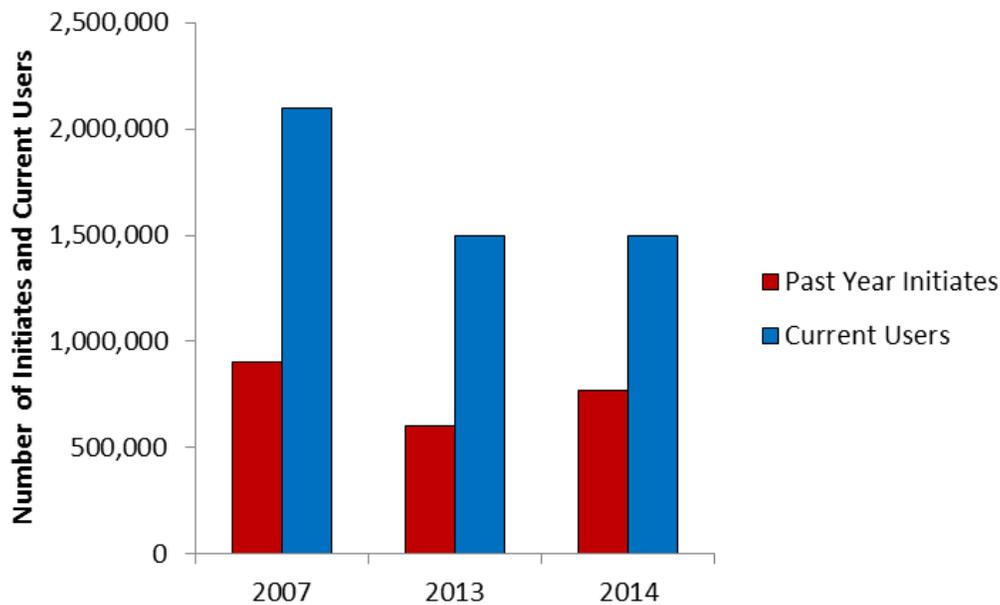
- According to the 2015 MTF Survey, only 2.5 percent of high school seniors had used any form of cocaine in the past year, with cocaine percentages reported as lower than marijuana, synthetic marijuana, hallucinogens, and MDMA.
- Treatment data indicates the number of cocaine-related admissions (aged 12 and older) to publicly funded facilities declined 59 percent from 254,888 admissions in 2003 to 102,387 in 2013 (see Figure 111). This data represented 13 percent and 7 percent of all admissions to publicly-funded facilities respectively in 2003 and 2013. These decreases in treatment admissions are in contrast with other use data which indicates that the total number of cocaine users has steadily increased

over the past 3-4 years.

- The percentage of positive workplace drug tests for cocaine in the general workforce increased 27 percent between 2013 and 2015, from .22 percent to .28 percent. This marks the second consecutive year workplace drug testing for cocaine showed increases in positive tests and represents the highest percentage of positive cocaine tests in the general workplace since 2009. However, this data still represents a significant decline from 2007 workplace positive drug testing rates of .58 percent.

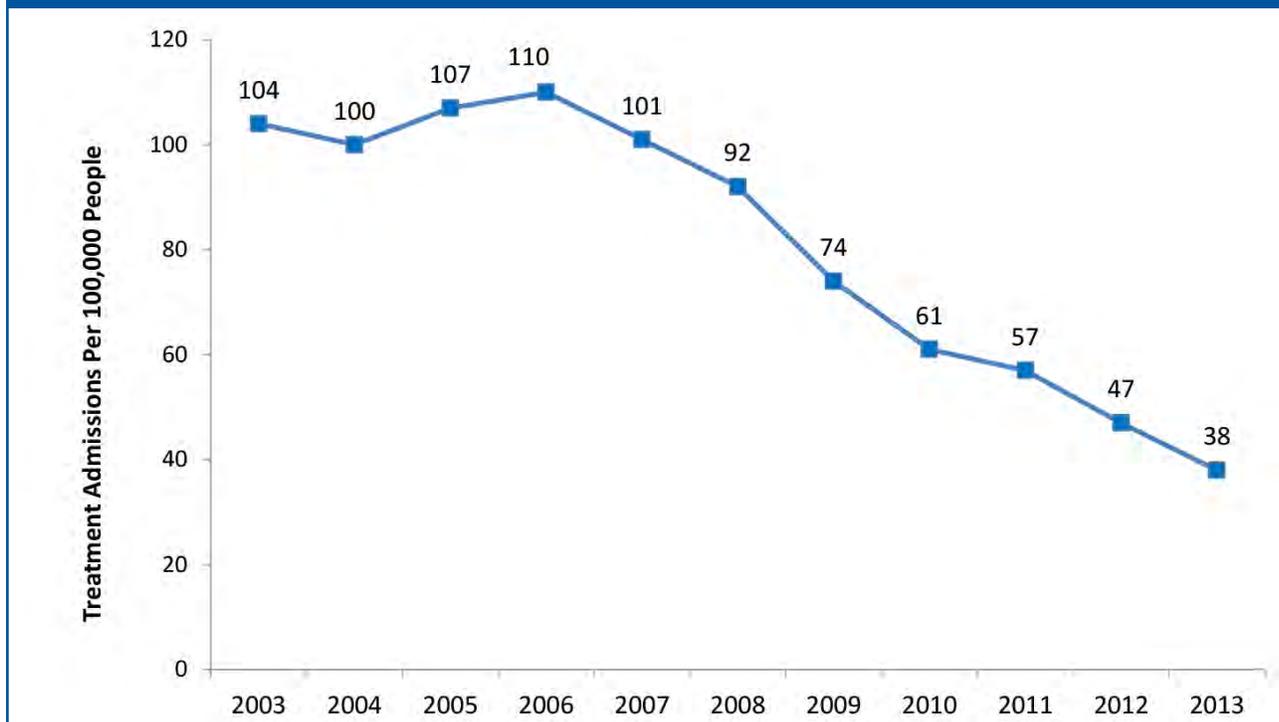
Cocaine contributes to a significant number of drug poisoning deaths in the United States, with some regions of the United States seeing significant increases in cocaine-related deaths and other areas continuing to report decreases in fatalities concurrent with low levels of cocaine availability and use. According to the CDC, there were 5,415 cocaine-related deaths in the United States in 2014; the most deaths attributed to cocaine since 2007. This data represents a 9.5 percent increase in cocaine-related overdose deaths

Figure 110. Past Year Cocaine Initiates and Current Users



Source: 2014 National Survey on Drug Use and Health

Figure 111. Crude Rate of Primary Treatment Admissions for Cocaine per 100,000 People, 2003-2013



Source: Treatment Episode Data Set

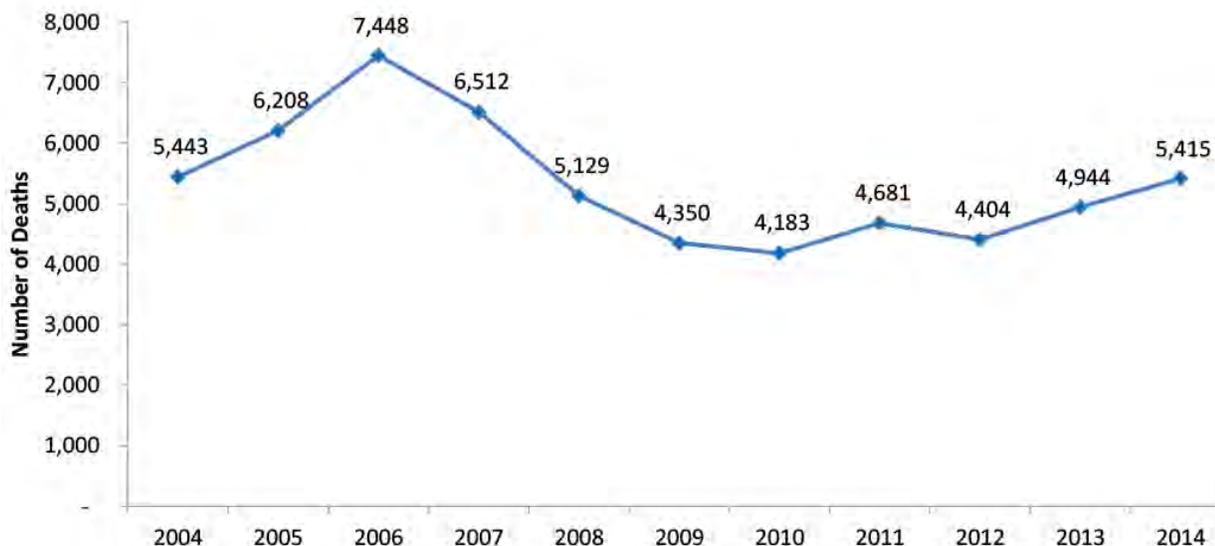
from 2013 to 2014 and marks the second straight year-on-year increase in cocaine deaths (see Figure 112). Analysis of state-level 2014 drug overdose data reveals that cocaine was responsible for the greatest age adjusted drug-overdose rates in Florida and South Carolina.

- According to the New York City Department of Health and Mental Hygiene, cocaine is the second most common drug involved in unintentional drug overdose deaths and the drug most frequently cited in drug-related emergency department visits. In 2014, New York City's Office of the Chief Medical Examiner recorded an age-adjusted rate of 4.8 deaths per 100,000 people. This demonstrates a gradual, but steady increase in cocaine-involved overdose deaths from 2010 to 2014, with 2014 deaths equaling 2009 totals.
- According to the Florida Department of Health, Miami-Dade County recorded

48 cocaine-related overdose deaths, the highest number since the 62 recorded deaths in 2008. Between 2013 and 2014, Miami-Dade County experienced a 26 percent increase in deaths (38 to 48 deaths), which is the largest year-to-year fluctuation since the sharp decline (29%) in cocaine-related overdose deaths between 2008 and 2009 (62 to 44 deaths).

- According to the San Diego Department of the Medical Examiner, cocaine-related overdose deaths are at a four-year low and continue to represent a significantly smaller portion of the drug overdose deaths than both methamphetamine and heroin. This is consistent with investigative reporting indicating that heroin and methamphetamine pose a much greater threat in the San Diego area of responsibility.

Figure 112. Drug Poisoning Deaths Involving Cocaine 2004-2014



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

Production

Potential pure cocaine production in Colombia is estimated to have increased 67 percent between 2014 and 2015, from 250 metric tons (MT) to 420 MT (see Figure 113). Potential pure cocaine production in Peru is estimated to have increased 13 percent between 2014 and 2015, from 305 MT to 345 MT. According to 2015 estimates, Colombia's coca cultivation increased 42 percent in 2015; as a result, the amount of export quality cocaine available for trafficking will increase in 2015 and will likely reach the United States in 2016.

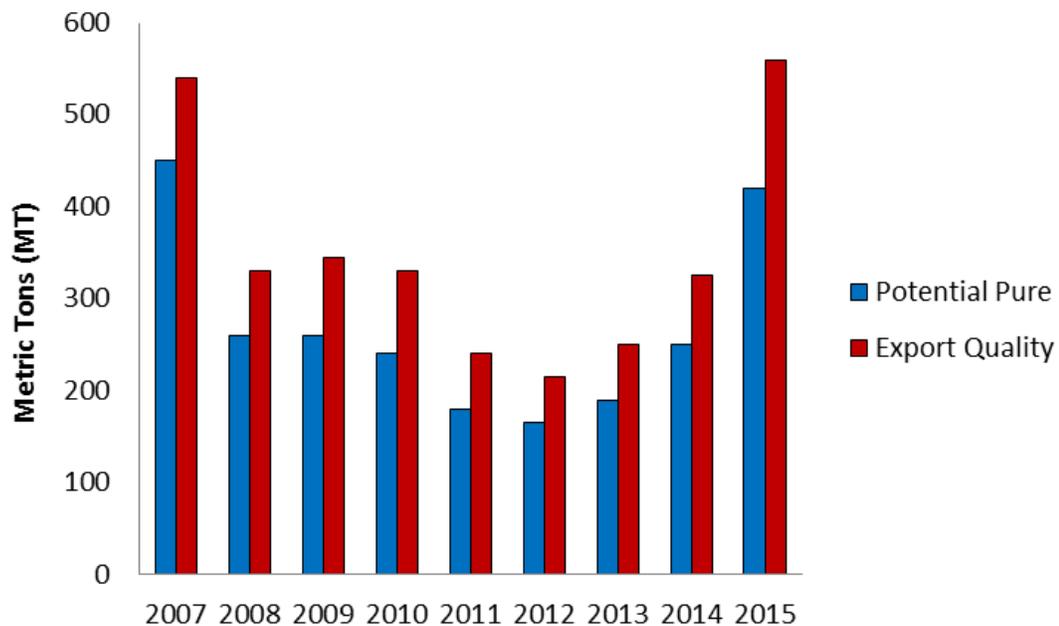
Colombia-sourced cocaine will continue to dominate the U.S. market. According to DEA's CSP, 90 percent of samples seized in CY 2015 were sourced to Colombia. Therefore, production estimates for Peru are less significant for the United States cocaine market compared to production estimates for Colombia. 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. Peruvian traffickers lack a historical link to the U.S. market and thus have strong incentives to establish themselves in other international markets to exploit higher cocaine prices.

Transportation and Distribution

Due to a greater supply of cocaine, north-bound cocaine movement from South America increased from 2014 to 2015. Approximately 76 percent of the documented cocaine departing South America transits the Eastern Pacific, with smaller amounts transshipped directly through the Western and Eastern Caribbean (14 percent and 9 percent respectively). Significant increases in north-bound cocaine movement were driven primarily by increases in documented flow through the Eastern Pacific region. Increased flow was also documented in the Caribbean corridor, although the Caribbean corridor's overall share of flow was less than observed in 2014. As in previous years, the majority of

Figure 113. Colombian Cocaine Production 2007-2015



Source: U.S. Government Estimates

Ending of Aerial Coca Eradication in Colombia

In October 2015, the Colombian Government ended over 15 years of aerial eradication of coca because of concerns that the herbicide, glyphosate, could cause health problems. Data from numerous DEA coca yield studies indicates the aerial spray program in Colombia helped reduce coca yields in the affected growing regions. This is one contributing factor to DEA's assessment that Colombian coca cultivation and cocaine production are likely to continue increasing in the near term.

Due to the lag time in the international cocaine distribution system between when coca is harvested and the finished cocaine HCl arrives into the United States, the potential impact of higher coca yields and increased overall cultivation in 2015 will likely not be seen in the United States until late 2016 and beyond. Furthermore, key domestic indicators of changes in cocaine use in the United States—such as user-population statistics and cocaine price-purity data will lag 1-2 additional years behind cultivation and production data.

COCAINE

this documented movement was via go-fast vessels and “pangas.”

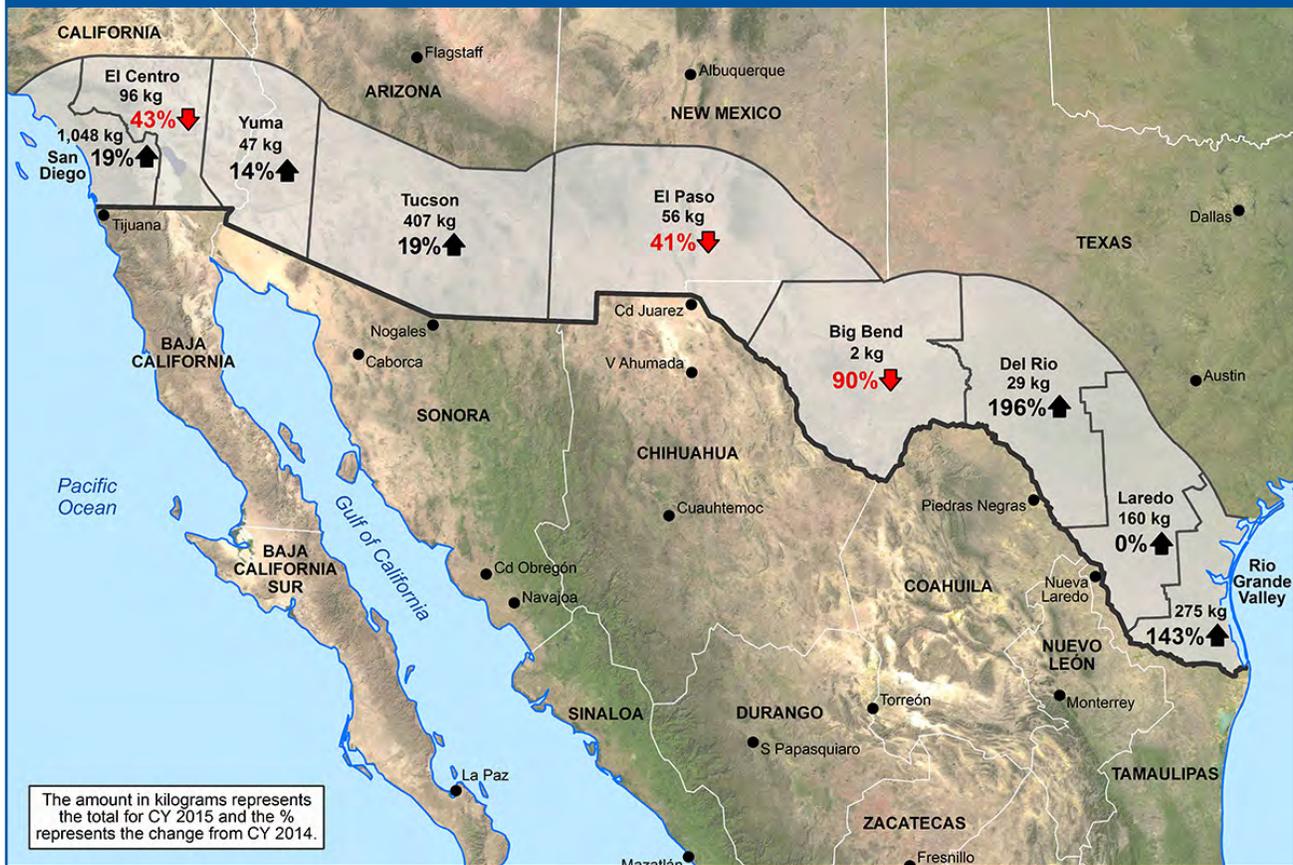
Cocaine passing through the Eastern Pacific that is destined for the United States typically transits Mexico before being smuggled across the SWB. After transiting the SWB, cocaine is transshipped to major hub cities in Arizona, California, and Texas. From there, cocaine is transported via interstate highways to other hub cities including Atlanta, Chicago, and New York. Cocaine entering the United States mainland from the Caribbean corridor flows through Puerto Rico and the Dominican Republic before entering the Miami FD and/or New York FD AORs.

The SWB remains the key entry point for the majority of the cocaine entering the United States. Most of the cocaine seized along SWB in CY 2015 occurred in the San Diego

corridor (4,130.43 kg or 45.6%) and the Rio Grande Valley corridor (2,056.51 kg or 22.7%). In addition, seizures in the San Diego corridor increased 41 percent between CY 2014 and CY 2015, while seizures in the Rio Grande Valley decreased nine percent during the same time period (see Figure 114). This change was likely due in part to instability among some of the major Mexican TCOs operating along the Mexico-Texas border, and by successful law enforcement operations.

Commercial air is another important conveyance method for cocaine traffickers looking to smuggle cocaine from South America and the Caribbean into the United States. This type of air smuggling has four different aspects to it: couriers, cargo, mail, and internal conspiracy. In courier cases, passengers smuggle small quantities of cocaine, ranging from .5 to under 10

Figure 114. CBP Cocaine Seizures by Southwest Border Corridor in 2015, with Percent Change from 2014



Source: DEA and U.S. Customs and Border Protection (CBP)

kilograms, on commercial flights, most often originating in the Caribbean. Cocaine in concealed cargo shipments ranges from under a kilogram to several hundred kilograms in a single shipment. Mail shipments of cocaine originating in South America and the Caribbean transit through the United States and are intended for foreign destinations. Corrupt airline or airport personnel at both ends of a flight will also conspire to traffic five to 20 kilograms of cocaine concealed in “left over baggage” or secreted somewhere on the aircraft.

Cocaine trafficking organizations use a wide variety of methods to transport cocaine into and throughout the United States. Privately-owned vehicles remain the primary conveyance used to smuggle cocaine across the SWB. Cocaine is hidden amongst legitimate cargo of commercial trucks or secreted inside hidden compartments built within passenger vehicles. Smaller amounts of cocaine are brought into the United States on commercial flights.

- New York City, New York: In September 2015, CBP officers arrested a Jamaican citizen arriving at JFK International Airport in New York from Kingston, Jamaica. The suspect attempted to transport approximately one pound of cocaine, concealed in his groin area, into the United States.

In 2015, there were two notable instances of cross-border tunnels being used to smuggle bulk amounts of cocaine from Mexico into the United States. These tunnels typically have entrances in discreet places, such as private residences or warehouses, to avoid law enforcement suspicion. Although these two tunnels were associated with cocaine trafficking, no cocaine has ever been seized within a tunnel, according to EPIC.

- San Ysidro, California: On April 7, 2015, Government of Mexico forces discovered an incomplete sophisticated tunnel in Tijuana, MX, which was located 2 miles east of the San Ysidro POE and 3.3 miles west of the Otay Mesa POE. The tunnel reportedly stretched 500 ft., but did not cross the international border. After discovery, nine people were arrested and 3.49 kg of cocaine and 22.9 kg of marijuana were seized.

- Calexico, California: On April 27, 2015, the United States Border Patrol discovered an underwater drug tunnel that ran from Mexicali, Mexico to the south bank of the All-American Canal on the U.S. side of the border near Calexico, California. The passageway led from a residence in Mexicali and was discovered by members of the patrol’s Border Search Trauma and Rescue unit. The group was searching near the All-American Canal after agents had recently intercepted four men trying to cross the canal with 25 vacuum-sealed packages containing approximately 31 kg of cocaine (see Figures 115 and 116).

Figure 115. Underwater entrance of cross-border drug tunnel



Source: U.S. Customs and Border Protection (CBP)

Figure 116. Diving Equipment and cocaine bricks seized from suspects

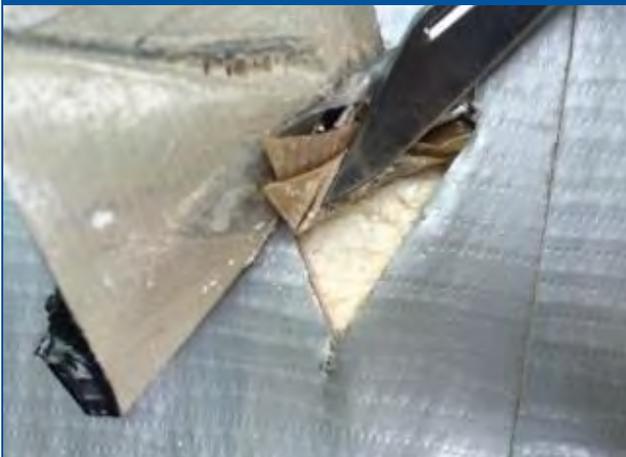


Source: U.S. Customs and Border Protection (CBP)

Easy Product Sampling

In June 2015, DEA's Chicago FD HIDTA Group 43 executed a traffic stop and a subsequent federal search warrant that resulted in the seizure of seven kilograms of cocaine. The bricks were wrapped in gray duct tape with a piece of black electrical tape on one side, which could be peeled back to reveal a small triangular cut into the duct tape. This allowed customers to sample the quality of the product without ruining the integrity of the whole cocaine brick.

Figure 117. Brick of cocaine wrapped in duct tape with small cut for customer sampling



Source: DEA

- New York: The NYDETF seized 150 grams of packaged cocaine from fake plantains in January 2015. The seizure recovered approximately 200 empty plastic plantains coated in cocaine residue, with each plantain being capable of holding 250 grams of cocaine (see Figure 118).
- Fort Lauderdale, Florida: CBP officials seized 148 pellets (approximately three pounds) of cocaine, smuggled inside the stomach of a man flying from Jamaica to South Florida in September 2015. U.S. Immigration and Customs Enforcement reports the suspect flew from Montego Bay to Fort Lauderdale-Hollywood International Airport and

gave inconsistent answers when questioned by authorities about being nervous.

- St. Francis County, Arkansas: Arkansas State Police stopped a rental sedan and seized 4.4 pounds of cocaine secreted inside the vehicle's fuel tank and \$2,000 in the suspect's possession after a consensual search. The vehicle occupants stated they were en-route to Newark, New Jersey from Houston, Texas (see Figure 119).
- Riverside, California: Police seized nearly 350 pounds of cocaine from a hidden compartment inside a tractor-trailer in May 2015. The cocaine was worth approximately five million dollars and the truck driver, a Canadian national, was arrested (see Figure 120).
- Washington, DC: FBI Washington Field Office, working with USPS, reported individuals were shipping cocaine through the USPS from Puerto Rico to Northern Virginia. As a result, FBI seized four vacuum sealed bags containing cocaine and weighing approximately 470 grams.

Liquid Cocaine Seizures

The concealment of cocaine in liquid solution, while not a widely used method, presents

Figure 118. Plastic plantains with cocaine residue



Source: DEA

Figure 119. Bricks of cocaine found in a vehicle fuel tank



Source: Gulf Coast HIDTA

Figure 120. Cocaine seized from a hidden compartment in a tractor trailer



Source: Riverside County Prosecutor's Office

Figure 121. Cocaine bricks seized from pillow inside suitcase



Source: Gulf Coast HIDTA

Cocaine Shipment Concealed in Tomatoes

On December 9, 2015, members of DEA Chicago FD Enforcement Group 36 interdicted a tractor trailer that was transporting a shipment of cocaine concealed in boxes of tomatoes. The driver of the truck stated that he was delivering a load of tomatoes to Dallas, Texas and was re-directed to deliver the load to a warehouse in Chicago, Illinois. After gaining consent to search the trailer and its contents, agents discovered a total of 54 kilograms of cocaine contained within 723 total packages. The packages had been concealed within the corner flaps of the cardboard boxes containing the tomatoes. Each package contained approximately 70 grams of cocaine. The Chicago Police Department, Summit Police Department, and CBP assisted in the search of the tractor trailer.

Figure 122. Packages of cocaine in tomato boxes



Source: DEA

Figure 123. Boxes of tomatoes concealing cocaine in the back of a tractor trailer



Source: DEA

Figure 124. Aftermath of the search and seizure



Source: DEA

significant challenges for law enforcement. Similar to methamphetamine in solution, cocaine in solution, or “liquid cocaine,” typically refers to cocaine HCl dissolved in water, alcohol, or ethanol. “When properly dissolved, this smuggling method disguises the cocaine’s color with that of the “parent” liquid, making detection difficult. Once the cocaine in solution reaches its destination, it must be isolated from the “parent” liquid and converted into powder cocaine before it can be sold to customers. Cocaine in solution is typically concealed in various consumer

products including oil bottles, liquor bottles, and other commercial product containers that appear to be factory sealed.

- New York City, New York: In October 2015, approximately 11 pounds of liquid cocaine, concealed inside six bottles of varying liquids, was seized at JFK International Airport. The suspect arrived at the airport from Mexico City, Mexico and was searched after CBP officials determined the liquid in one of the plastic bottles appeared thicker than normal (see Figure 125).
- Montgomery, Alabama: On March 3, 2015, Montgomery, Alabama Police Officers conducted a traffic stop on a rental vehicle, which led to a probable cause search and eventual seizure of 16.3 ounces of cocaine in solution and 21.8 ounces of cough syrup. The drugs were dissolved in mouthwash bottles and then concealed inside a toy teddy bear (see Figure 126).

Figure 125. Bottles containing HCl in solution



Source: U.S. Customs Border and Protection (CBP)

Figure 126. Bottles containing HCl in solution and liquid codeine



Source: Gulf Coast HIDTA

Cocaine Trafficking Organizations

Mexican TCOs dominate cocaine transportation throughout the United States, but are reliant on local criminal groups for retail-level distribution. Colombian trafficking networks still supply wholesale quantities of cocaine to East Coast drug markets, but have largely been replaced by Mexican TCOs throughout the rest of the United States. After Mexican and Colombian trafficking organizations transport cocaine into the United States, mid- and retail-level distribution is carried out by local U.S. criminal groups and street gangs. Mexican and Colombian TCOs actively seek to limit their involvement with U.S. law enforcement and, as a result, tend to limit themselves to wholesale-level transportation. Some Colombian and Dominican organizations still participate in cocaine distribution along the East Coast, but on a smaller scale than in previous years. Based on their working relationships with U.S. criminal groups and street gangs, as well as their control over all major cocaine trafficking routes, there is no current trafficking organization that has the power to challenge Mexican TCO control of the cocaine market in the United States.

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- Boston, Massachusetts: Recent reporting indicates Dominican trafficking organizations in the New England FD AOR are obtaining multi-kilogram quantities of cocaine from Mexican TCOs and serving as distributors for smaller drug trafficking groups operating in not only Boston, but the greater New England area. DEA offices in the New England area continue to report the presence of Mexican organizations in their respective AORs, especially at the wholesale level.
- Newark, New Jersey: Many New Jersey FD investigations reveal connections between trafficking groups and their Mexican TCO sources of supply who are involved in wholesale and retail cocaine distribution and transportation. Colombian TCOs historically controlled the wholesale sources of supply for cocaine to the New Jersey area, but are still reported to be involved with the wholesale and retail distribution of cocaine, as well as cocaine transportation.
- New York City, New York: Colombian and Mexican TCOs control the transportation and wholesale distribution of cocaine into and within New York City, while Dominican and Mexican organizations transport cocaine throughout the entire state. Dominican DTOs are also the primary retail distributors of cocaine in the New York City area, with African American street gangs and Caucasian organizations serving as less prominent cocaine distributors in the area.
- Philadelphia, Pennsylvania: Philadelphia FD AOR investigations demonstrate that Mexican, Dominican, and Puerto Rican organizations are prominent in transporting cocaine into Philadelphia. Dominican trafficking organizations, in particular, help facilitate cocaine movement into the AOR for Dominican sources of supply in New York. Puerto Rican and Dominican organizations dominate the mid-level distribution of cocaine, with African-American groups controlling the retail-level market.

Outlook

Cocaine levels in the United States will continue to increase in the near term as a result of the significant increases in coca cultivation and production in Colombia, the primary source for cocaine seized in the United States. As TCOs make a concerted effort to increase the supply of cocaine in the United States, the United States can expect to see increased cocaine seizures, new cocaine users, and cocaine-related deaths. An increase in supply may lead to an increase in retail-level purity and a decrease in price to attract more cocaine users. Law enforcement will face challenges detecting cocaine in liquid solution trafficking similar to those posed by methamphetamine in solution trafficking, possibly creating an incentive for traffickers to increase cocaine in solution smuggling.

Overview

Marijuana is the most widely available and commonly used illicit drug in the United States. While marijuana remains illegal under federal law, many states have passed legislation, or voted on referendums/initiatives, approving the cultivation, possession, and use of marijuana within their respective states. Varying state laws, as well as an abundance of media attention surrounding claims of possible medical benefits, has made enforcement and prosecution of marijuana-related offenses more difficult, especially in states that have approved marijuana laws.

It is too early to assess the full impact of state approval of personal use^z and medical use^{aa} of marijuana. However, state measures have had several observable effects, including increases in marijuana use, increases in domestic-produced marijuana, shifts in demand for higher-quality marijuana, increases in seizures of marijuana concentrates, increases in the number of Delta-9 tetrahydrocannabinol (THC) extraction laboratories, and declines in the overall weight of Mexico-sourced marijuana seized at the SWB.

Availability

Marijuana is available in all areas of the United States. According to the 2016 NDTs, 80 percent of responding agencies reported that marijuana availability was high in their jurisdictions (see Figure A9 in Appendix A), meaning marijuana is easily obtained at any time, and 16 percent reported that marijuana availability was moderate. In addition, 61 percent of respondents reported that marijuana availability had stayed the same, while 34 percent reported that availability had increased over the past year. Twenty-nine

percent of respondents reported demand for marijuana had increased, while 62 percent reported demand had remained the same.

Of the 21 DEA FDs, 19 reported high availability, and two reported moderate availability of marijuana in their jurisdictions. Boston and Dallas FDs reported increased availability of marijuana from the previous year, and the other 19 FDs reported availability remained stable.

Nationally, only 4.9 percent of NDTs respondents reported marijuana as their greatest drug threat. While this is slightly higher than cocaine and significantly lower than heroin, methamphetamine, and CPDs, it should be noted that changing state laws are more likely the driving factor in the decreasing perception of marijuana as a threat than decreases in availability or diminished criminal activity. Marijuana is widely available in the Pacific and West Central regions and many criminal organizations operate in these areas; however, most respondents do not see marijuana as their greatest drug threat.

State-Approved Marijuana Measures

Federal prohibition on marijuana has existed since the 1937 Marijuana Tax Act, which was later replaced by the 1970 CSA. Marijuana remains illegal under federal law; however, many states approved the cultivation, possession, and/or use of marijuana within their respective borders. Figure 129 reflects the various categories of state-approved marijuana measures passed as of June 2016.

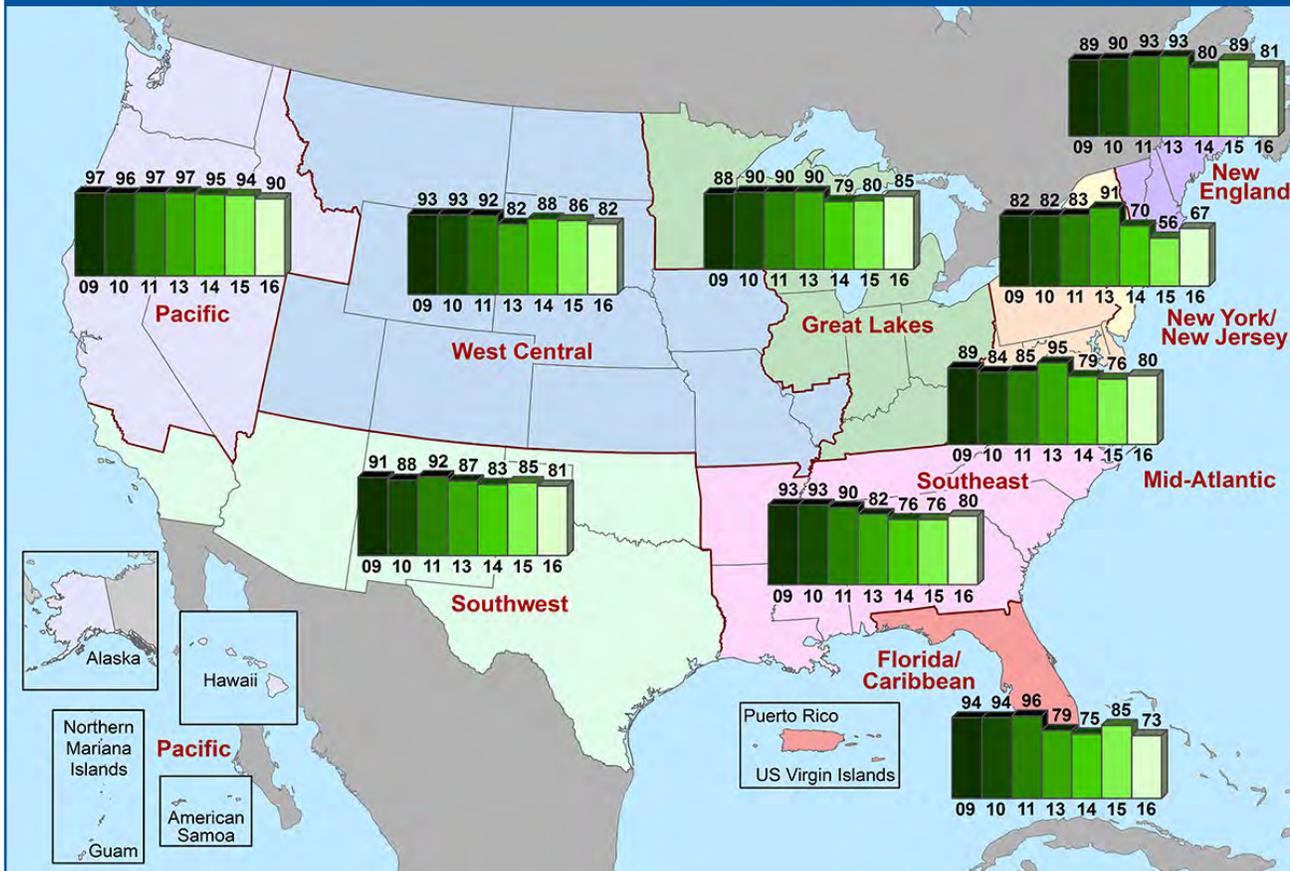
State-Approved Marijuana

Decriminalization: In 1973, states started to decriminalize marijuana. Currently, 20 states and Washington DC have decriminalized marijuana. Decriminalization typically means a minor penalty or fine is imposed for possession of small “personal use” amounts of marijuana, but there is no jail sentence. In Missouri, Nevada, North Carolina, and Ohio, the possession of personal use amounts of marijuana is a misdemeanor, and a conviction will not result in jail time. Missouri’s law will not go into effect until January 2017.

^z When the term “personal use” is used in this publication, it is in reference to state-approved personal use laws often referred to as recreational or retail marijuana laws.

^{aa} When the term “medical marijuana” is used in this publication, it is exclusively in reference to state-approved “medical marijuana.” Marijuana is a Schedule I substance under the Controlled Substances Act with no accepted medical use in the United States.

Figure 127. Percentage of NDTs Respondents Reporting High Availability of Marijuana, 2009-2011, 2013-2016



Source: 2016 National Drug Threat Survey

State-Approved Medical Marijuana: In 1996, states began passing medical marijuana laws. Currently, 25 states and Washington DC have approved medical marijuana. Regulations and scopes of medical marijuana programs vary significantly between the states. Some states have regulated medical marijuana programs, while other states' regulatory programs are not well-defined or well-enforced. As of February 1, 2016, Colorado's Marijuana Enforcement Division (MED) regulates 1,473 licensed medical marijuana businesses in Colorado. For further context, New York allows five state-approved cultivators to operate 20 medical centers, while California and Washington currently do not license or regulate their medical marijuana dispensaries or cultivators and no official count of operations in those states exist. However, both California and Washington passed laws in 2015 to regulate their medical marijuana programs.

Implementation of Washington's Cannabis Patient Protection Act is set to take effect in July 2016, and implementation of the California Medical Marijuana Regulation and Safety Act is set to take effect in 2018.

State-Approved Personal Use/Recreational Marijuana: In 2012, Washington and Colorado approved laws for personal use marijuana, often referred to as "recreational" or "retail" marijuana. In 2014, Oregon, Alaska, and Washington DC followed suit and approved personal use marijuana. These jurisdictions allow their citizens to possess smaller, user-amounts of marijuana (two ounces or less in Washington DC and one ounce or less in the four other states). Regulations regarding user-amounts of marijuana infused edibles and marijuana concentrates vary by state as well. All of these jurisdictions, except for Washington, allow

their citizens to personally grow marijuana. Alaska, Colorado, and Washington DC allow for up to six plants to be grown, and Oregon allows for up to four plants to be grown. Washington DC has not approved the retail sale of marijuana for personal use. There is a notable distinction in the state laws allowing residents to grow their own recreational plants. The laws in Oregon, Alaska, and Washington DC limit that plant number per household. Colorado law allows each adult resident to grow his/her six plants. If multiple adults live in a residence, multiples of six plants can be grown. Also, the Colorado law allows residents to “assist” others in growing marijuana. Thus, many residential grows have numerous plants with no regulation/verification by the state. Plant size can vary drastically (see Figure 138).

State-Approved Cannabidiol (CBD) Medical Marijuana: In 2014, states started passing legislation regarding marijuana that is typically referred to as “Limited Access” or “Cannabidiol (CBD)-only medical marijuana.” CBD is a cannabinoid/chemical compound of marijuana. CBD marijuana - typically ingested in the form of oils, oil-filled capsules, and tinctures - is extracted from marijuana that contains low levels of THC and high levels of CBD. Many medical marijuana advocates and parents of children with epilepsy claim CBD helps control epileptic seizures, but at this time, there is only anecdotal evidence that CBD benefits those with seizure disorders.

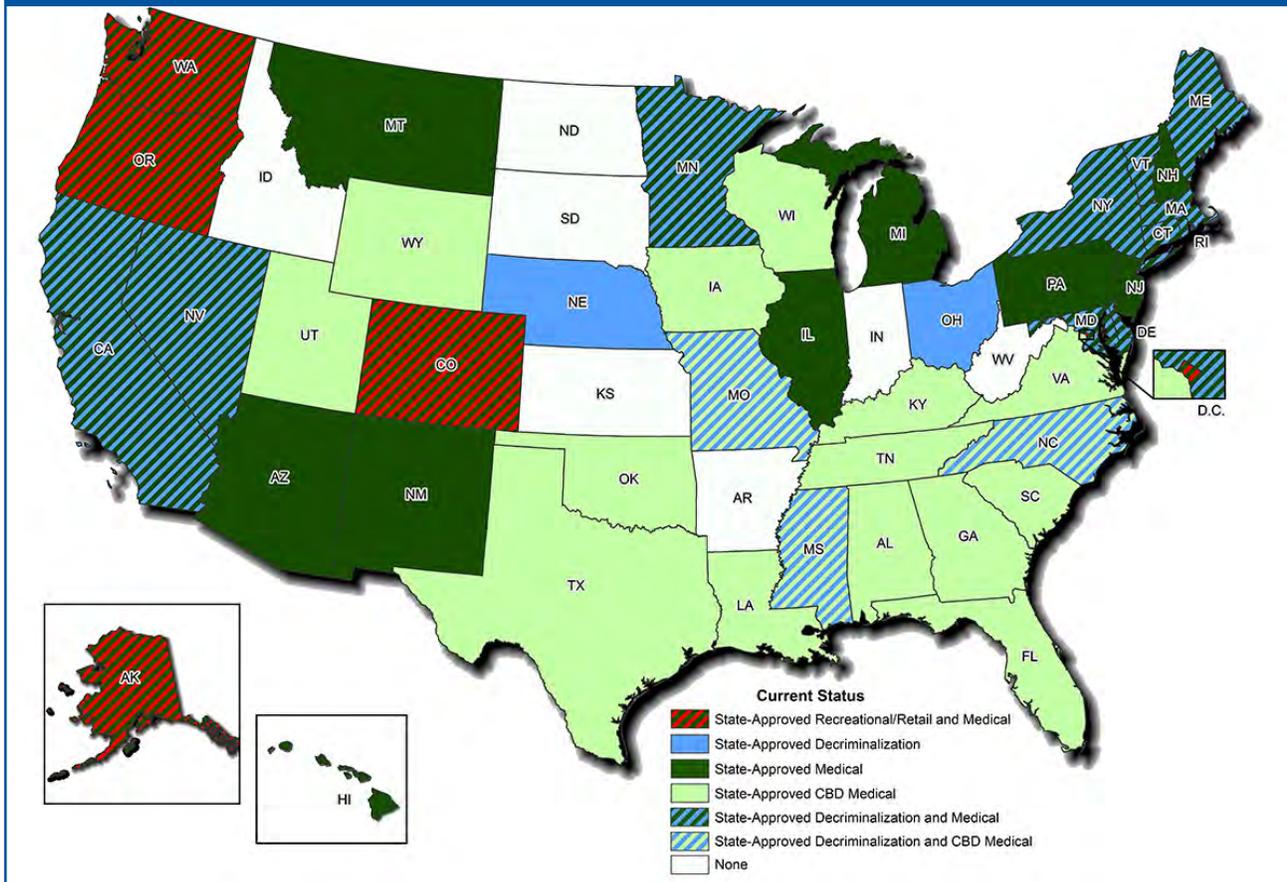
In addition to the 25 states with medical marijuana laws, 17 other states have approved legislation regarding CBD-only marijuana, which means 80 percent of states have approved some form of medical marijuana. The majority of these 17 states passed CBD-only laws, which permit small, controlled studies to be conducted at universities in these states. Some of these states have passed legislation that does not define or provide in-state methods of access to, or production of, CBD-only marijuana.

Industrial Hemp: A provision of the U.S. Agricultural Act of 2014, which became law in February 2014, provided allowing growth or cultivation of industrial hemp for purposes of research conducted under an agricultural pilot program or other agricultural

or academic research. This Act did not amend the Federal Food, Drug, and Cosmetic Act or the Controlled Substance Act (See USDA Statement of Principles on Industrial Hemp, 81 FR 53395). The new law, codified at 7 United States Code (U.S.C.) § 5940, defines industrial hemp as a cannabis plant, or any part thereof, that contains no more than 0.3 percent THC. The law further provides that, notwithstanding the CSA or any other federal law, an institution of higher education or state departments of agriculture may “grow or cultivate” industrial hemp for the purpose of agricultural research if such activity is allowed under the law of the state in which such institution of higher education or state department of agriculture is located, and the growing site is “certified by, and registered with, the state department of agriculture.” At least 27 states have laws in place related to industrial hemp.

Marijuana Resolutions on Native American Lands: Since late 2014, several Native American reservations have passed resolutions allowing for both personal use and medical marijuana. In September 2015, the Washington State Liquor and Cannabis Board (WSLCB) and the Suquamish Tribe on the Kitsap Peninsula signed the nation’s first state-tribal marijuana compact. The compact governs the production, processing, purchase, and sale of marijuana on the Tribe’s land. The agreement was made possible by legislation (HB 2000) enacted during the 2015 legislative session. Within two weeks, the WSLCB signed its second marijuana compact with the Squaxin Island Tribe in Shelton. Most resolutions passed are by reservations located within state borders that have already approved medical, personal use, or hemp marijuana; however, in December 2014, the L’Anse Reservation, located in Michigan, passed a resolution asking tribal members if they would favor the use and sale of medical and retail marijuana, but nothing further has been approved (Michigan only has state-approved medical marijuana). In June 2015, the Flandreau Indian Reservation in South Dakota voted to establish a limited liability company (LLC) for marijuana cultivation with a projected start date of October 2015, however, they burned their crops in November 2015 due to fear of federal seizure (South Dakota doesn’t approve medical, personal use, or

Figure 128. Current State-Approved Marijuana Status – June 2016



Source: DEA

hemp).

Scheduling and Research

Under the United Nations Single Convention on Narcotic Drugs, 1961, cannabis is listed in both Schedule I and Schedule IV, and substance, and participating countries are required to maintain, at the national level, certain controls over the production, manufacture, possession, and distribution of marijuana. Substances listed in Schedule I of the CSA are defined as having a high potential for abuse, no currently accepted medical use in treatment in the United States, and a lack of accepted safety for use under medical supervision. A substance may be found to have a “currently accepted medical use” if it is an FDA-approved drug, or if it

meets a five-factor test set forth by the DEA. The test’s standards include: (1) The drug’s chemistry must be known and reproducible; (2) There must be adequate safety studies; (3) There must be adequate and well-controlled studies proving efficacy; (4) The drug must be accepted by qualified experts; and (5) The scientific evidence must be widely available.^{bb} The most direct way to meet these tests is to obtain a drug approval from

^{bb} Federal Register Notice where DEA explains the five part test: 57 FR 10499 (1992); Upheld by DC Circuit: Alliance for Cannabis Therapeutics v. DEA, 15 F.3d 1131 (D.C. Cir. 1994).

^{cc} While there are no FDA-approved medications containing marijuana-derived compounds, two products have been approved that contain synthetic forms of active compounds found in marijuana (tetrahydrocannabinol and cannabidiol). These products are under active investigation for a variety of potential therapeutic uses.

International Drug Control Treaties

The United States is a party to three international drug treaties, including the Single Convention on Narcotic Drugs of 1961 which includes provisions regarding the production and supply of specific drugs, including marijuana, except under license for specific purposes, such as medical treatment and research. The International Narcotics Control Board (INCB) monitors and supports governments' compliance with these international drug control treaties. Regarding recent state marijuana legalization actions, the INCB annual report released in March 2016 stated the following:

“The Board reiterates its view that measures taken in various states of the United States to legalize the production, sale and distribution of cannabis for non-medical and non-scientific purposes are inconsistent with the provisions of the international drug control treaties. INCB wishes once again to draw attention to the fact that the 1961 Convention as amended establishes that the parties to the Convention should take such legislative and administrative measures as may be necessary ‘to limit exclusively to medical and scientific purposes the production, manufacture, export, import, distribution of, trade in, use and possession of drugs.’ The limitation of the use of controlled substances to medical and scientific purposes is a fundamental principle which lies at the heart of the international drug control legal framework which cannot be derogated from. Regardless of whether they are federal or unitary States, all parties to the conventions have a legal obligation to give effect to and carry out the provisions of the convention within their own territories.”

the FDA, something that has not occurred for marijuana or any compounds derived from marijuana.^{cc}

In August 2016, DEA denied two petitions to reschedule marijuana under the CSA. In response to the petitions, DEA requested a scientific and medical evaluation and scheduling recommendation from the Department of Health and Human Services (HHS), which was conducted by the U.S. Food and Drug Administration (FDA). Based on the legal standards in the CSA, marijuana remains a Schedule I controlled substance because it does not meet the criteria for currently accepted medical use in treatment in the United States, there is a lack of accepted safety for its use under medical supervision, and it has high potential for abuse.

DEA supports the research and studying of marijuana for possible medicinal use. As of January 2016, there were 330 researchers registered with DEA to conduct research with marijuana and its extracts. For research of any Schedule I controlled substance to be permissible under the CSA, the HHS must determine the qualifications and competency

of the researcher, as well as the merits of the research protocol. While DEA defers to the experts at HHS in making this determination, DEA is responsible for ensuring that the researcher will have adequate physical security against diversion.

In December 2015, DEA eased some of the regulatory requirements imposed by the CSA for those who are conducting FDA-approved clinical trials on CBD. These modifications will streamline the research process regarding CBD's possible medicinal value and help foster ongoing scientific studies.

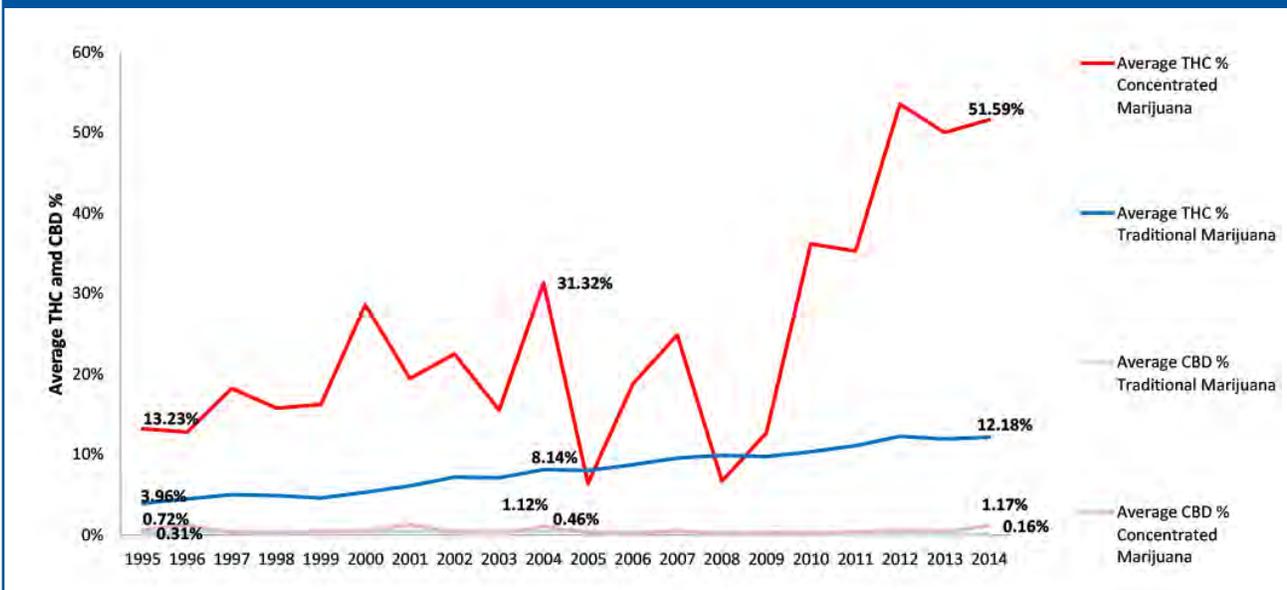
Increasing THC Potency of Marijuana

The two main cannabinoids of the cannabis plant are THC and CBD. THC is a psychoactive compound, (i.e. it affects the central nervous system) and CBD is a non-psychoactive compound. CBD has recently gained media attention for possible health benefits for those suffering from seizures; however, marijuana seized by law enforcement has been shown to contain very low levels of CBD (see Figure 129).

The average THC content of seized marijuana has increased (see Figure 129). In 2014, the average THC potency of traditional leafy marijuana seizures was 12 percent, compared to the average of just four percent THC potency for marijuana seizures in 1995.^{dd} The highest level of THC tested for traditional marijuana by the University of Mississippi’s Potency Monitoring Program was 37 percent. The average THC content of marijuana concentrate seizures, referred to as “hash-oil,” has also increased significantly (see Figure 130). In 2014, the average THC content of “hash-oil” was 55 percent, which represents a significant increase from the 13 percent average THC content of “hash-oil” products in 1995.^{ee} The average marijuana concentrate/ hash oil is over four times more potent than the average traditional leafy marijuana. Some “hash-oil” seizures test above 82 percent THC.^{ff}

Laboratory analysis of marijuana seizures is an increasing burden on forensic laboratories. Prior to state-legalization of marijuana, federally-approved production of hemp programs, and increasing seizures of “CBD” or “hemp,” the quantities of THC and other cannabinoids in marijuana seizures were not important for criminal cases. Now, the quantity of THC present in marijuana, including marijuana concentrates and marijuana edibles, is becoming increasingly more important as more states approve medical, CBD-only medical, and industrial hemp laws. Most federal, state, and local forensic laboratories only conduct qualitative testing. Conducting quantitative analysis on marijuana edibles presents different challenges than those presented by traditional leafy marijuana, or marijuana concentrates. Qualitative analysis takes approximately 30 minutes

Figure 129. Potency Monitoring Program – Average THC and CBD Percentage, Marijuana Seizures 1995 – 2014



Source: University of Mississippi, Potency Monitoring Program, Quarterly Report 131

^{dd} 2014 potency levels are based on partial data and are likely to change slightly.

^{ee} 2014 potency levels are based on partial data and are likely to change slightly.

^{ff} 2014 potency levels are based on partial data and are likely to change slightly.

per marijuana exhibit; however, quantitative testing can range from two to six hours per marijuana exhibit, provided the laboratory has the capability to conduct the tests.

Use

Marijuana is the most commonly used illicit drug in the United States, with an estimated 22.2 million current (past month) users in 2014, representing 8.4 percent of the U.S. population, according to NSDUH (see Figure 131 and 131). This is an increase from 7.5 percent of the population the previous year (see Figure 131). NSDUH assesses that the increase in marijuana use is reflected by adults aged 26 or older, and to a lesser extent by those aged 18 to 25. The 7.4 percent of adolescents aged 12 to 17 who reported past month marijuana use in 2014 was comparable to percentages reported between 2003 and 2013.

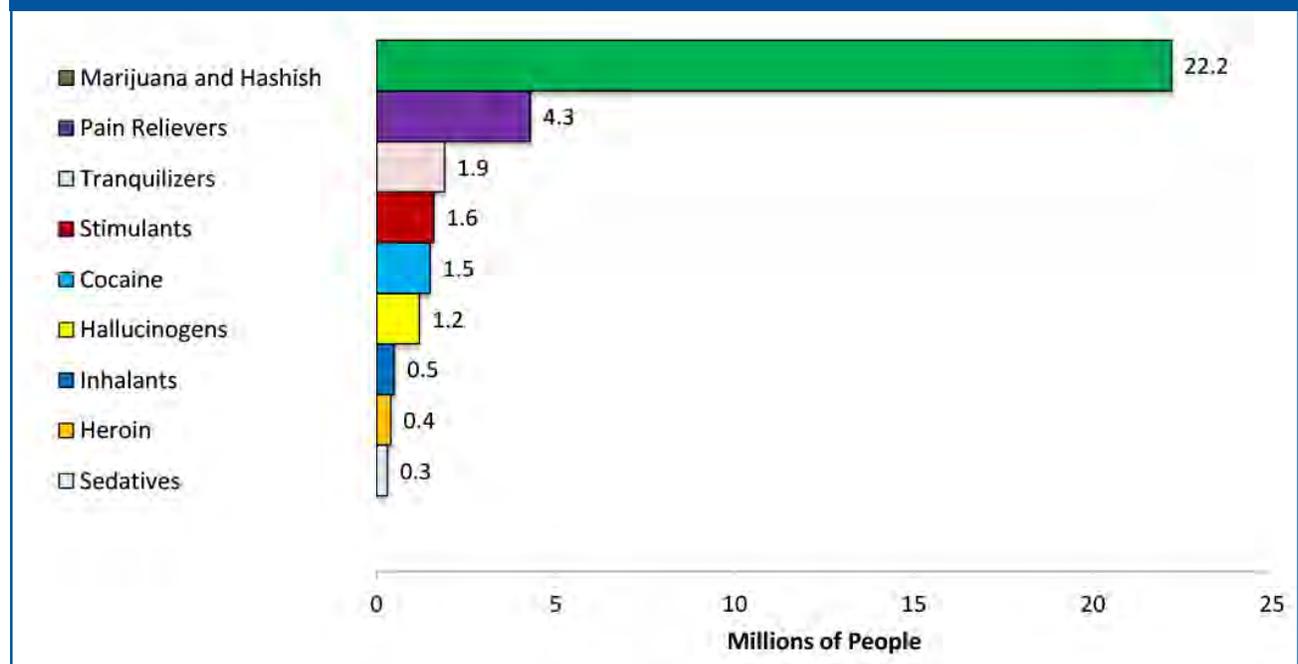
Past-month marijuana use rates appear to have accelerated in states with personal use marijuana laws, according to NSDUH

model-based prevalence estimates. Colorado and Washington have the highest use rates from this group, and both legalized personal use marijuana in 2012. Alaska, Oregon, and Washington DC legalized personal use marijuana in 2014, therefore current survey data will not reflect if legalization has made an impact on use rates in these areas (see Figure 132).

(According to *Journal of the American Medical Association (JAMA)* article "Prevalence of Marijuana Use Disorders in the United States Between 2001-2002 and 2012-2013," the prevalence of marijuana use more than doubled from 4.1 percent in 2001-2002 to 9.5 percent in 2012-2013. There was also a large increase in marijuana use disorders during this timeframe.

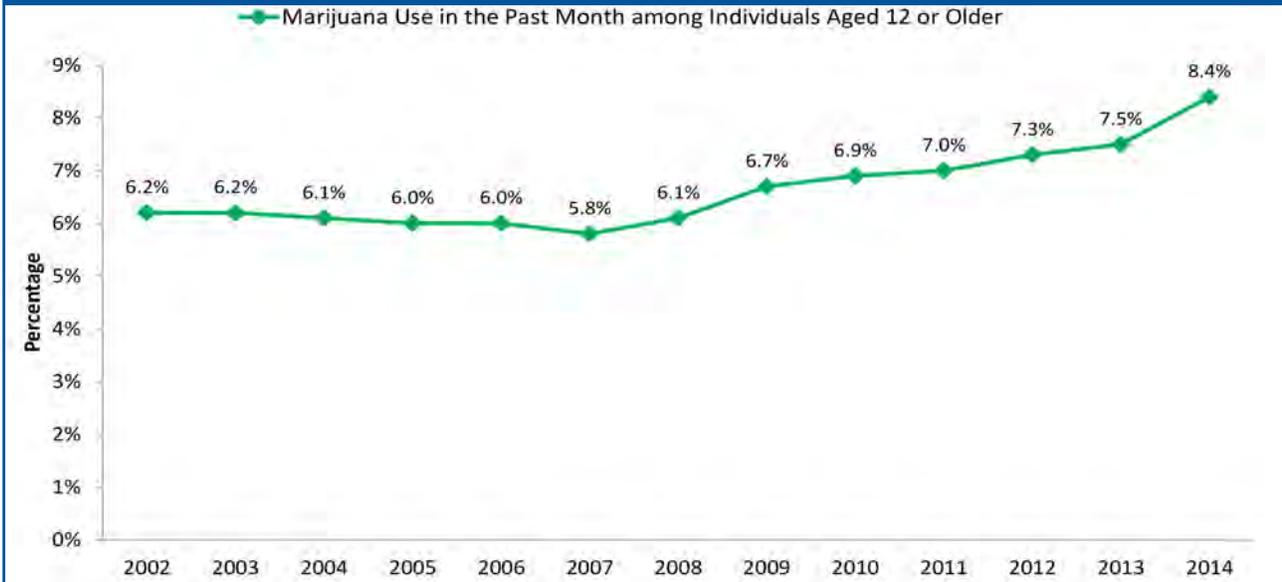
After increasing for several years, the annual prevalence of marijuana use for students has leveled out since 2010. In 2015, 12 percent of 8th graders, 25 percent of 10th graders, and 35 percent of 12th graders reported using marijuana at least once in the prior 12

Figure 130. Number of Past Month Illicit Drug Users Among People Aged 12 or Older in 2014



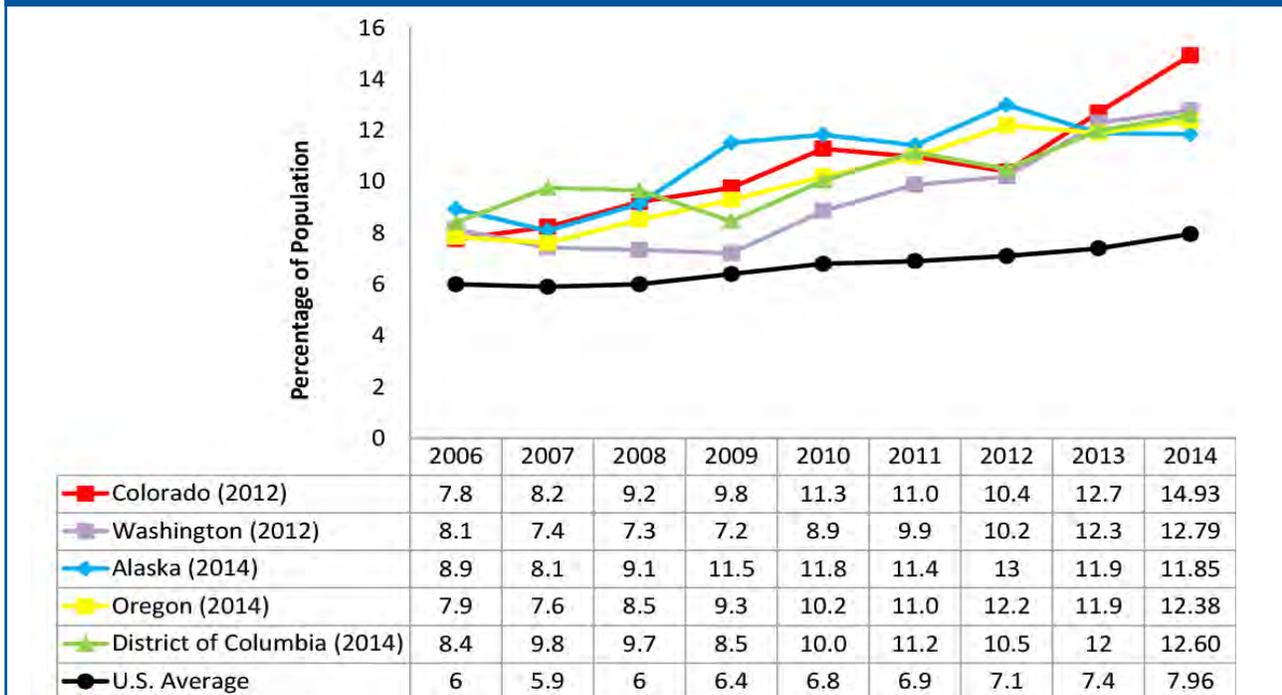
Source: 2014 National Survey on Drug Use and Health

Figure 131. Percentage of Past Month Marijuana Users Among People Aged 12 or Older: 2002-2014



Source: 2014 National Survey on Drug Use and Health

Figure 132. Percentage of Marijuana Use in the Past Month, U.S. Average Compared to States with Approved Personal Use/Recreational Laws



Source: 2013-2014 National Survey on Drug Use and Health: Model-Based Prevalence Estimates

month (see Figure 133). Of more importance, perhaps, is the current rate of daily or near daily marijuana use (defined as smoking marijuana on 20 or more occasions in the past 30 days) by students. These rates stand at 1.1 percent, 3.0 percent, and 6.0 percent in 8th, 10th, and 12th grades, respectively (see Figure 134). This means approximately one in every 16 or 17 high school seniors uses marijuana daily or near daily. These rates have changed rather little since 2010, but are three to six times higher than they were at their low point in 1991.

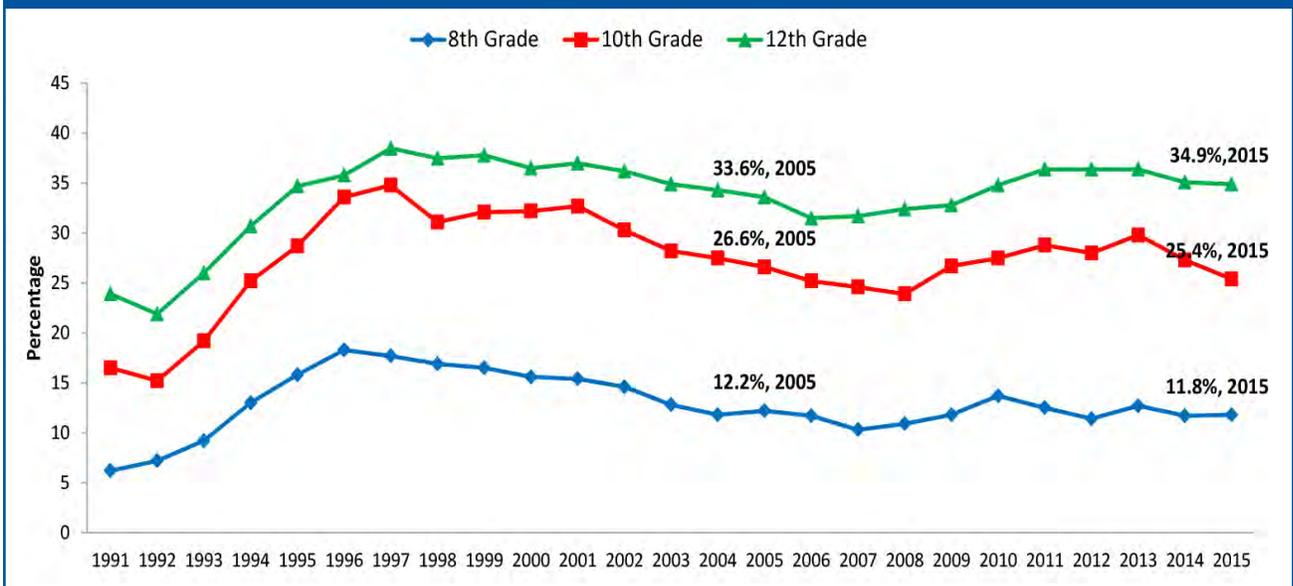
The rates of both the perception of marijuana use as harmful and the disapproval of regular marijuana use are declining for middle and high school students. In 2015, only 31.9 percent of 12th graders reported perception of regular marijuana use as being harmful, which represents a 4.2 percent decline from 2014, and a 26 percent decline from 2005 (see Figure 135). Although disapproval of regular marijuana use is decreasing, it remains high at 70.7 percent of 12th graders disapproving of regular marijuana use (see Figure 135). This high disapproval rate could be a factor in why there hasn't been a drastic increase in youth use rates over the past several years even when perception of harm is decreasing faster.

Marijuana use continues to surpass tobacco use by youth. In 2015, 21.3 percent of 12th graders used marijuana in the past 30 days compared with 11.4 percent who smoked cigarettes. Past month use of e-cigarettes/vaporizers was higher than traditional tobacco cigarettes at 16.2 percent for 12th graders: 6.1 percent of those 12th graders reported using marijuana or hash oil in e-cigarettes.

Marijuana accounts for a significant portion of publically-funded treatment admissions in the United States. According to 2013 TEDS data, 17 percent of the primary substances reported for treatment admissions were for marijuana. The proportion of marijuana admissions increased from 16 percent of admissions aged 12 and older in 2003 to 19 percent in 2010, and then decreased twice over three subsequent years, to 18 percent in 2011 and 2012 and to 17 percent in 2013. Nearly three-quarters (73%) of primary marijuana admissions were male, and the average age at admission was 25 years.

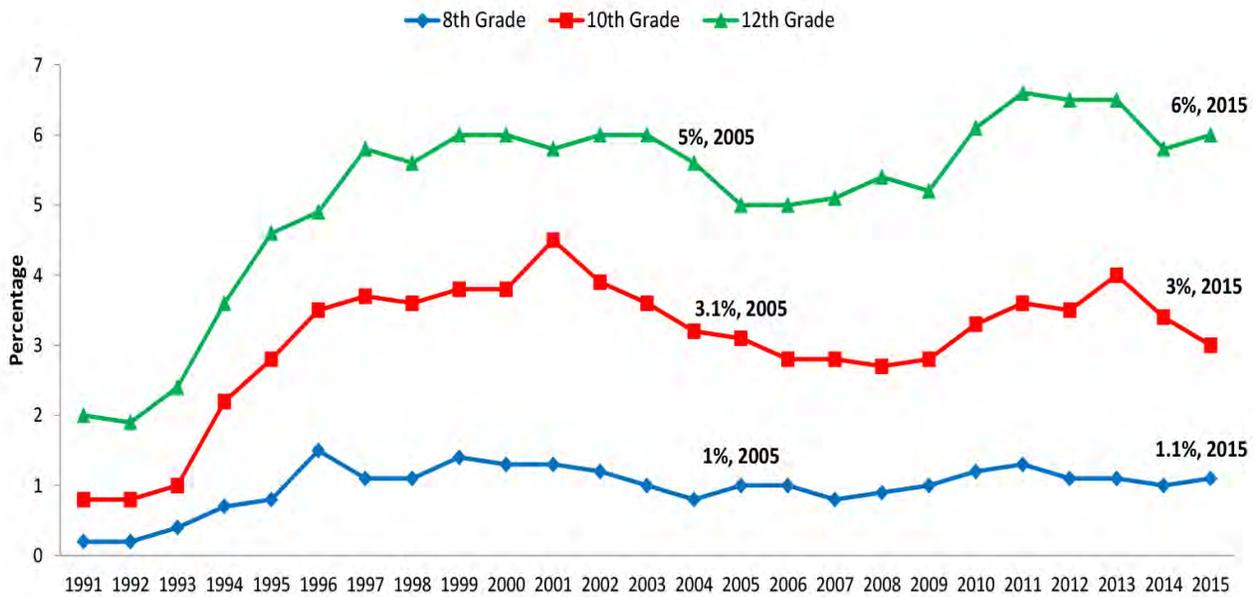
In 2013, adolescent treatment admissions aged 12 to 17 increased from 64 percent of adolescent admissions in 2003 to 76

Figure 133. Annual Prevalence of Marijuana Use Among 8th, 10th, and 12th Grade Students, 1991 to 2015



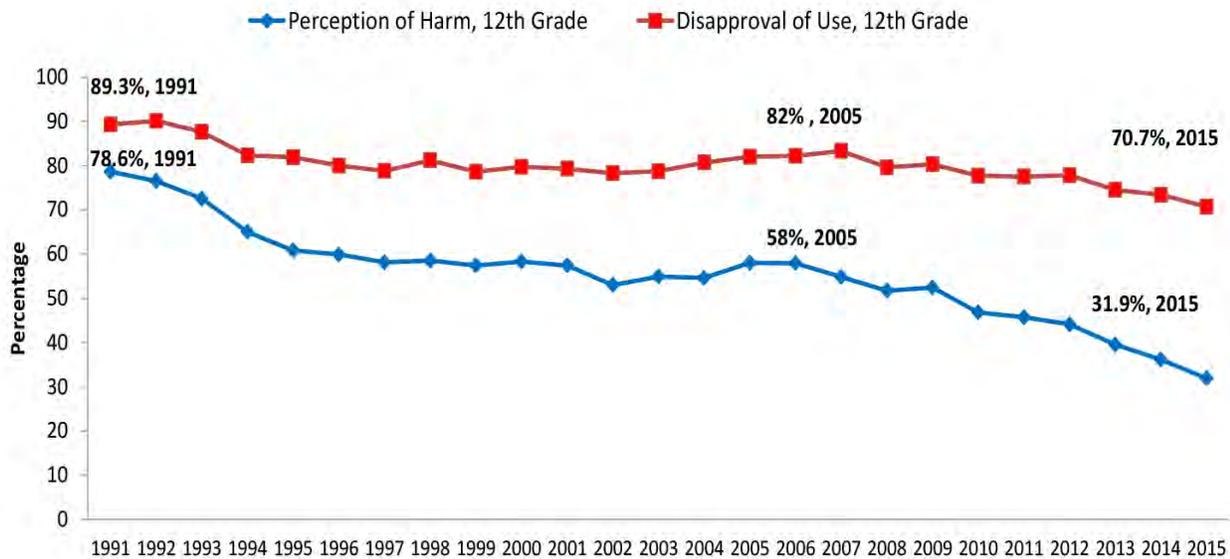
Source: 2015 Monitoring the Future Survey

Figure 134. Daily Prevalence of Marijuana Use Among 8th, 10th, and 12th Grade Students, 1991 to 2015



Source: 2015 Monitoring the Future Survey

Figure 135. Perception of Marijuana Use being Harmful and Disapproval of Regular Marijuana Use for 12th Grade Students, 1991 to 2015



Source: 2015 Monitoring the Future Survey

percent in 2013; however, the total number of adolescent marijuana admissions decreased by 24 percent (from 101,378 to 77,062) between 2003 and 2013 (see Figure 136).

- An admission was considered marijuana-involved if marijuana was reported as a primary, secondary, or tertiary substance. In 2003, 44 percent of all adolescent admissions were marijuana-involved and referred to treatment by a criminal justice-source, and 38 percent were marijuana-involved but referred by other sources. By 2013, the proportion of all adolescent admissions that were marijuana-involved and referred by the criminal justice source had decreased to 41 percent, while the proportion that were marijuana-involved and referred by other sources had increased to 48 percent.

Primary marijuana admissions were less likely than all admissions combined to be self- or individually referred to treatment (18% vs. 37%). Primary marijuana admissions were most likely to be referred by a criminal justice source (52%).

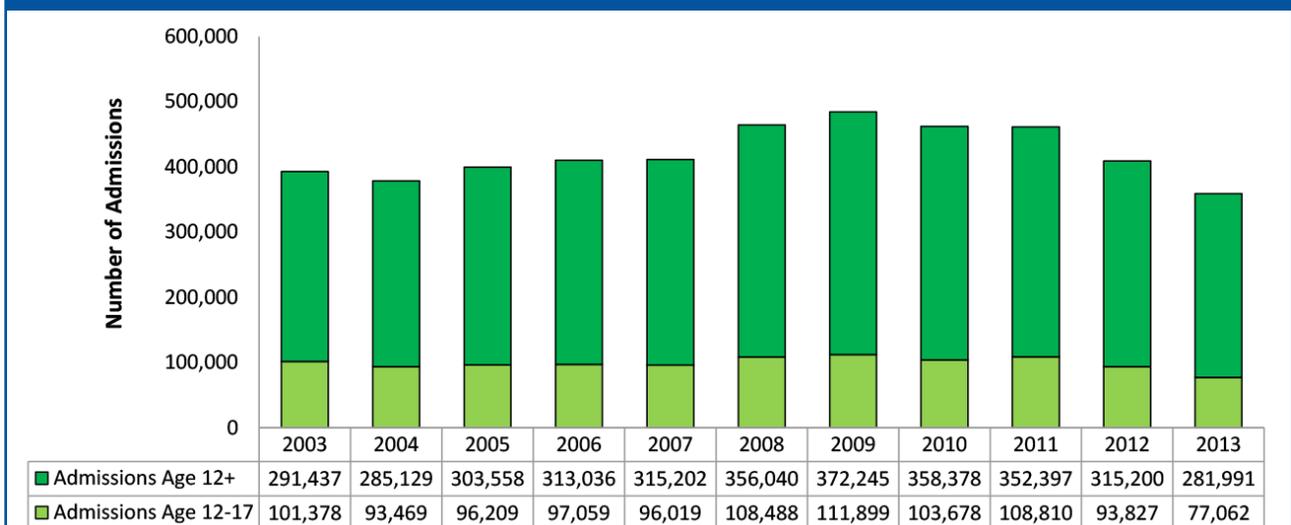
U.S. Marijuana Markets

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 markets are the same in that they are illicit; however these markets operate differently and should be described independently.

Illicit markets are supplied by illicit domestic-produced marijuana, diverted domestic state-approved marijuana, and foreign-produced marijuana trafficked into the United States.

- Illicit domestic-produced marijuana is cultivated by various types and sizes of organizations, which range from individuals growing a limited number of plants to supplement their income, to organized groups that produce large quantities of marijuana to distribute across the United States to glean more profit.
- State-approved marijuana is diverted to the illicit market in several ways. Some individuals or groups operate under

Figure 136. Number of Primary Substance of Abuse Marijuana Treatment Admissions for the United States, 2003 to 2013



Source: Treatment Episode Data Set

the guise of state-legality using valid or counterfeit state-approved medical recommendations. Instead of using the marijuana they purchase, they sell some or all of their marijuana to the illicit market. Some people purchase medical or personal use marijuana, and then resell it out of state to glean profit.

State-approved medical and personal use markets are supplied by a growing number of state-approved producers and retail stores. State-approved marijuana markets are changing the dynamic for law enforcement across the United States. Each state has created unique laws, and many of these laws are in flux, creating a challenging environment for law enforcement.

Production

An estimate of the percentage of foreign versus domestic marijuana supplying the United States does not exist for multiple reasons:

- Consumption estimates cannot determine the source of marijuana being consumed. The RAND Corporation, contracted by ONDCP, released consumption estimates in 2014 based on 2010 survey data estimating the United States consumes between 4 and 8.5 million kilograms of marijuana per year.
- Domestic state, local, and tribal law enforcement seizure data rarely provide origination information for national scale analysis. There are approximately 18,000 state and local law enforcement agencies in the United States, but there is no federal mandate for these agencies to systematically and centrally collect, document, and report drug seizure statistics.
- Unlike either CSP or HSP, there is no signature program to determine the geographical origin of cannabis plants for specific marijuana seizures.

- There is no scientifically approved and consistent method for determining the yield of a cannabis plant or of an acre/hectare of cannabis being grown, limiting the utility of reporting on cannabis eradication. Further, Mexico reports eradication data in hectares, but the United States reports eradication data in number of plants seized, rendering the two measurements incompatible.

Foreign Production

Marijuana is smuggled into the United States from Mexico in large volumes, and in smaller volumes from Canada and the Caribbean. Marijuana from Mexico is typically classified as “commercial-grade” or “low-grade” marijuana. The quality of marijuana produced in Mexico and the Caribbean is thought to be inferior to the marijuana produced in the United States and Canada; however, law enforcement reporting indicates that Mexican cartels are attempting to produce higher-quality marijuana to keep up with U.S. demand for high-quality marijuana.

Domestic Production

Domestic production is increasing, but eradication and seizures statistics will not accurately reflect this trend as law enforcement priorities and capabilities are also changing. Five years ago there were no state-approved personal use marijuana sales and medical sales have only recently begun in many states. In 2015, ArcView, a market research firm for investors in the state-approved marijuana industries, reported \$5.4 billion dollars in state-approved marijuana sales in the United States, up from \$4.6 billion dollars the previous year. The establishment of these new state-approved marijuana markets is impacting the supply of marijuana in the United States.

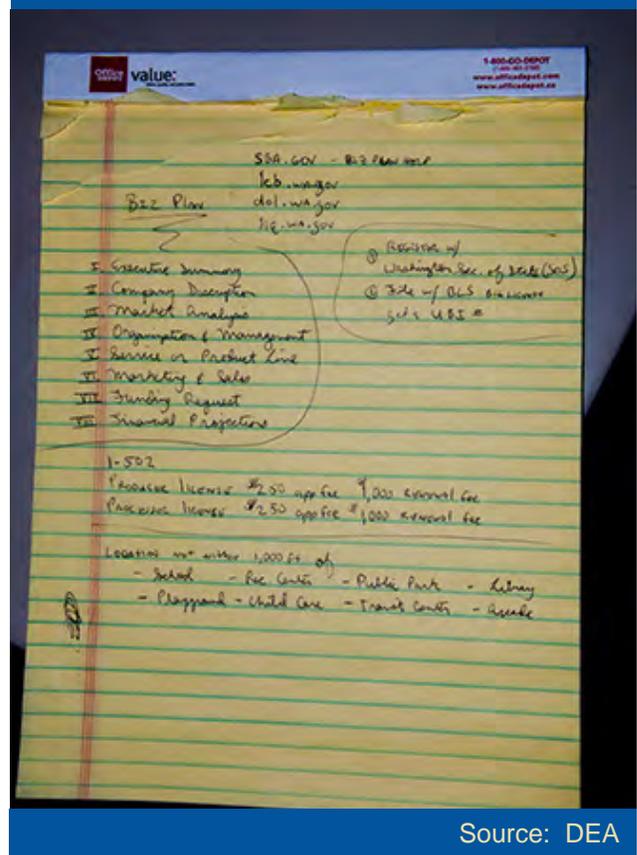
Drug traffickers, including Caucasian, Cuban, Asian, and Eurasian organizations, have established themselves in state-approved marijuana markets for the purpose of producing marijuana for sale on the illicit market and out-of-state. Some of this activity

takes place under the guise of states' licensed industry. Increasingly, much of this activity is conducted overtly through illegal residential grows, but is largely unenforced due to the ambiguity of the law, and restraints on law enforcement. Since the legalization of personal-use marijuana, there has been an influx of not only individuals, but organized groups of individuals who have relocated to Colorado for the sole purpose of producing marijuana to transport and sell in other markets. Many of these operations involve multiple homes and some of them involve dozens of homes, purchased or rented and converted into grow sites. Many of the individuals involved in this activity are longtime drug traffickers, and are frequently armed. Local police departments have noted that these organizations are often involved in other crimes, such as credit card skimming and financial fraud. Late last year, officials in a suburban county in the Denver area reported to DEA that most of their homicides and assault crimes were in some way linked to marijuana grows.

Marijuana can be grown both outdoors and indoors. Indoor production is more difficult for law enforcement to discover and has the advantage of not having to rely on climate conditions or growing seasons. Criminal organizations of all sizes and types are involved in illegal marijuana cultivation throughout the United States.

- Brooklyn, New York: In February 2015, New York's Department of Environmental Protection discovered a large-scale indoor marijuana grow while investigating illegal dumping of toxic substances at a factory. Investigators discovered a 2,500 square foot indoor grow operation in the basement of the factory, 80 pounds of processed marijuana, and hundreds of thousands of dollars. While investigators were questioning the owner of the factory, he excused himself and committed suicide in the bathroom attached to his office.
- Colorado San Isabel National Forest: In October 2015, DEA, U.S. Forest

Figure 137. Criminal organization's "Business plan" to grow marijuana in Washington State under the guise of legality



Source: DEA

Service (USFS), and the Bureau of Land Management (BLM) located two marijuana grow sites after receiving a tip from a hiker who had come in contact with several suspicious individuals while in the Colorado San Isabel National Forest. As a result, approximately 7,000 cannabis plants were uprooted and destroyed and several living quarters built to support the marijuana grow operation were discovered and destroyed. Investigators observed writing on trees at the grow locations. The markings displayed numerous writings on them, to include "Michoacán" and "May 12, 2013." The USFS confirmed that these markings are consistent with previous marijuana grow locations maintained by Mexican nationals (see Figure 139).

Figure 138. Fraudulent medical marijuana grow in Washington State.⁹⁹



Source: Washington State Patrol

Texas: DCEP reported an increase in large-scale outdoor grows. In September 2015, DCEP eradicated over 5,800 cannabis plants north of McKinney, Texas (see Figure 140). In July 2015, over 21,800 cannabis plants were eradicated near Tyler, Texas (see Figure 141).

Electricity and water consumption are increasing in some localities due to increasing domestic cultivation from both state-approved and illicit grows. A 2012 study estimated the energy consumption for indoor cannabis production is around one percent of national electricity use, or \$6 billion each year. This study also claims that one average kilogram of final marijuana product is associated with 4,600 kilograms of carbon dioxide emissions into the atmosphere. Open source reporting shows that more than 1,200 licensed growing facilities use roughly half of Colorado’s new power demands and, last year, those facilities combined to use about the same amount of energy as 35,000 households (see Figures 142 and 143).

- Oregon: Pacific Power in Oregon saw seven incidents from July to October 2015 in which added power use from residential growing operations

⁹⁹ In Washington, a personal cannabis grow is only allowed with a doctor’s recommendation and is capped at 15 plants and possession of 1.5 pounds of processed marijuana. In Colorado, a state resident can grow up to 6 plants, or more with a doctor’s recommendation. Doctor’s recommendations to grow 75 or 99 plants are common.

overloaded local equipment and caused outages. Pacific Power compared the electricity demand of a small grow operation — described as four plants with standard lighting — to operating 29 refrigerators.

There is growing concern from local health officials and the public with regard to how pesticides affect both wildlife and humans ultimately consuming the marijuana. Pesticides are used during the production of marijuana and are typically located at domestic grow sites. State-approved marijuana regulatory bodies are grappling with how to effectively control producers’ use of pesticides. As marijuana remains federally illegal, the Environmental Protection Agency (EPA) has not made a recommendation for the amount of, or tolerance for, specific pesticides

Figure 139. Markings on trees in a U.S. national forest consistent with marijuana grows maintained by Mexican nationals



Source: DEA

Figure 140. Large-scale outdoor marijuana grow in McKinney, Texas



Source: DEA

Figure 141. Large-scale outdoor marijuana grow near Tyler, Texas



Source: DEA

in marijuana products intended for human consumption (see Figure 144).

- Denver, Colorado: In 2015, and continuing into 2016, Denver Department of Environmental Health (DEH) began issuing recalls for some marijuana and marijuana infused products due to possible consumer risks associated with pesticide use. The Colorado Department of Agriculture (CDA) began implementing guidance on approved pesticides and DEH began implementing labeling requirements.
- Central Valley, California: The Central Valley Regional Water Quality Control Board released a fact sheet stating their concern about the impact on water quality due to dramatic increase in marijuana growing activity on both public and private lands in California. In August 2015, the Central Valley Regional Water Control Board received a letter from the Rural County Representatives of California (RCRC), which represents thirty-four rural counties across California. The letter stated:

“In the last several years, California’s rural counties have seen a dramatic proliferation of marijuana cultivation and a continual expansion of the scale and volume of individual grow sites. The immediate threat to water quality posed by marijuana cultivation is of paramount importance to RCRC’s member

counties, many of which are currently grappling with how to effectively address the resulting environmental impacts.”

Marijuana Concentrates and THC Extraction Labs

Marijuana concentrates and THC extraction laboratories continue to pose a threat in 2016. Marijuana concentrates, such as hashish, hash oil, and keif, have been used for centuries; however, marijuana concentrates are gaining popularity in the United States, as indicated by the increasing volume of DEA and open source reporting.

Marijuana concentrates are often consumed in e-cigarettes and vaporizers. Marijuana concentrates are also found in other forms such as edibles, topicals, tinctures, capsules, and patches. These new forms of marijuana present a challenge to law enforcement, as they are easier to conceal than traditional leafy marijuana.

Marijuana concentrates are produced using a variety of methods, each with the goal of separating the cannabinoids from the plant material. The majority of the cannabinoids are found on the oily resin on the outside of the cannabis plant. The common and potentially most dangerous method of extraction uses butane. Butane is a solvent that dissolves and attracts the cannabinoids, allowing them to separate from the other plant material. Other solvents, like Freon™, hexane, isopropyl alcohol, and ethanol, are also used. Carbon dioxide extraction, also known as supercritical fluid extraction (SFE), uses high pressure to separate the cannabinoids from the plant material. The ice-water filtration method uses ice or dry-ice for this separation: the cold temperatures make the resin brittle enough to break away from the plant material. The “rosin technique” extracts cannabinoids using heated pressure, often from a flat-iron, heated spoon, or a commercial heat-press made for producing marijuana concentrates.

Extraction labs using butane solvent continue to cause explosions, resulting in injuries and structural damage. There is no accurate nation-wide count of THC extraction labs, and there is currently no uniform tracking

Figure 142. Grow lamps for large-scale indoor marijuana grow



Source: DEA

Figure 143. Electrical ballasts for large-scale indoor marijuana grow



Source: DEA

Figure 144. Pesticides for large-scale indoor marijuana grow



Source: DEA

mechanism in place. The NSS has the ability to track these incidents; however, there is no mandate for state, local, and tribal law enforcement to report their data to the system. While not all-encompassing, analysis of NSS, DEA reporting, and open source reporting revealed 337 THC extraction labs located in 26 states for calendar year 2015, compared to the 213 extraction labs located in 17 states observed in calendar year 2014 (see Figure 148).

Transportation and Distribution

Transportation of Foreign-Produced Marijuana

Large quantities of foreign-produced marijuana are smuggled into the United States via personally owned vehicles, commercial vehicles, buses, subterranean tunnels, small boats, UASs, and walked across by backpackers.

There was a 23.6 percent decline in the total weight of marijuana seized along the Southwest Border from 2013 to 2014 and an additional 3.7 percent decline from 2014 to 2015, even with increased seizure incidents, according to CBP data. Regardless of this decline, it should be noted that marijuana seizure incidents and total weight are drastically larger than for cocaine, heroin, and methamphetamine combined (see Figures 149 and 150).

- San Luis, Arizona: In November 2015, USBP observed an octocopter style drone illegally enter the San Luis airspace from San Luis, Rio Colorado, Mexico, and jettison a bundle. Agents were able to follow the drone to its drop point, where three bundles of marijuana—weighing approximately 30 pounds total—were discovered along the bank of a canal.
- San Diego, California: In October 2015, Federal authorities seized 12 tons of marijuana in connection to an elaborate cross-border tunnel with a rail car system that extended from Tijuana, Mexico into San Diego, California.

Figure 145. Marijuana concentrates in gel-capsules



Source: DEA

Figure 146. Marijuana concentrates on wax paper



Source: DEA

- Lewiston, New York: In January 2016, CBP officers located and seized 55 pounds of vacuum-sealed marijuana hidden in a foosball table from a Canadian woman traveling to the United States (see Figure 152).

West Desert Corridor (WDC), Arizona: The WDC is the most significant route used by the Sinaloa Cartel and large-scale Sonora-based TCOs to traffic marijuana across the border. The WDC consists of areas such as the Tohono O'odham Indian Reservation, Cabeza Prieta National Wildlife Refuge, and the Ironwood Forest National Monument. These vast wide open areas are ideal for marijuana smuggling.

Figure 147. Marijuana concentrates in vessels and syringes



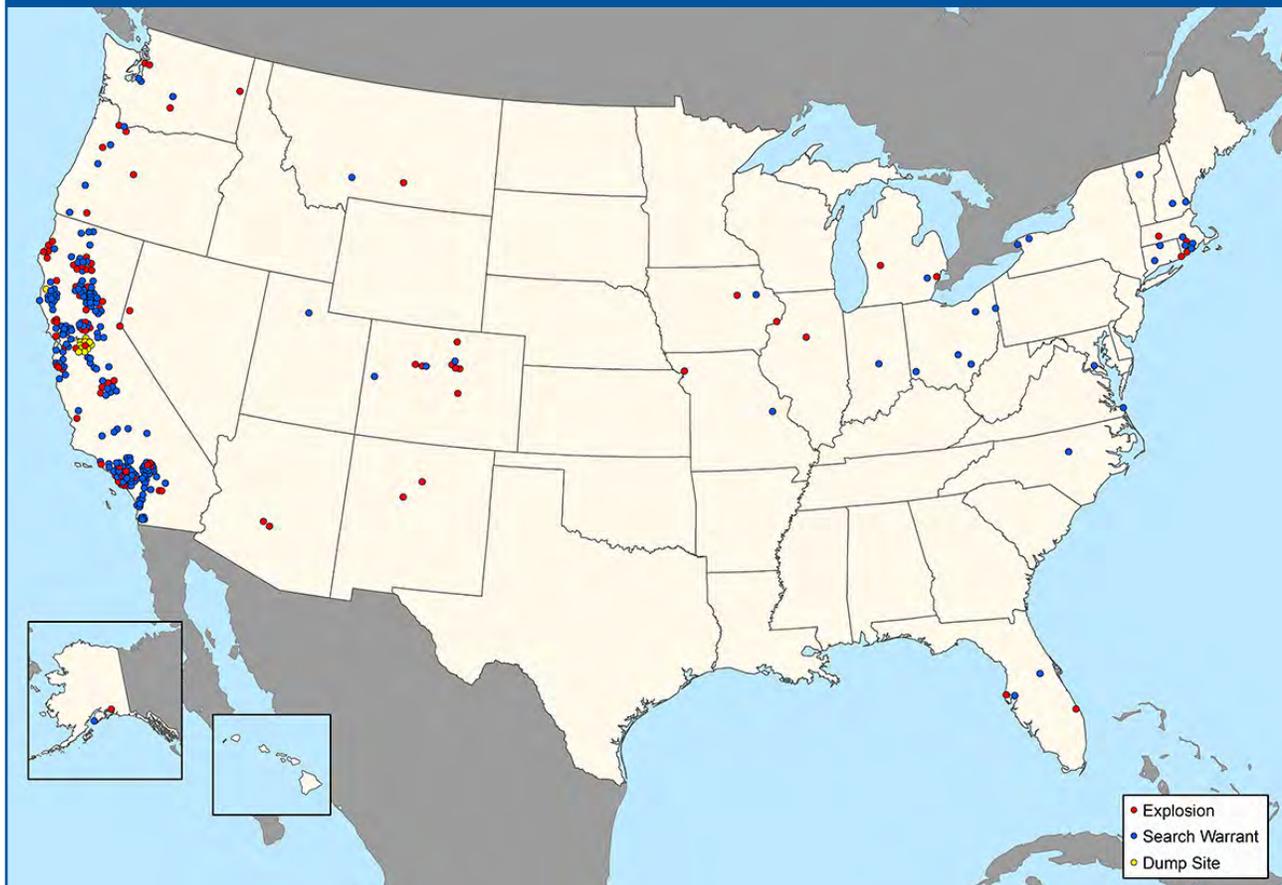
Source: DEA

- West Desert Corridor, Arizona: In October 2015, USBP agents seized 10 bundles of marijuana weighing 467.5 pounds, 13 bags of methamphetamine, and apprehended 11 Mexican nationals in the West Desert Corridor in Arizona, approximately six miles southeast of Ajo, AZ.
- Tohono O'odham Indian Reservation, Arizona: In May 2015, Bureau of Indian Affairs (BIA) agents seized a load of marijuana north of Sells, Arizona, on the Tohono O'odham Indian Reservation,

PCP and Marijuana

Phencyclidine, referred to as PCP, is hallucinogenic drug typically produced in clandestine laboratories in the United States. The major PCP markets in the United States are in Los Angeles, California, and the Washington DC metro area. PCP is often used in combination with marijuana. Marijuana soaked in PCP is typically referred to as "wet," "dip set," or "dips."

Figure 148. THC Extraction Lab Explosions, Search Warrants, and Dump Sites - 2015



Source: DEA, EPIC National Seizure System, Open Source Reporting

near the South Comobabi Mountains. The suspects abandoned their marijuana and none were apprehended (see Figure 153).

Transportation of Domestically-Produced Marijuana

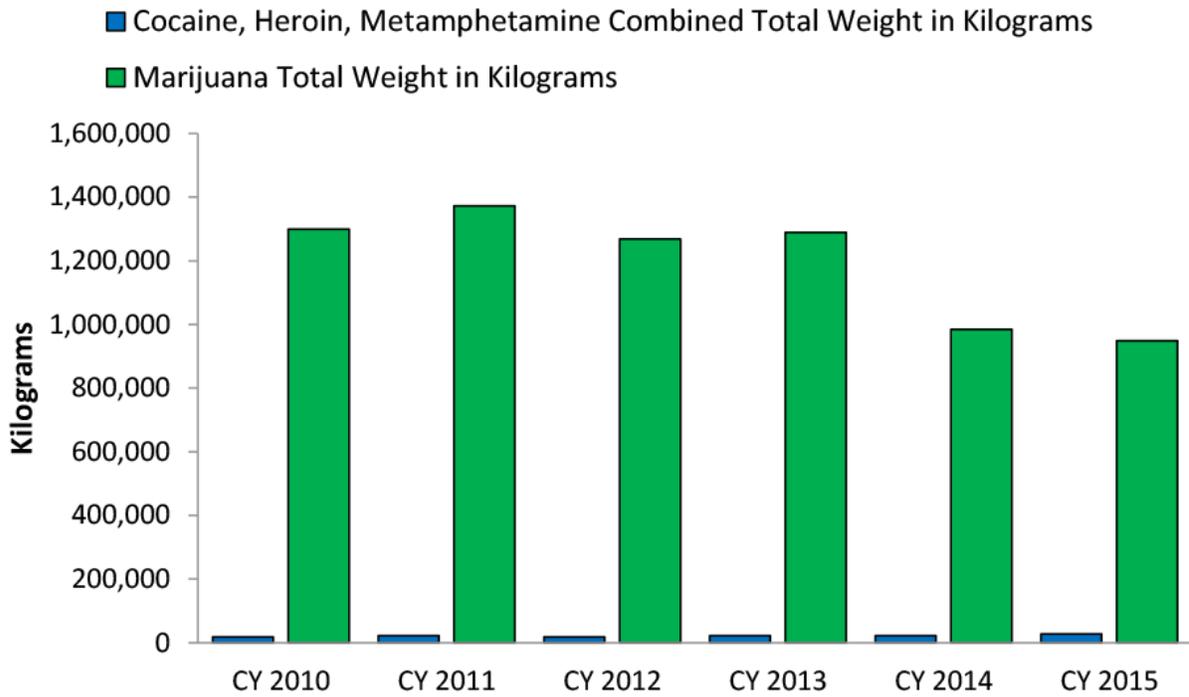
Domestically-produced marijuana is often transported in personally owned vehicles, rented vehicles, semi-trucks, tractor trailers, and buses via U.S. highways. Personal and commercial planes are also used to transport shipments of marijuana.

Marijuana is often shipped via commercial parcel services like the USPS, FedEx, and UPS. Concentrated forms of marijuana allow for easier trafficking through mail services due to reduced bulk. Concentrated forms can be flattened and placed in envelopes, or can be

concealed in containers of different shapes (see Figures 154 and 155).

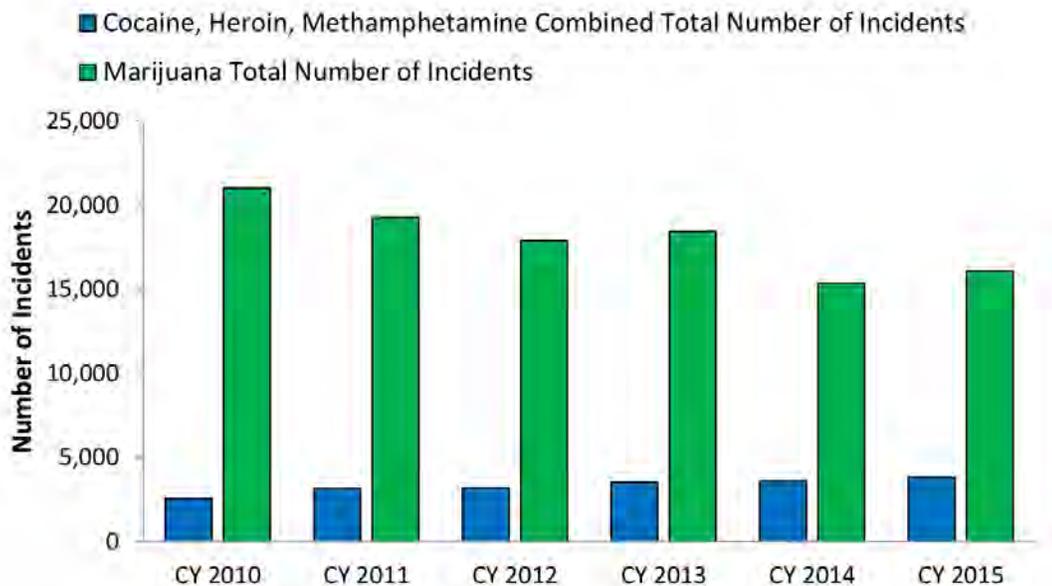
- Oakland, California: In December 2015, an Oakland International Airport Transportation Security Officer was indicted for conspiring to obstruct the Transportation Security Administration (TSA) and alleged smuggling of over 100 kilograms of marijuana via commercial flights.
- California to New York: In October 2015, Kansas Highway Patrol arrested two Asian males from Nevada and California with 15 duffle bags containing over 400 pounds of marijuana. The suspects were driving a semi-truck and were destined for New York City (see Figure 156).

Figure 149. Total Marijuana Weight in Kilograms seized by CBP on the Southwest Border



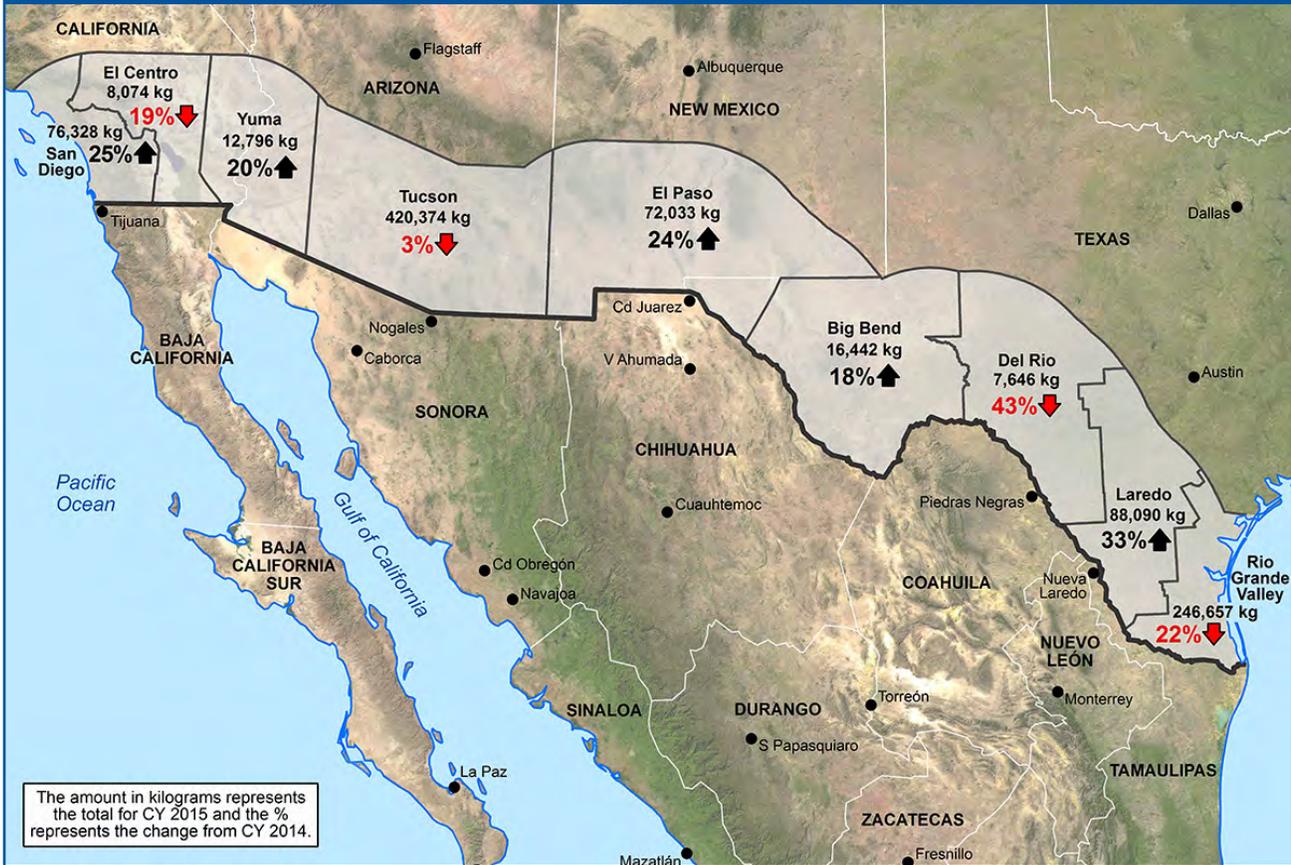
Source: U.S. Customs and Border Protection (CBP)

Figure 150. Total Number of CBP Southwest Border Seizure Marijuana Incidents



Source: U.S. Customs and Border Protection (CBP)

Figure 151. CBP Marijuana Seizures by Southwest Border Corridor in 2015, with Percent Change from 2014



Source: DEA and U.S. Customs and Border Protection (CBP)

Figure 152. Vacuum-sealed marijuana hidden in a foosball table



Source: U.S. Customs and Border Protection (CBP)

Figure 153. Abandoned gear and marijuana on tribal lands



Source: Bureau of Indian Affairs

- **Colorado to Florida:** In December 2015, DEA, United States Postal Inspection Service (USPIS), and Internal Revenue Service (IRS), with assistance from state and local law enforcement, conducted several search warrants connected to a criminal organization. Several members of this TCO relocated from Florida to Colorado to exploit state legalization of marijuana and admitted sending pound quantities of marijuana through the mail to associates in Florida. This investigation yielded over 1,400 marijuana plants, 80 pounds of processed marijuana, approximately \$400,000 U.S. currency, approximately \$200,000 in cultivation equipment, and 43 firearms.
- **California to Multiple States:** DEA reporting from May to July 2015 regarding a California-based DTO revealed the group was shipping marijuana concentrates from California to multiple states. The USPS and a regional courier service were unwittingly used to transport the packages.

Outlook

Domestic use of marijuana will remain high and is likely to increase. Domestic production and trafficking of marijuana will likely increase as more states adopt relaxed marijuana laws. Individuals and criminal organizations will exploit state-legality in these localities to produce and traffic their product to the illicit market, particularly to states without state-approved marijuana. Mexico-produced marijuana will continue to be trafficked into the United States in bulk quantities and will likely increase in quality to compete with domestically-produced marijuana.

Fragmented and developing medical and personal use laws among the states will continue to create uncertainty and increasingly complex issues for the public, law enforcement, banking systems, and medical professionals. Marijuana will remain a part of domestic and international political discussions for the foreseeable future.

Figure 154. Flattened marijuana concentrates in an envelope



Source: Denver, Colorado Police Department

Figure 155. Marijuana concentrates concealed in bottles



Source: DEA

Figure 156. Duffle bags containing marijuana seized from a semi-truck



Source: Kansas Highway Patrol

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Overview

New Psychoactive Substances (NPS) refers to a wide range of man-made substances created to mimic the effects of controlled substances. The two most common varieties of NPS used in the United States are synthetic cannabinoids, which are chemicals that are typically sprayed onto dried plant material to smoke, and synthetic cathinones, which are powder or crystalline drugs that are snorted or orally ingested.

Availability

NPS such as synthetic cannabinoids and synthetic cathinones are widely available throughout the United States. Most DEA FDs report that synthetic cannabinoids and cathinones are moderately available and that the availability is stable compared to 2014. However, in 2015 five DEA FDs reported that availability is increasing: Dallas, Houston, Miami, New Jersey, and Washington (see Figure 160).

NPS are commonly sold in gas stations, convenience stores, adult stores, and smoke shops. These businesses try to skirt the law by selling new varieties of NPS that are not yet scheduled under the CSA, and by asserting the products are not for human consumption. In addition, some shops will conceal NPS behind the counter and only sell to trusted buyers or people who know the code words. NPS are also widely available on the Internet for purchase, eliminating the need for some users to conduct in-person drug purchases. An NPS user can purchase the drugs online and have them shipped to their home, making NPS available anywhere in the United States to anyone with an Internet connection.

Synthetic cannabinoids are usually available packaged in colorful foil packets, adorned with bright colors and cartoons (see Figure 158). They are available in a variety of flavors such as bubblegum, strawberry, and watermelon to entice consumption. These marketing techniques aim to reduce the stigma attached to illicit drug use and increase the perceived legitimacy, or legality, of their use. In addition to being sold in stores, synthetic cannabinoids are also increasingly sold on the street like

Figure 157. Packages of Synthetic Cannabinoids



Source: New York State Department of Health

other illicit drugs. In these instances, the traditional foil packets may be replaced with plastic baggies, or even sold as a wrapped “joint” like marijuana. Additionally, synthetic cannabinoids are also available in liquid and oil forms, which are used in e-cigarettes and vape pens. In 2015, synthetic cannabinoids were also discovered disguised as counterfeit prescription pills.

Synthetic cathinones are available in colorful foil packets in the same stores as synthetic cannabinoids. However, there appears to have been a decrease in marketing synthetic cathinones in this manner. As a result, traffickers have rebranded many synthetic cathinones, which are now widely available as “Molly,” a purported pure form of MDMA.

Operation Jinn-Ger Spice

In September 2015, a week-long enforcement operation was conducted in New York City, which resulted in the dismantling of an international synthetic cannabinoid distribution organization, and federal criminal charges against 10 individuals. The operation conducted raids on 90 retail stores and seven warehouses, resulting in the seizure of 500,000 packets of synthetic cannabinoids, and a fully functional synthetic cannabinoid processing laboratory.

Figure 158. Synthetic Cannabinoid Warehouse



Source: DEA

Figure 159. DEA Field Division Reporting of Synthetic Cannabinoid and Synthetic Cathinone Availability in the First Half of 2015 and Comparison to Previous Period

Field Division	Availability During Half of 2015	Availability Compared to Second Half of 2014
Atlanta Field Division	Low	Stable
Caribbean Field Division	Nothing to Report	Less
Chicago Field Division	Moderate	Stable
Dallas Field Division	High	More
Denver Field Division	Moderate	Stable
Detroit Field Division	Moderate	Stable
El Paso Field Division	Moderate	Stable
Houston Field Division	Moderate	More
Los Angeles Field Division	Moderate	Stable
Miami Field Division	High	More
New England Field Division	Moderate	Stable
New Jersey Field Division	Moderate	More
New Orleans Field Division	Moderate	Stable
New York Field Division	Moderate	Stable
Philadelphia Field Division	Low	Stable
Phoenix Field Division	Moderate	Stable
San Diego Field Division	Moderate	Stable
San Francisco Field Division	Moderate	Stable
Seattle Field Division	Moderate	Stable
St. Louis Field Division	Moderate	Stable
Washington Field Division	High	More

Source: DEA Field Division Reporting

Synthetic Cannabinoids in Pill Form

In 2015, synthetic cannabinoids were detected in the form of counterfeit prescription drugs. An Amherst, New York police officer conducted a traffic stop and seized several tablets that appeared to be Xanax® bars. Upon laboratory testing, the pills did not contain any Xanax®, but instead contained the synthetic cannabinoid AB-FUBINACA (see Figure 160). During fall 2015, law enforcement agencies in New Jersey seized 214 counterfeit Xanax® tablets containing AB-FUBINACA without active substances.

Figure 160. Counterfeit Xanax® tablet containing AB-FUBINACA



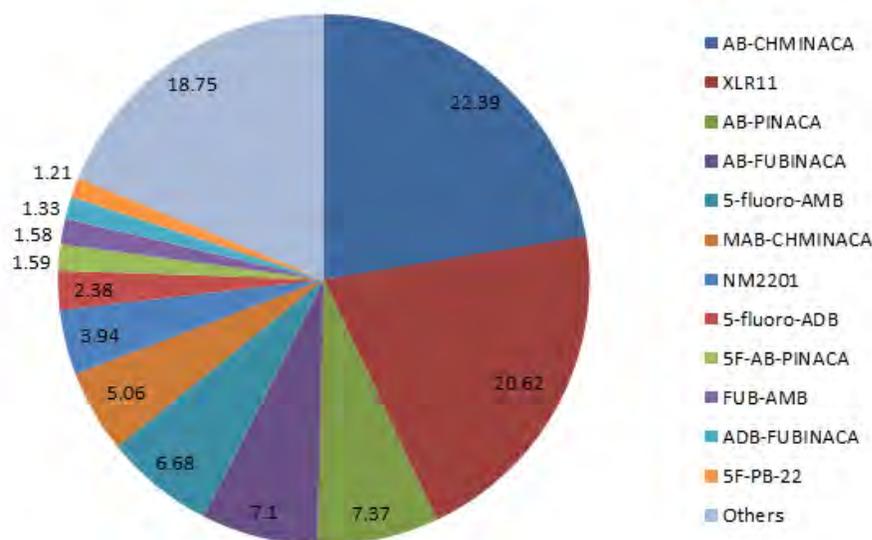
Source: DEA

According to NFLIS, the most commonly occurring synthetic cannabinoid detected in the United States in 2015 was AB-CHMINACA at 22.39 percent. The second most common synthetic cannabinoid was XLR11 at 20.62 percent. Traffickers often experiment with new formulas of synthetic cannabinoids in order to identify new NPS that will provide users with their desired high while simultaneously avoiding legal complications caused by other controlled substances. This can be seen in the data as approximately 19 percent of all synthetic cannabinoids detected in 2015 only occurred around 1 percent or less of the time, categorized under “Others,” (see Figure 162). While traffickers have an incentive to create new, unscheduled synthetic cannabinoids, the most commonly occurring substance in 2015, AB-CHMINACA, has been a Schedule I controlled substance since January 2015. This indicates that although NPS traffickers are known to find new substances that have not been scheduled, many still choose the same ones, regardless of scheduling efforts.

Use

NPS are usually used by younger individuals; however, like many drugs, NPS are used by people of all ages. NPS may be particularly

Figure 161. Percentage of Synthetic Cannabinoid Reports in the United States, 2015



Source: National Forensic Laboratory Information System

NEW PSYCHOACTIVE SUBSTANCES (NPS)

Project Synergy III

In October 2015, DEA announced the conclusion of a 15-month, nationwide drug enforcement effort joined by other federal, state, and local law enforcement partners. Project Synergy III culminated with 151 arrests in 16 states and the seizure of 3,058 kilograms of synthetic cannabinoids, 316 kilograms of synthetic cathinones, approximately \$15 million USC, and 39 weapons.

Figure 162. Synthetic drugs, guns, and money seized under Project Synergy III



Source: DEA

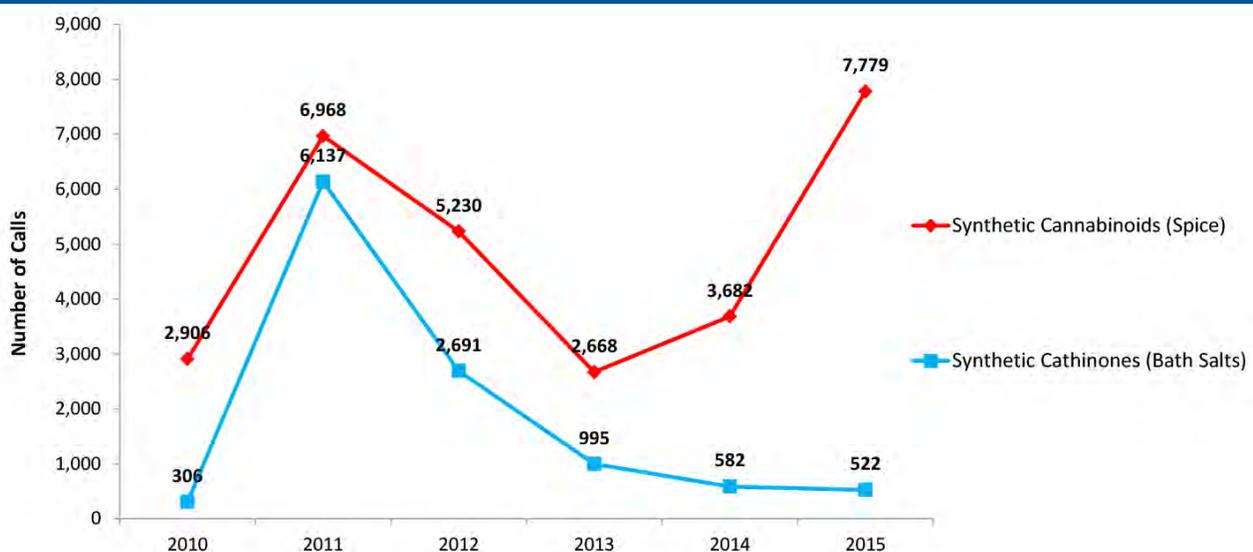
attractive to users wanting to use controlled substances while avoiding workplace drug test detection. Traditional drug screens do not test for the vast variety of NPS. When tests are developed for a particular NPS, users can easily switch to another substance that has not yet been included in the drug screen.

Synthetic Cannabinoids

Synthetic cannabinoids are often ingested by smoking. Synthetic cannabinoid chemicals are sprayed onto plant material and then rolled into joints or cigarettes, or smoked in glass bowls. They are also available in liquid or oil form, for use in e-cigarettes or vape pens. In 2015, synthetic cannabinoids also were available in pill form, which can be ingested whole, or crushed into powder and inhaled.

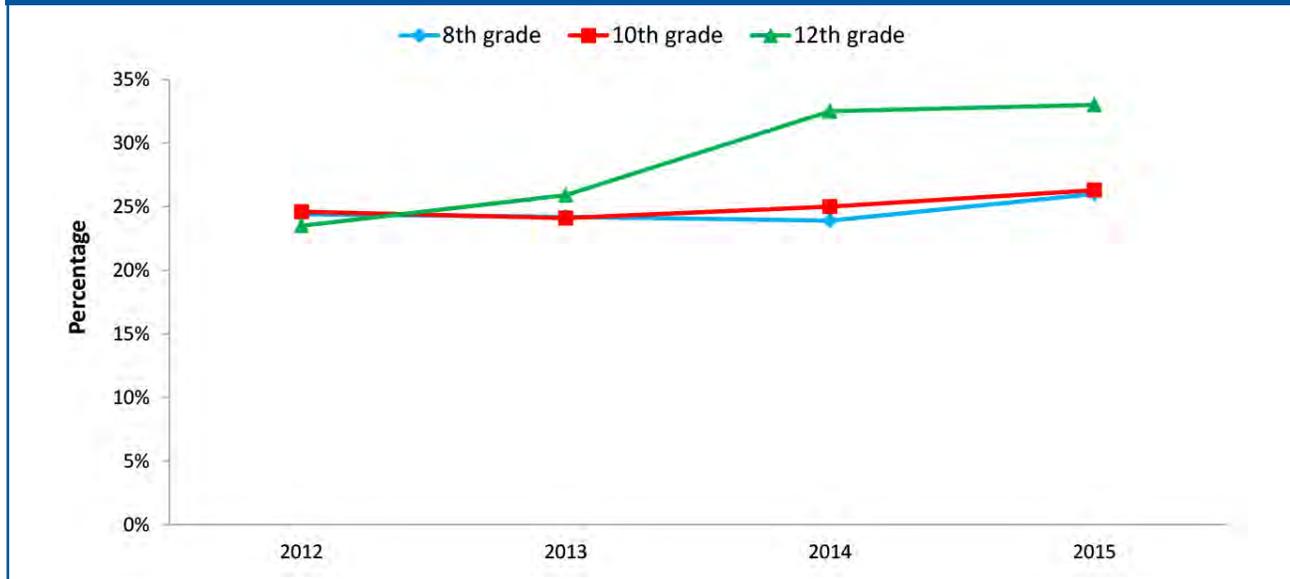
The AAPCC indicates that in 2015 there were 7,779 calls to poison centers across the country regarding synthetic cannabinoid exposure (see Figure 163). This is a 111 percent increase from the 3,682 calls in 2014 and is the highest number of calls ever recorded since these drugs first appeared on the recreational drug market. It is important to note that synthetic cannabinoids are a very wide variety of substances that have

Figure 163. Number of Exposure Calls to the American Association of Poison Control Centers, 2010 – 2015



Source: American Association of Poison Control Centers

Figure 164. Percentage of 8th, 10th, and 12th Graders Perceiving Harmfulness of Synthetic Cannabinoid Use



Source: Monitoring the Future

varying effects and potencies, meaning one particular synthetic cannabinoid may be more likely to cause an overdose than another. As such, increases in poison control calls do not necessarily indicate a corresponding increase in users; it may simply be a warning that more harmful synthetic cannabinoids are on the market and in use.

According to 2015 MTF data, synthetic cannabinoids ranked as the fourth most popular drug for 8th and 10th graders, and the fifth most popular drug for 12th graders. MTF also indicated the percentage of 8th, 10th, and 12th graders surveyed who report using synthetic cannabinoids declined from 4.8 percent in 2014 to 4.2 percent in 2015. In addition, when posed the question, “How much do you think people risk harming themselves (physically or in other ways), if they try synthetic marijuana once or twice,” 28.4 percent answered with “great risk,” the selection with the highest level of risk. This is a slight increase from the 27.1 percent of respondents who answered the same in 2014 (see Figure 164).

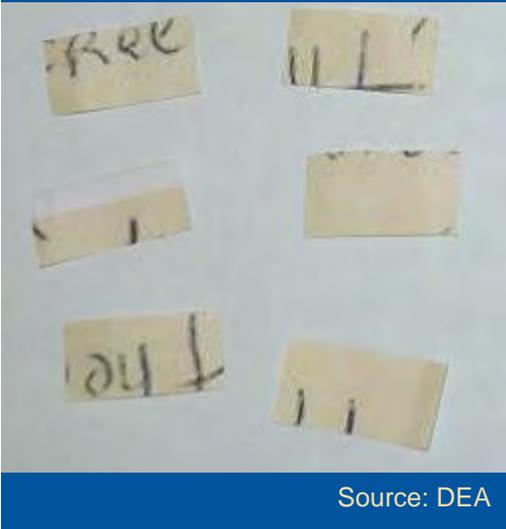
Synthetic cannabinoids are used by some U.S. military personnel, who are likely to evade detection as current employment

drug tests cannot detect many synthetic cannabinoids. A 2014 study conducted by the Universities of Washington and Houston found that 41 (11 percent) of 368 self-selected soldiers reported using synthetic cannabinoids within the past 90 days. The sample was composed of soldiers who selected themselves to answer questions regarding their alcohol or substance abuse. Among the synthetic cannabinoid users, 68 percent met the criteria for drug dependence.

Synthetic cannabinoids are used by inmates in prisons and jails, likely because use of these drugs may not be detected in mandatory drug screens. The drugs are also difficult to detect during screenings by prison officials and narcotics dogs. In order to smuggle the drugs into correctional facilities, synthetic cannabinoids in liquid form are sprayed onto paper products, such as greeting cards or letters, and dried. After obtaining the drugs, an inmate can tear the paper into squares for sale. The saturated paper will be chewed or smoked. In October 2015, the FBI issued a warning that the introduction of synthetic cannabinoids into prisons may result in inmates displaying agitated and aggressive behaviors.

- Dallas, Texas: In October 2015, BOP

Figure 165. Paper saturated with Synthetic Cannabinoids



Source: DEA

officials reported synthetic cannabinoids were being sprayed onto paper products, including cards and coffee filters, and mailed to inmates. The drug-saturated paper is cut into one-quarter inch squares and sold to other inmates for \$10 each, and is chewed to ingest the drug (see Figure 166).

- West Virginia: A West Virginia prison reported in 2015 that synthetic cannabinoids were being sprayed onto letters and mailed to inmates. The drug-saturated pages would be torn into small squares and chewed or smoked.
- New York: During summer 2015, 52 inmates in correctional facilities across New York State overdosed on synthetic cannabinoids and were hospitalized. Affected inmates complained of abdominal pain, vomiting, and hallucinations.

Synthetic cannabinoid use may contribute to an increase in violent crime. The Pretrial Services Agency for Washington, D.C. conducted a pilot program in response to an uptick in violent crime during the summer of 2015. Pretrial Services found that during a two and a half week period in July 2015, 20 percent of the 136 individuals arrested for violent crimes tested positive for synthetic

cannabinoid use, as did 44 percent of those arrested for assault on a police officer.

Synthetic Cathinones

Synthetic cathinones are typically abused by ingesting them in capsule or tablet form, or by inhalation. There have also been reports of synthetic cathinones being smoked or injected. Synthetic cathinones are typically sold in crystal, powder, and rock forms.

In 2015, the AAPCC indicated a continuing decline in the number of calls to poison control centers for synthetic cathinone exposure. There were 522 poison control center calls for synthetic cathinone exposure in 2015, which represents a 10 percent decrease from the 582 calls in 2014 (see Figure 164). Some experts originally believed that the decline in calls was a result of health care professionals'

MDMA is a synthetic Schedule I drug, commonly referred to as "Ecstasy" and "Molly," and maintains a relatively small market in the United States. Most of the MDMA available in the United States is supplied by Canada-based ethnic Asian TCOs and is smuggled across the Northern Border. Pure MDMA, or "molly," is often ordered from Internet websites, and is supplied by either U.S.-based rogue chemists or foreign-based traffickers from China and, to a lesser extent, India and Eastern Europe. Use of these drugs remains a low threat, and use will continue to be most prevalent among high school and college students, as well as young adults who attend concerts, clubs, and music events.

familiarization with synthetic cathinones and treatment options; after treating for these drugs for so long, health care professionals did not need to call poison control centers for assistance. However, the AAPCC reports that in 2014, only 21 percent of calls were from health care facilities, indicating the decline is due to other factors. One factor is the decline in synthetic cathinones marketed or sold as "bath salts," the traditional name for synthetic cathinones. Traffickers have responded to

this fall in popularity by re-branding the drugs under different names, such as MDMA/“molly” or “Flakka”. In 2015, many drugs that were sold as MDMA/molly turned out to be synthetic cathinones, such as methylone or ethylone, as a replacement for the advertised drug. Data representing synthetic cathinone use may be artificially low due to users reporting that they used a different drug, such as MDMA/“Molly,” instead.

MTF 2015 survey data shows that the percentage of 8th, 10th, and 12th graders reporting synthetic cathinone use remained at 2014 levels, at 0.7 percent. MTF survey data also found that when asked the question, “How much do you think people risk harming themselves (physically or in other ways), if they try bath salts (synthetic stimulants) once or twice,” 46.8 percent answered with “great risk,” down slightly from the 48.5 percent that answered the same in 2014.

Production

Synthetic cannabinoids and synthetic cathinones are created in laboratories and do not require any plant-based material. Each variety of these substances requires different precursor chemicals and different processes to synthesize. Most of these synthetic substances require relatively sophisticated scientific equipment along with a knowledge of chemistry for production. However, due to their wide availability from China, most traffickers in the United States simply purchase the drugs already synthesized and have them shipped through mail carriers to perform final processing and preparations domestically. Sites where the final processing of synthetic cannabinoids and application onto plant material occur are known as “spice processing labs.” Synthetic cathinones are ready to use in their powder and crystal forms, so additional processing outside of adulterating and encapsulating or bagging is usually not needed.

Spice processing labs are found in homes, garages, and warehouses throughout the United States (see Figures 167 and 168). After acquiring the synthetic cannabinoid chemicals, the powder is dissolved into a solvent, such as ethanol or acetone, to create a liquid solution; cement mixers are used to apply the solution

to the plant material. Dehydrated plant material, such as damiana or marshmallow leaf, is spread out on tables or the ground and the synthetic cannabinoid solution is sprayed onto it. Uneven application of the synthetic cannabinoid chemicals onto plant material can result in certain batches having “hot spots,” or much higher levels of concentration than others. At this point, commercial liquid flavorings are usually sprayed onto the product, and the product is left to dry. After the product is completely dry, it is packaged into individual foil packets, ranging anywhere from 1 to 15 gram quantities.

The foil packets commonly used to package synthetic cannabinoids can be purchased in wholesale quantities. These empty packets

Figure 166. A spice processing lab. After being sprayed with synthetic cannabinoid chemicals and flavorings, the finished product is spread out to air dry



Source: DEA

Figure 167. A spice processing lab. Workers sit at long tables and package a variety of synthetic cannabinoids



Source: DEA

NEW PSYCHOACTIVE SUBSTANCES (NPS)

are already branded with a variety of cartoon logos and brand names. Because these empty packets can be purchased in wholesale quantities, the contents of individual packets of synthetic cannabinoids can vary widely. A DEA's forensic laboratory tested the contents of 28 identical packets of synthetic cannabinoids from one seizure in 2015. The packets contained a total of seven different synthetic cannabinoids. Many packets contained more than one variety of synthetic cannabinoid. Therefore, any two identically-marked packets of synthetic cannabinoids for sale may have two completely different drugs inside, even in the same store.

Popcorn Lung

A 2015 study conducted by Harvard University found the harmful flavoring chemical diacetyl in 75 percent of 51 varieties of e-cigarettes tested. Diacetyl is known for causing bronchiolitis obliterans, commonly referred to as "Popcorn Lung," which is a life-threatening form of obstructive lung disease. The disease was first discovered in 2000 when workers at a microwave popcorn factory experienced abnormal lung function after inhaling diacetyl from popcorn flavorings. Liquid synthetic cannabinoid products using these flavorings expose users to the risk of developing this disease.

Outlook

NPS will continue to pose a nationwide threat to the United States and overdoses and deaths will continue to occur. NPS are inexpensive and widely available, making them accessible to anyone who wants to use the drugs. In addition, traffickers will continue to experiment with NPS, such as pressing synthetic cannabinoids into counterfeit prescription pills, to expand their market. These characteristics make NPS a valuable commodity to traffickers, since traffickers modify and disguise NPS as other, traditional drugs. Traffickers will work around scheduling actions by modifying NPS' chemical formulas to create new, unregulated and unscheduled drugs. However, traffickers may continue to distribute popular NPS, regardless of their status on the controlled substances list.

Transportation and Distribution

NPS are usually purchased through mail orders, online orders, or in-person, through chemical brokers from China and transported to the United States via package delivery services. NPS are distributed throughout the United States in gas stations, convenience stores, adult stores, and smoke shops. There is evidence that distribution of NPS is also taking place on the streets like traditional drug sales. Synthetic cathinones are widely distributed through street sales under names such as "Molly" or "Flakka." Synthetic cannabinoids are also distributed through street sales in plain plastic baggies, or pre-wrapped into individual joints/cigarettes.

Overview

According to the United States Department of Treasury, the annual volume of illicit proceeds generated in the United States is approximately \$300 billion U.S. dollars (USD). Of that, U.S. drug sales generate an estimated 21 percent, or \$64 billion USD. Drug trafficking is a cash-intensive business and significant TCOs earning hundreds of thousands to millions of USD are routinely challenged by the following obstacles:

- Moving illicit cash proceeds from point A to point B
- Placing illicit proceeds into the formal banking system
- Disguising illicit proceeds as legitimate earnings

To avoid law enforcement detection and banking regulations, TCOs employ various strategies to move and launder drug proceeds into, within, and out of the United States. Preferred methods used to move and launder illicit proceeds have remained the same

Bulk Cash Smuggling

Bulk cash smuggling^{hh} remains the most widely-reported method used to move illicit proceeds. In 2015, law enforcement officials reported over 4,000 bulk cash seizures totaling over \$464.2 million USD to the NSS.ⁱⁱ For CY 2015, California, Florida, and Texas reported the highest dollar amounts in bulk cash seizures for a combined figure of \$179.8 million USD. (See Figure 169)

California: Most bulk currency smuggled into California from other states is suspected payments for drug shipments. The majority of bulk currency is moved from Northern California to Southern California and eventually across the border into Mexico using privately owned vehicles. Large amounts of cash are often discovered during highway interdictions along major highway corridors I-5 and CA-99. Common trends discovered during highway interdictions include cash concealed in hidden vehicle compartments, trunks, and luggage. Airline and train passengers, parcel delivery companies, and wire transactions are also used to move bulk currency. [During the first half of CY 2015, two Bay Area Airports,

Figure 168. Top 3 States for Bulk Currency Seizures
(in U.S. Dollars), 2011 - 2015

RANK	2011	2012	2013	2014	2015
1	CALIFORNIA \$125,738,225	NEW YORK \$212,829,002	CALIFORNIA \$141,403,988	CALIFORNIA \$128,906,820	CALIFORNIA \$91,693,901
2	TEXAS \$95,339,914	CALIFORNIA \$129,878,864	NEW YORK \$114,179,042	NEW YORK \$49,955,772	FLORIDA \$46,624,748
3	NEW YORK \$90,718,321	TEXAS \$66,947,018	TEXAS \$47,788,948	GEORGIA \$42,836,597	TEXAS \$41,486,676

Source: EPIC National Seizure System Data as of April 14, 2016

over the past several years, i.e., bulk cash smuggling, trade based money laundering (TBML), informal value transfer systems (IVTS), and through the formal banking sector.

^{hh} In this document, the term bulk cash smuggling is used to describe the practice of moving hard currency. It is not used to indicate the the specific crime of bulk cash smuggling as defined by 31USC5332.

ⁱⁱ The information reported to NSS by contributing agencies does not necessarily reflect total seizures nationwide. Federal law enforcement agencies are required to report seizures that are equal to \$10,000 USD and above while reporting for state and local agencies is voluntary. NSS is a live database and the data can change from year to year.

ILLICIT FINANCE

the San Francisco International Airport and the Oakland International Airport, continue to be used to transport bulk cash in carry-on bags and checked luggage.]

Further, some Northern California TCOs specifically avoid using the U.S. banking system due to their illegal status.

Texas: The Dallas/Fort Worth area, El Paso, Houston, and McAllen are commonly used as collection points for drug proceeds destined for Mexico. Because of their close proximity to the SWB, TCOs in Texas continue to send drug proceeds to Mexico in the form of bulk currency. The cash typically originates from other geographic areas in the United States, usually drug destination cities and is stored in local stash houses in Texas before transport to

methods used to move bulk currency include: body carrying, concealment in luggage or backpacks, and money service businesses (MSBs).

Florida: A large number of bulk currency seizures occur along highway corridors I-10 (East/West Florida panhandle), I-75, and I-95 as bulk currency is sent toward the SWB, Atlanta, or East Coast cities. Similar to other regions of the United States, bulk currency is commonly transported from South Florida to the SWB via tractor trailers and private vehicles. Bulk currency is also seized at commercial transport locations such as airports and seaports.

Figure 169. \$400,000 USC concealed in the bed of a truck



Source: DEA

Mexico. Bulk currency is often transported via private passenger vehicles and tractor-trailers and concealed in hidden compartments. Money is sometimes divided into smaller amounts and transported by multiple couriers to minimize the risk of a large loss, should a shipment be interdicted by law enforcement. Bulk currency seizures are common at CBP checkpoints, POEs, and traffic stops along primary Interstates I-10, I-25, and I-40. In September 2015, \$470,110 USC was seized from a 40-year old male U.S. citizen traveling in a vehicle along I-10. Thirty-five bundles of bulk cash were concealed in the padding of the rear seat and 12 bundles of cash were secreted inside a karaoke machine. Other

Figure 170. USC and kilograms of cocaine discovered in a house



Source: DEA

Figure 171. Bundles of USC and kilogram packages of cocaine hidden behind a wall in a home



Source: DEA

Figure 172. Over \$400,000 USC discovered in a speaker box in the back of a vehicle



Source: DEA

Informal Value Transfer Systems (IVTS)

IVTS move the value of illicit cash around the world. Money laundering schemes using IVTS to transfer the value of illicit cash to Asia, Mexico, the Middle East, and South America continue to be detected throughout the United States.

All IVTS, such as *hawala*, *contra entrega*, and Chinese Underground Banking Systems (CUBS), are operated by networks of cash brokers who manage pools of currency in the United States and around the world. TCOs needing to move drug proceeds from the United States to a foreign country first leave their cash with money brokers in the United States. Next, the U.S. broker contacts a money broker located in the foreign country where the TCO will collect an equivalent amount in local currency minus the

commission. Money broker commissions are known to fluctuate from 3-20 percent. IVTS money brokers then settle accounts between themselves.

These networks of money brokers also attract foreign clients who need cash in the United States, but want to avoid formal banking systems. These foreign clients deposit local currency with a local cash broker and essentially “buy” the TCOs’ cash drug proceeds from a broker in the United States.

IVTS are known by many different names depending on the community that operates them. *Hawala*, *sarafi*, and *hundi* describe IVTS that currently operate in the United States. *Hawala* predates modern banking and has been in use in the Middle East and North Africa for centuries. The word *hawala*, which originally comes from Arabic, is used to describe the same type of IVTS in Pakistan and India, but can also be referred to in these communities as *hundi*. *Sarafi* is a common word used to describe IVTS in Afghanistan and *Fei Chi'en* describes these centuries-old systems in China.

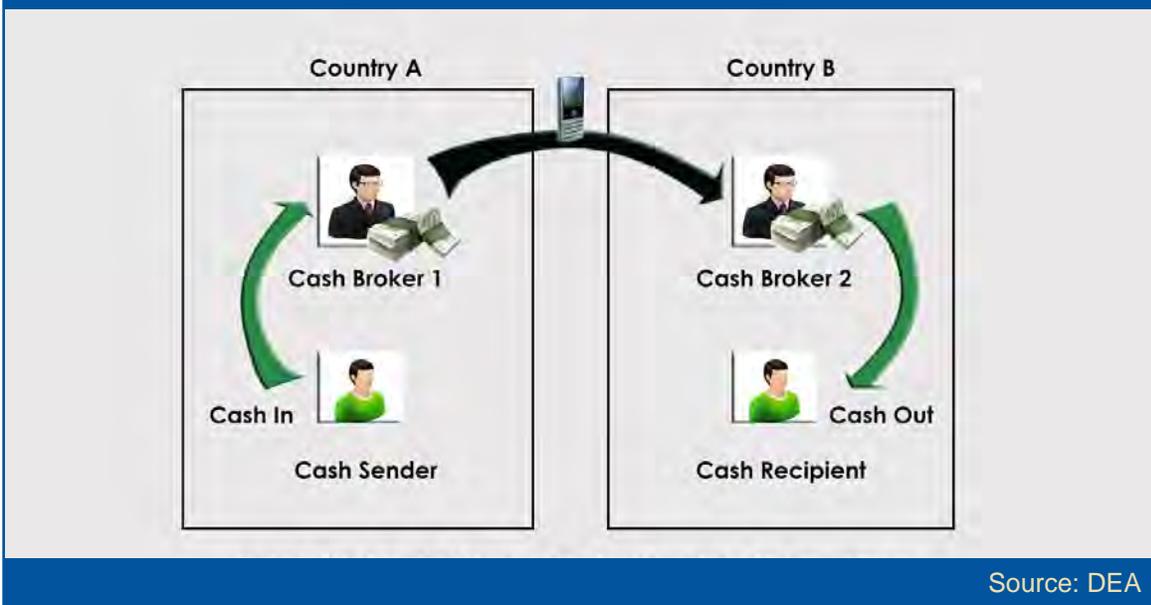
Hawala are popular in the United States because they typically help families with overseas relatives make small cash remittances to and from Asia, East Africa, India, the Middle East, and Southeast Asia for very low commissions. However, *hawala* continue to surface in drug investigations as tools for moving U.S. drug proceeds and other illicit cash overseas. Small U.S. *hawala*

Figure 173. Over \$106,000 USC and marijuana seized from a cargo van



Source: DEA

Figure 174. Typical Informal Value Transfer System



networks that mostly do business remitting legitimate money have been exploited to move up to \$100,000 USD in drug proceeds over the course of several days. Other *hawala* are private and exclusively designed to quickly move large amounts of illicit money. Some of these private *hawala*, which may operate under the cover of a legitimate *hawala*, use separate ledgers to coordinate the transfer of up to \$1 million USD worth of drug proceeds in a matter of days.

TCOs have developed a *hawala*-like IVTS often called *contra entrega* or “mirror transfer” to repatriate drug proceeds from the United States to Mexico and South America. Cash brokers who collect drug proceeds in the United States can direct a counterpart broker in Mexico or South America to immediately release funds to a TCO. Brokers who conduct *contra entrega* transactions are known to collect and release hundreds of thousands of USD in a single transaction. *Contra entrega* money laundering schemes continue to emerge in drug investigations across the United States.

CUBS circumvent China’s capital controls and are used to launder U.S. drug proceeds. China prohibits its citizens from transferring more than \$50,000 USD outside of China’s borders per year. As a result, cash brokers

do steady business collecting cash from Chinese nationals who want to make their money available in the United States. CUBS money brokers in the United States disburse USD to Chinese nationals and also collect cash drug proceeds from TCOs who need to move money from the United States to China. Mexican and South American TCOs use CUBS to purchase Chinese goods that will be sold in Mexico and South America.

Trade-Based Money Laundering (TBML)

TBML continues to be a favored method to disguise and transport illicit proceeds. TCOs move proceeds through trade transactions which obscure the origins of illicit funds. As TBML schemes range from simple to complex, their appeal and accessibility are virtually limitless. Free Trade Zones (FTZs) are often involved in TBML schemes because they offer opportunities for cash to be inserted into the financial system in exchange for consumer goods. Money laundering activities are easily disguised by large volumes of legitimate trade. Once illicit cash is exchanged for trade goods, it becomes exponentially more difficult for law enforcement to trace it back to its origins.

TBML is an attractive means for money launderers because it can bring in a high profit and offers low-risk of detection by authorities.

Simple TBML schemes include commodity-for-commodity exchange and invoice fraud by over and/or under invoicing merchandise or services. In an over invoicing scheme, for example, Company X ships \$1 million USD worth of goods to Company Y; Company X invoices Company Y \$2 million USD for the goods. Company X keeps the \$1 million USD difference, and Company Y resells the goods for \$2 million USD. This scheme provides a justifiable reason for Company Y to wire \$2 million USD to Company X and the proceeds appear to be legitimate.

- Miami, Florida: In April 2015, the Financial Crimes Enforcement Network (FinCEN) issued a Geographic Targeting Order (GTO) that covered approximately 700 electronics exporters in the Miami, Florida area.ⁱⁱ Electronics businesses in Miami have been used throughout the years as a conduit to launder money. Law enforcement investigations have revealed that many of these electronic exporter businesses are exploited as part of sophisticated trade-based money laundering (TBML) schemes. Illicit USD proceeds are used to purchase computer parts, accessories, and cell phones from U.S.-based electronics businesses. The electronic goods are then exported to South American countries for resale in local currency and the income generated from the resale appears legitimate for placement into the formal financial system. The GTO was renewed for an additional 180 days on October 26, 2015.

Formal Banking

TCOs continue to exploit the U.S. banking industry to launder illicit proceeds. The most basic form of abuse occurs through the opening of bank accounts in the names of

proxy-holders. Individuals working on behalf of a TCO deposit cash in increments below \$10,000 USD (known as “structuring”) to avoid bank reporting requirements. Once a significant amount of illicit proceeds has been deposited into an account, the funds are transferred to secondary or tertiary financial institutions to obscure the source and purpose of the funds. For example, the money is transferred from a financial institution to a seemingly legitimate business for the purchase of cell phones; however, the real purpose of the money is to finance a drug venture.

TCOs also exploit U.S. banks to move illicit proceeds internationally through check fraud. Once illicit proceeds have been inserted into a financial institution, they can be moved into and out of the United States in the form of checks. Financial institutions with corresponding bank capabilities in foreign locations are particularly susceptible to check fraud. TCOs may also use checks to insert illicit proceeds into the banking sector. For example, a money launderer provides cash proceeds to legitimate bank account holders who in turn issue checks. The money launderer then deposits the checks into his bank account as payment for sales made by his front company.

TCOs may depend on corrupt officials in banking institutions to assist in money laundering schemes. Smaller banks, particularly those located near the SWB, are most susceptible to TCO manipulation. Complicit officials do not request appropriate documentation and fail to generate the required Suspicious Activity Reports (SARs). Bankers may also provide loans or lines of credit to TCO members, which are repaid using illicit proceeds so as to legitimize the funds.

- Plains, Kansas: In April 2015, three bank officials, to include a branch president, a loan officer, and a cashier, were federally indicted for involvement in a money laundering conspiracy at a bank in Plains, Kansas. In this example, banking officials failed to file

ⁱⁱ GTOs allow FinCEN to impose additional recordkeeping or reporting requirements on domestic financial institutions or other businesses in a specific geographic area for up to 180 days, with the possibility of renewal. FinCEN issued the GTO in coordination with ICE, HSI, the Miami-Dade State Attorney’s Office, and the South Florida Money Laundering Strike Force. The GTO’s intended purpose is to enhance law enforcement efforts to combat TBML schemes.

Bitcoin in China

Bitcoin's underground popularity in China is expected to enhance TBML activity. China has been an enduring hub for TBML schemes through which TCOs purchase large shipments of counterfeit goods via wire transfer or bulk cash from the United States. The TCOs are immediately repaid in local currency in Mexico and South America, and the counterfeit goods are shipped to businessmen for sale in those countries.

Bitcoin is becoming widely popular in China because it can be used to anonymously transfer value overseas, thus circumventing China's capital controls. Chinese producers of counterfeit goods used in TBML schemes reportedly accept Bitcoin, which will undoubtedly ease the money laundering process for many TCOs. Currently, TCOs face scrutiny from U.S. banks when wiring money from the United States to illicit manufacturers in China. However, a TCO can purchase Bitcoin via a licensed MSB without raising red flags or further scrutiny when transferring the Bitcoin to China. Many TCOs can also buy Bitcoin from individuals selling Bitcoin on the Internet with no MSB license. Thus, many TCOs will be able to convert their cash drug proceeds to Bitcoin and buy counterfeit goods while circumventing formal financial institutions.

the necessary reporting for suspicious transactions conducted by a TCO member accused of laundering drug proceeds through the bank on behalf of the Mexican Juarez Cartel.

Other Money Laundering Methods

TCOs rely on front companies^{kk} and shell companies^{ll} to transfer funds into and out of the United States. Once established, a front or shell company can be linked to a corporate bank account for fund transfer purposes. Front companies established by TCOs generally consist of cash-intensive businesses that deal with import/export commerce. This system allows USC to enter the banking system and be transferred to foreign recipients without raising suspicion. TCOs wire large amounts of illicit funds internationally under the guise of the legitimate sale of goods or services made by their front and shell companies. In general, funds are transferred between several corporate accounts before finally reaching the intended destination. This procedure conceals the origin of the funds and breaks any direct link between the source of the drug proceeds and the recipient.

TCOs exploit the purchase of real estate to launder drug proceeds. Property is purchased anonymously through front or shell companies, obscuring the beneficial owner. Illicit proceeds deposited in domestic or foreign banks are wired to the title company for a cash closing under the guise of the front or shell company. Some TCOs take an investment approach by using straw purchasers^{mm} to make small tract purchases. Typically, straw purchasers have sufficient cash assets to purchase property without the need for financing. The loans are repaid through regular monthly mortgage payments with cash drug proceeds handled by the straw purchasers. TCOs also use illicit proceeds to make direct, non-financed, cash purchases of vacant lots of land valued between \$10,000 and \$50,000 USD. Converting up to \$50,000 USC of bulk cash into a single check does not require much structuring and allows for low-risk investment. Additional illicit cash is

^{kk} Front companies are incorporated businesses that engage in legitimate trade in addition to money laundering. Illicit funds flowing through a front company are made to look like the result of legitimate business transactions.

^{ll} Shell companies are entities that, although incorporated, do not conduct any apparent business or commercial activity. Shell companies may or may not have an external physical appearance of a business.

^{mm} A straw purchaser is an agent that agrees to purchase the property on behalf of another person.

paid to contractors who build structures on the vacant lots. This investment also provides TCOs with opportunities to profit from rental property income or the sale of the land and the accompanying structures.

The use of MSBsⁿⁿ remains a preferred method for laundering drug proceeds and sending payments for drug shipments. Throughout the Dallas, Texas area, law enforcement officials have reported large-scale use of MSBs by TCOs and money laundering organizations to remit drug proceeds from Texas to Mexico. In one case

Extradition of Colombian Money Launderer

On May 26, 2015, Colombian national Tito Miller Parra-Isaza, 45, who was extradited to the United States from Mexico, pleaded guilty to conspiracy to commit money laundering and was sentenced to 63 months in the Northern District of Texas. Parra-Isaza coordinated the deposit of bulk cash drug trafficking proceeds into financial institutions in Mexico and other locations. The bulk cash was later wired into bank accounts in Dallas, Texas and then transported to Panama for distribution to drug traffickers.

example, couriers laundered \$20 million USD in drug proceeds over a 12-month span using multiple MSBs. Amounts ranging from \$10,000 to \$150,000 USD were wired on a daily basis to Mexico.

Office of Foreign Assets Control

The U.S. Department of Treasury's Office of Foreign Assets Controls (OFAC) publishes the Specially Designated Nationals (SDN) list in

the *Federal Register*.^{oo} The SDN list includes individuals, groups, and entities such as drug traffickers upon whom sanctions have been imposed pursuant to the Foreign Narcotics Kingpin Act Designation and tagged as a Specially Designated Narcotics Trafficking Kingpin (SDNTK).^{pp} Any assets the designees may have under U.S. jurisdiction are frozen. Furthermore, U.S. persons are prohibited from conducting financial or commercial transactions with these entities and individuals, essentially cutting off a designee's ability to conduct any further business in the United States. Since 2010, more than 1,800 individuals and entities have been named on the SDN list for their role in narcotics trafficking.

For 2015, Mexico and Colombia had the highest number of businesses and individuals added to the SDNTK federal registry. (See Figure 175) In 2014, Colombia had the highest number of designees added in both business and individual categories followed by Mexico and Panama. (See Figure 176)

Guatemalan National added to SDNTK List

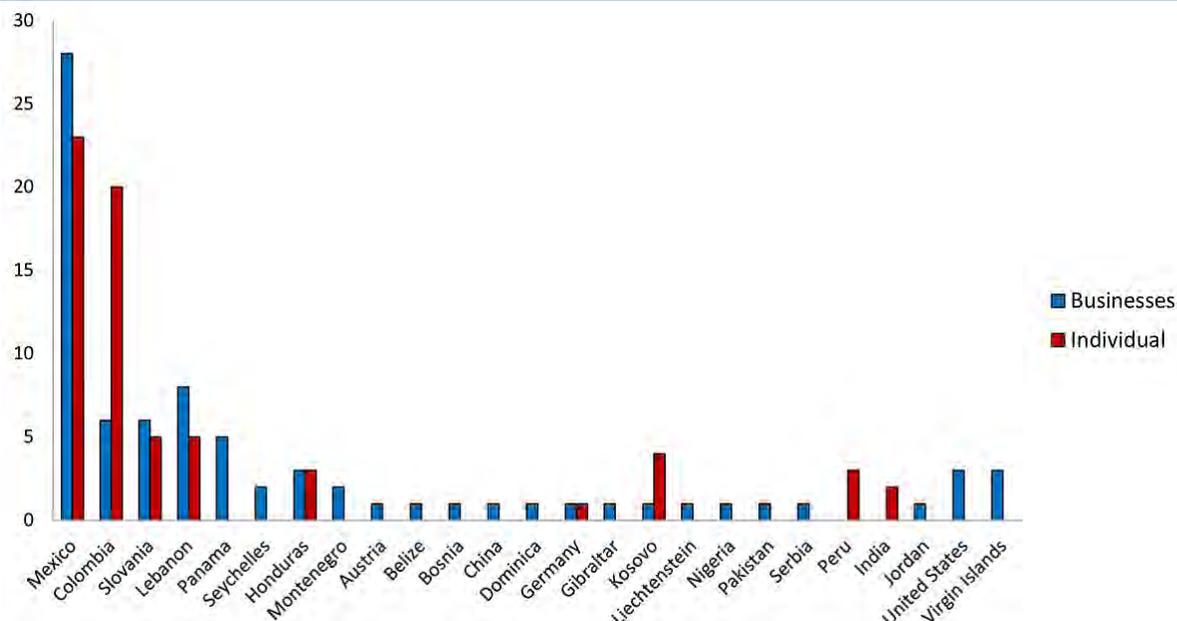
In 2012, Guatemalan national Marllory Chacon-Rossell was placed on the SDNTK list with seven other individuals and entities connected to her drug trafficking and money laundering organization. According to the U.S. Department of Treasury, it was believed that Chacon-Rossell laundered tens of millions of USDs in narcotics proceeds each month. In May 2015, Chacon-Rossell was sentenced in the District Court of Southern Florida to an undisclosed prison term due to the sensitivity of the case.

ⁿⁿ MSBs include currency dealers or exchangers, check cashers, provider of prepaid access, dealers in foreign exchange, and issuer or seller of traveler's checks or money transmitters, and the U.S. Postal Service.

^{oo} This report originated from the President of the United States issuing Executive Order (E.O.)12978, "Blocking Assets and Prohibiting Transactions with Significant Narcotics Traffickers," in response to the narcotics traffickers in Colombia. The SDN lists individuals, businesses, targeted countries, groups, and entities that act for or on behalf of kingpins and terrorists. The SDN list is updated regularly throughout the year.

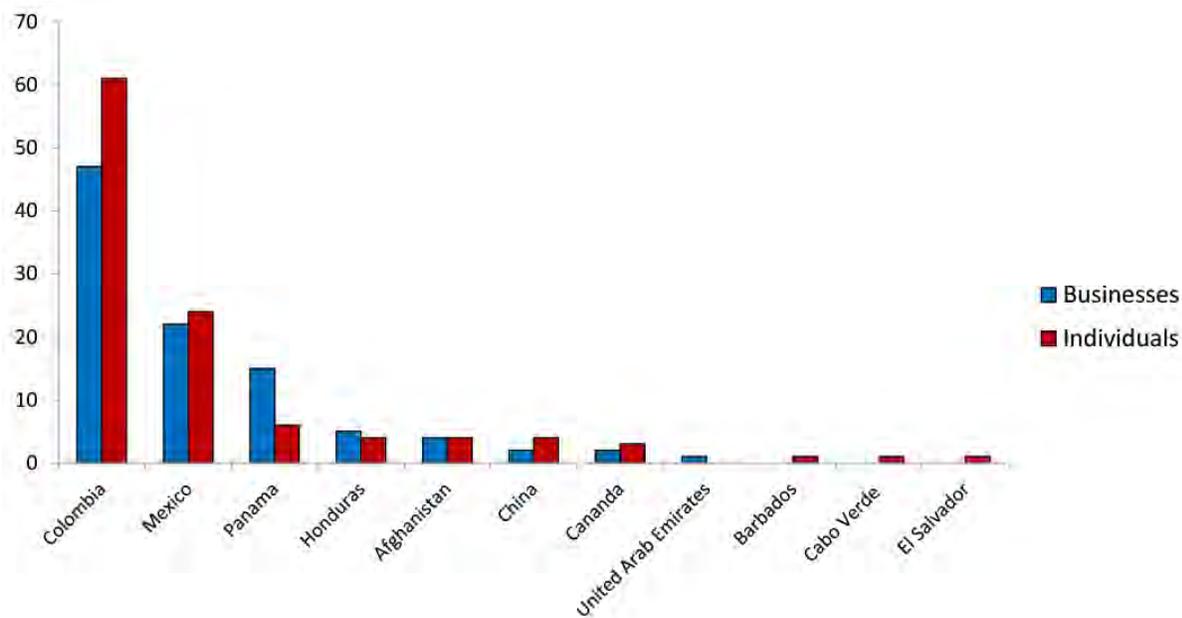
^{pp} The Kingpin Act was signed into law on December 3, 1999.

Figure 175. 2015 Added to the OFAC SDNTKs list - Businesses and Individuals



Source: U.S. Department of Treasury, OFAC

Figure 176. 2014 Added to the OFAC SDNTKs list - Businesses and Individuals



Source: U.S. Department of Treasury, OFAC

Outlook

The implementation and enforcement of enhanced anti-money laundering (AML) regulations set forth by FinCEN and the international standards promoted by the Financial Action Task Force make it more challenging for TCOs to launder proceeds derived from criminal activities. The DEA, DHS, IRS, Department of Treasury, as well as state and local law enforcement agencies continually work to identify TCOs' money laundering methods and take necessary actions to dismantle the TCOs' financial infrastructure. Identifying criminals who circumvent the financial system to launder their illicit proceeds and cutting off their money supply is integral to protecting the integrity and stability of financial systems.

PUERTO RICO AND THE US VIRGIN ISLANDS

With approximate populations of 3.5 million and 106,000, respectively, Puerto Rico (PR) and the United States Virgin Islands (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. Puerto Rico has high unemployment rates (14% to 16% in PR and 10% to 14% in the USVI), a strategic geographic location (a mid-point between the United States and South America), and both PR and the USVI have customs exemptions for passengers on aircraft entering the United States mainland (due to Puerto Rico's and the USVI's status as United States territories). These factors make the islands attractive to illicit drug traffickers and money launderers.

Drug Threat

Cocaine continues to be the principal drug threat in the Caribbean region, but the smuggling and abuse of heroin and marijuana are also major concerns.

In PR, cocaine is more profitable to smuggle than other drugs because of both local demand, and demands in the continental United States and Europe. Approximately 20 to 30 percent of the cocaine shipments that arrive in PR are consumed on the island; the rest is ultimately destined for the United States. An undetermined amount of cocaine also remains in the USVI for local consumption. In the USVI, crack cocaine also poses a serious threat because of its low price (\$10 per rock) and addictive properties.

Cocaine is primarily transported to the islands via maritime vessels from Colombia, Venezuela, and the Dominican Republic. Due to enforcement successes by Dominican Republic (DR) law enforcement and interdiction efforts by the United States Coast Guard (USCG), traffickers have been forced to send large cocaine loads from Venezuela and Colombia directly to PR, bypassing the Dominican Republic. There is also secondary flow of cocaine from the Dominican Republic

to Puerto Rico. These trends resulted in a significant increase in kilogram prices of cocaine in the Dominican Republic and increased smuggling movements directly to PR.

Heroin availability in PR is moderate. Heroin is consumed locally and transported through PR, destined for the United States. In the USVI, heroin does not pose a major threat. The heroin trafficked in PR and the USVI is of South American origin.

The threat posed by marijuana in the Caribbean FD is on the rise, as indicated by recent seizure events. Seizures of marijuana rose between 2013 and 2015, as reported by state and federal law enforcement officials in PR and the rest of the Caribbean island nations. Additionally, average seizure load size also increased. Growing availability and abuse of marijuana will continue to threaten PR and the USVI.

Jamaica continues to be the largest Caribbean marijuana supplier to local Caribbean nations; however, local production is increasing in PR and the USVI. Marijuana is also shipped from the United States mainland by commercial parcel services. Marijuana from the United States is both of Mexican and U.S. origin.

As laws surrounding marijuana are changing the rest of the United States, they are also changing in PR and the USVI. In May 2015, the Governor of PR mandated the rescheduling of marijuana to a Schedule II drug via Executive Order. This order mandated the Department of Health of PR to develop a protocol 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 impact the current drug laws. Additionally, besides the approval of medical marijuana, the governor also approved marijuana cultivation in PR, commencing in 2016. On September 13, 2015, a law was passed to decriminalize the possession of one ounce or less. Further, cannabis possession for those 18 and older is classified as a civil

offense, with fines from \$100-\$200 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.

According to the most recent study conducted by the Puerto Rican Administration of Mental Health and Addiction Services, marijuana was the illicit drug most commonly used by Puerto Rican youth in 2012, with a prevalence of 12.4 percent. This is more than twice the rate reported in 2006 (6.1%).

Transshipment

The large amount of air traffic from PR to the United States provides an opportunity for illicit drug smuggling. Traffickers also move drugs via maritime container, which can be inspected, but the risk for inspection is much lower than cargo arriving from foreign countries.

Port security is a major regional concern. The majority of Caribbean ports lack adequate equipment and manpower to monitor and interdict illegal shipments. This lack of resources, combined with corruption and sophisticated concealment methods, creates a significant law enforcement challenge, particularly as drug flow shifts back toward the Caribbean. The Puerto Rico Ports Authority currently administers several cargo facilities in PR that handle both containerized and bulk cargo. These facilities are leased to private companies that act as terminal operators. There are five cargo vessel serving facilities in the USVI.

Traffickers exploit the high frequency of cruise ship traffic in PR and the USVI to transport drugs. The Port of San Juan is one of the largest cruise ship destinations in the Western Hemisphere and can dock as many as 12 cruise ships simultaneously. In St. Thomas, USVI, as many as nine ships dock at the island per day. Traffickers also exploit ferry services that carry thousands of passengers and hundreds of cargo containers per week between the DR and PR and between the USVI and the British Virgin Islands.

As Colombian and Venezuelan trafficking organizations have reduced the number of air smuggling operations into the Dominican Republic over the last five years, there has been a noticeable increase in the frequency of maritime cocaine trafficking activities in the Eastern Caribbean corridor.⁹⁹ This trafficking trend directly impacts PR and the USVI. Most recently, traffickers use go-fast boats either departing directly from Venezuela and Colombia directly to the Dominican Republic then onward to Puerto Rico (this the primary and secondary flow of cocaine).

Cocaine is concealed in parcels and mailed from PR and the USVI to the northeastern United States, primarily Florida, Connecticut, Massachusetts, New York, and New Jersey. The DEA Orlando DO reported an increase in drug-laden parcels from PR to Florida.

Drug-related Crime

PR and the USVI both have high homicide rates. However, violent crime and homicide rates in PR have declined every year since peaking in 2011 (1,136 homicides), then declining by 40 percent in 2014 (681 homicides). Declines in homicide rates may be attributed to Operation Caribbean Resilience, when DHS temporarily surged 30 agents to PR in 2013, leading to the arrest of 900 violent criminals and the seizures of over 450 pounds of illegal narcotics and over 650 weapons.

Retail-level traffickers in PR generally operate out of public housing developments and oversee drug markets located in the housing developments or in nearby nightclubs, restaurants, and bars. These organizations use intimidation and violence to gain or retain control of drug markets. Approximately 90 percent of trafficking organizations are poly-drug, distributing cocaine, crack, heroin, marijuana, and CPDs; many are also involved in illegal weapons trafficking, extortion, and gambling. Wholesale-level traffickers, responsible for large-scale importation of illicit drugs, supply retail-level organizations in PR and export drugs to the United States. Wholesale-level trafficking organizations

⁹⁹ The Eastern Caribbean Corridor includes the Lesser Antilles, the U.S. Virgin Islands, and Puerto Rico.

usually do not use violence to the same degree as the smaller trafficking groups, unless control of their smuggling routes or distribution markets is threatened.

Drug Trafficking Groups

Colombian, Dominican, Venezuelan, and Puerto Rican trafficking organizations are involved with illicit drug trade in Puerto Rico and the USVI. While Dominican, Colombian, and Venezuelan nationals serve as crewmembers during maritime smuggling operations, the majority of the boat captains are Dominican nationals. The maritime operations are primarily coordinated by Dominican organizations. Dominican and Puerto Rican trafficking organizations are the primary wholesale and retail distributors of cocaine in Puerto Rico and the USVI. These organizations are highly mobile and unrestricted by national boundaries. They often change their smuggling patterns to avoid law enforcement detection.

PR-based trafficking organizations have established heroin trafficking routes from Venezuela to PR. In some cases, traffickers are instructing couriers to travel from Caracas, Venezuela to cities along the East Coast, such as New York or Miami, and then to PR to deliver the heroin. This indirect route is taken to evade law enforcement scrutiny. Heroin available in PR is also smuggled through the DR. Heroin trafficking organizations based in the Dominican Republic use human couriers to smuggle heroin on the vehicle/passenger ferry that operates between the DR and PR.

Diversion/Illicit Use of Controlled Prescription Drugs

While there is very little illegal flow of diverted pharmaceuticals between PR and the United States, the diversion of pharmaceutical products and prescription drug abuse is a growing threat in PR. The vast majority of people involved in CPD diversion in PR obtain CPDs locally. Recent intelligence suggests the poor quality of controlled medications that were imported from European countries, as well as those made at clandestine laboratories

operating out of the DR, might be the reason for the preference of locally-manufactured pharmaceuticals. Pharmaceutical prescriptions are primarily diverted by unscrupulous physicians who prescribe medication without legitimate medical examinations, and by individuals using forged prescriptions. CPDs are also obtained through Internet pharmacies and from patients who sell their own legitimate prescriptions. Further, criminal organizations obtain CPDs through doctor shopping, operating in small groups of three to five people. CPDs are available at almost all drug markets in PR. In the USVI, CPD abuse is low.

GUAM

Guam, an organized and unincorporated territory of the United States, is an island in the North Pacific Ocean. Strategically located, it is the largest and southernmost island in the Mariana Islands archipelago. The majority of its population is of Chamorro ethnicity, followed by Caucasian. In 2013, Guam's population was estimated at approximately 172,630. The island's economy depends largely on tourism and U.S. national defense spending, followed by construction and transshipment services. As of March 2015, Guam's unemployment rate was 6.9 percent. Many of Guam's violent crimes are linked to drugs, alcohol abuse, lack of economic opportunities, and lack of educational attainment.

Drug Threat/Availability

Crystal methamphetamine poses the greatest threat to Guam. Current street prices for methamphetamine range from \$500 to \$700 USD/per a gram in Guam. Most of the methamphetamine shipped to Guam comes from the United States mainland. Guamanians residing on the mainland U.S. often acquire methamphetamine and mail it to family members in Guam, who sell the drug for increased profits. Monetary proceeds are mailed to the United States mainland or sent through wire remitters or bank accounts.

- Torrance, California: Two Guamanians were arrested in June 2015 with eight pounds of methamphetamine. The investigation revealed these individuals transported methamphetamine hidden in luxury cars shipped from the United States to Guam.

Methamphetamine and marijuana are two of the principal drugs of choice in Guam. MDMA and ketamine are also available in Guam, and are often purchased in clubs and bars.

Marijuana also poses a significant threat to Guam. Marijuana is transported to Guam from Hawaii and the Republic of Palau via parcel shipments and commercial flights. Low-quality marijuana is cultivated in Guam,

with grow sites typically located within heavy jungle growth in close proximity to residential dwellings.

In 2014, Guam voters approved ballot initiative legalizing marijuana for "debilitating medical conditions." The Department of Public Health and Social Services, which is in charge of creating the rules and regulations for medical marijuana, is considering allowing three dispensaries, for northern, central, and southern parts of Guam. In June 2015, Guam released a draft of proposed medical marijuana regulations; however, as of February 2016, no set regulations have been made.

In 2013, 13 percent of adults in Guam reported using marijuana within the past 30 days. This was unchanged from the previous year, and lower than the percentage reporting current marijuana use in 2011. In 2013, half of all high school students reported using marijuana in their lifetime, and over one-fourth had used marijuana within 30 days of the survey. Five percent of Guam high school students reported using methamphetamine in their lifetime, compared to only 3.2 percent in the United States. In 2013, 12 percent of high school students and 4 percent of middle school students reported taking a prescription drug, such as OxyContin®, Percocet®, Vicodin®, Adderall®, Ritalin®, or Xanax®, without a doctor's prescription.

Drug Trafficking Groups

Asian syndicates in Guam are typically comprised of Korean, Filipino, and Chinese nationals who smuggle methamphetamine to the island via couriers. Mexican organizations may supply some of the methamphetamine reaching Guam. Monetary proceeds are mailed to the United States mainland or sent through wire remitters or bank accounts.

Drug proceeds are often mailed back to the United States mainland or sent electronically through established bank accounts. Similarly, proceeds are sent via wire transfer to Korea, China, and other Asian countries. Generally,

the proceeds are either reinvested to purchase additional quantities of the drug or are used to purchase vehicles or personal goods.

TRIBAL LANDS

Drug Threat in Indian Country

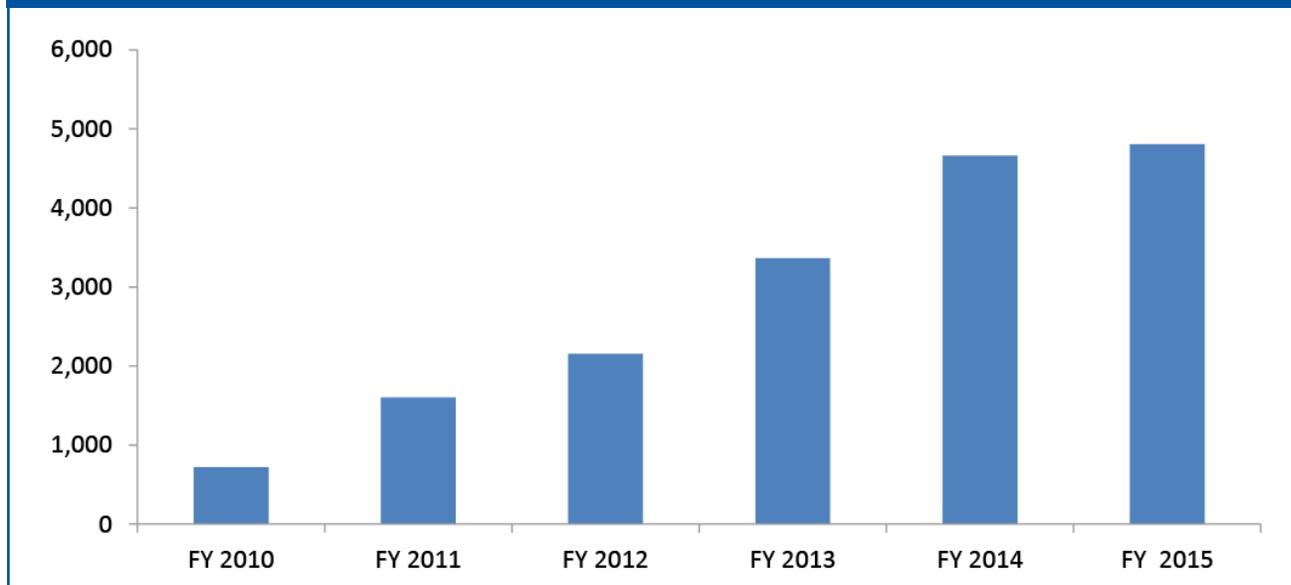
The drug threat in Indian Country^{rr} varies by region and is influenced by the illicit drugs available in major cities near the reservations. Most illicit drugs available throughout Indian Country are transported to reservations by Native American criminal groups and independent dealers, who travel to nearby cities to purchase drugs, primarily from Mexican traffickers and other criminal groups. The number of drug cases and arrests conducted by Indian Country law enforcement programs^{ss} has increased substantially since 2010. More recently, from FY 2014 to FY 2015, the increase was slighter with a three percent increase in the number of drug cases, and a .8 percent increase in the number of drug arrests (see Figures 178 and 179).

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 illicit substances most widely used by American Indians, prescription drug and heroin use have increased in many areas of Indian Country.

- In December 2015, BIA law enforcement officers were equipped with naloxone for responding to drug overdoses in tribal communities.

While most illicit drugs are transported onto reservations by Native American criminal groups or individuals, in some instances, distributors residing on remote reservations

Figure 177. Indian Country Law Enforcement Program Drug Cases, FY 2010 - FY 2015

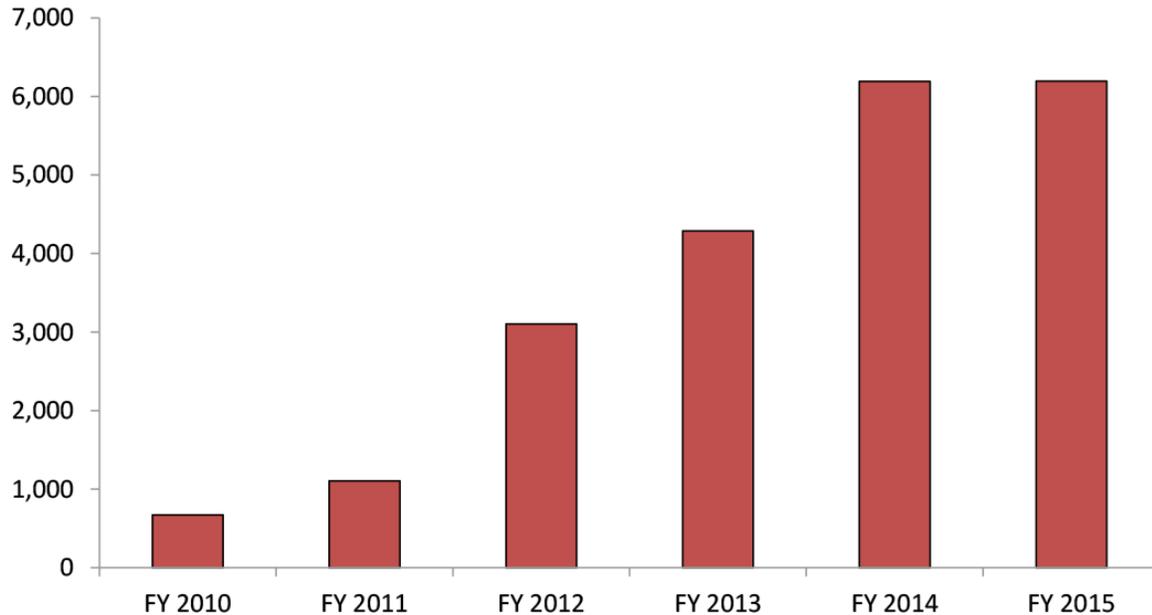


Source: Bureau of Indian Affairs

^{rr} Indian Country includes all land within the limits of any Indian reservation, all dependent Indian communities within the borders of the United States, and all Indian allotments, the Indian titles to which have not been extinguished.

^{ss} These include the Bureau of Indian Affairs (BIA), the BIA Division of Drug Enforcement, and Tribal law enforcement.

Figure 178. Indian Country Law Enforcement Program Drug Arrests, FY 2010 - FY 2015



Source: Bureau of Indian Affairs

travel long distances to obtain drugs for distribution in their home communities.

Although marijuana is the most widely available illicit drug on reservations, crystal methamphetamine, powder and crack cocaine, synthetic cathinones, diverted pharmaceuticals, heroin, 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.

Drug production in Indian Country is limited; however, there are readily available supplies of illicit drugs typically in cities near reservations. In the case of reservations bordering Mexico and Canada, illicit drugs are readily available due to the transportation of drugs through them. Further, Mexican traffickers play a prominent role in producing cannabis at outdoor grow sites in remote locations on reservations, particularly in the Pacific Region.

Traffickers continue to smuggle multiple tons of marijuana through the Tohono O'odham Reservation in eastern Arizona, which accounts for less than 4 percent of the U.S.—Mexico border. These traffickers also smuggle

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 566 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 minerals estates held in trust by the United States for American Indians.

lesser amounts of cocaine, heroin, and methamphetamine. Drug traffickers exploit the vast stretches of remote, sparsely populated desert, the 75 miles of largely unprotected border with Mexico, and the highways that connect the reservation to major metropolitan areas to distribute illicit drugs in markets throughout the United States.

Traffickers 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. Traffickers smuggle multi-thousand tablet quantities of MDMA into the United States and multi-kilogram quantities of cocaine into Canada through the reservation.

The use of illicit drugs often results in violence and other criminal behavior. While crime rates on some reservations continue to be five times (in some cases more) higher than the national average, the widespread availability and abuse of drugs coupled with trafficking by multiple criminal groups and gangs operating in Indian Country, contribute to a wide range of violent and property crime. Drug traffickers engage in these crimes to facilitate their operations, while drug users 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.

Since late 2014, several Native American reservations have passed resolutions allowing for both personal use and medical marijuana. These reservations are located within states that have already approved medical, personal use, or hemp marijuana. In December 2014, the L'Anse Reservation, located in Michigan, passed a resolution asking tribal members if they would favor the use and sale of medical and retail marijuana, but nothing further has been approved (Michigan only has state-approved medical marijuana). In June 2015, the Flandreau Indian Reservation in South Dakota voted to establish an LLC for marijuana cultivation with a projected start date of October 2015; however, they burned their crops in November 2015 due to fear of federal seizure (South Dakota doesn't approve medical, personal use, or hemp). In late 2015, two Tribes, Squaxin and Suquamish, located in Washington State, entered into compacts with the state to operate a commercial marijuana dispensary on or near tribal lands. In early 2016, the Puyallup Tribe entered into a compact with Washington State to operate a marijuana testing facility that will be located in the same building that houses the Tribe's cancer center.

APPENDIX A: NATIONAL DRUG THREAT SURVEY (NDTS)

Scope and Methodology

The NDTS solicits information from a nationally representative sample of state, local, and tribal law enforcement agencies. The NDTS collects data on law enforcement's perception of topics such as the greatest drug threat, availability levels, drug-related crime, and changes in demand. This survey is currently conducted by DEA, and was previously led by the National Drug Intelligence Center (NDIC). In 2016, there were 1,444 responses to the NDTS across the country (see Figure A12).

At a 95 percent confidence level, the 2016 NDTS national parameters are within 2.35 percentage points of the estimates reported. NDTS data used in this report does not imply that there is only one drug threat per state or region, or that only one drug is available per state or region. A percentage given for a state or region represents the estimated proportion of state and local law enforcement agencies in that state or region that identified a particular drug as their greatest threat or as available at low, moderate, or high levels.

At a 95 percent confidence level, the Regional parameters are as follows:

- Florida/Caribbean Region parameters are within 11.17 percentage points of the estimates reported.
- Great Lakes Region parameters are within 5.36 percentage points of the estimates reported.
- Mid-Atlantic Region parameters are within 8.68 percentage points of the estimates reported.
- New York/New Jersey Region parameters are within 9.10 percentage points of the estimates reported.
- New England Region parameters are within 6.59 percentage points of the estimates reported.
- Pacific Region parameters are within 8.64 percentage points of the estimates reported.
- Southeast Region parameters are within 5.37 percentage points of the estimates reported.
- Southwest Region parameters are within 7.68 percentage points of the estimates reported.
- West Central Region parameters are within 6.13 percentage points of the estimates reported.

NDTS Key Findings

2016 Greatest Drug Threat: The majority, 44.7 percent, of law enforcement responses to the NDTS indicated that heroin was their greatest drug threat (see Figures A1, A5, and A13). This was followed by 31.8 percent of responses indicating methamphetamine was their greatest drug threat, 11.5 percent reporting controlled prescription drugs, 4.9 percent reporting marijuana, and under 5 percent reporting cocaine and crack cocaine. Regionally, responses indicate methamphetamine is the greatest drug threat in the West and Southeast, whereas responses from the East Coast indicate heroin is the greatest drug threat (see Figure A5 and A14).

Historical Greatest Drug Threat, 2007 to 2016: There has been a significant shift in the overall drug threat reported by law enforcement over the last 10 years (see Figure A2), from cocaine reported as the greatest drug threat from 2007 to 2010, to heroin and CPDs in 2016. Law enforcement consistently reports methamphetamine as a high and stable threat, while the marijuana threat has remained low and is declining.

2016 Violent Crime and Property Crime: According to this law enforcement survey, heroin and methamphetamine are the two drugs most likely to be involved with violent and/or property crimes. The majority of responses, 34 percent, indicate that methamphetamine is the drug that most contributes to violent crime, followed by heroin with 20 percent, and cocaine and crack cocaine by approximately 17 percent (see Figures A3, A7, and A15). The majority of responses, 36 percent, indicate that heroin is the drug that most contributes to property crime, followed by meth with 28 percent, and prescription drug with approximately 16 percent (see Figures A4, A8, and A16).

2016 Drug Availability: Responses indicating high availability, meaning the drug is easily obtained at any time, are used as the measure of availability in the figures throughout this product. According to the 2016 NDTs, marijuana had the highest availability of all illicit drugs. This was followed by 57.6 percent of responses indicating controlled prescription drugs were highly available, 45.4 percent reporting heroin, and 45.4 percent reporting methamphetamine (see Figure A9 and A17). Although drug availability in an area may be high, it does not correlate to that drug being the greatest drug threat in that area.

NDTS Figures

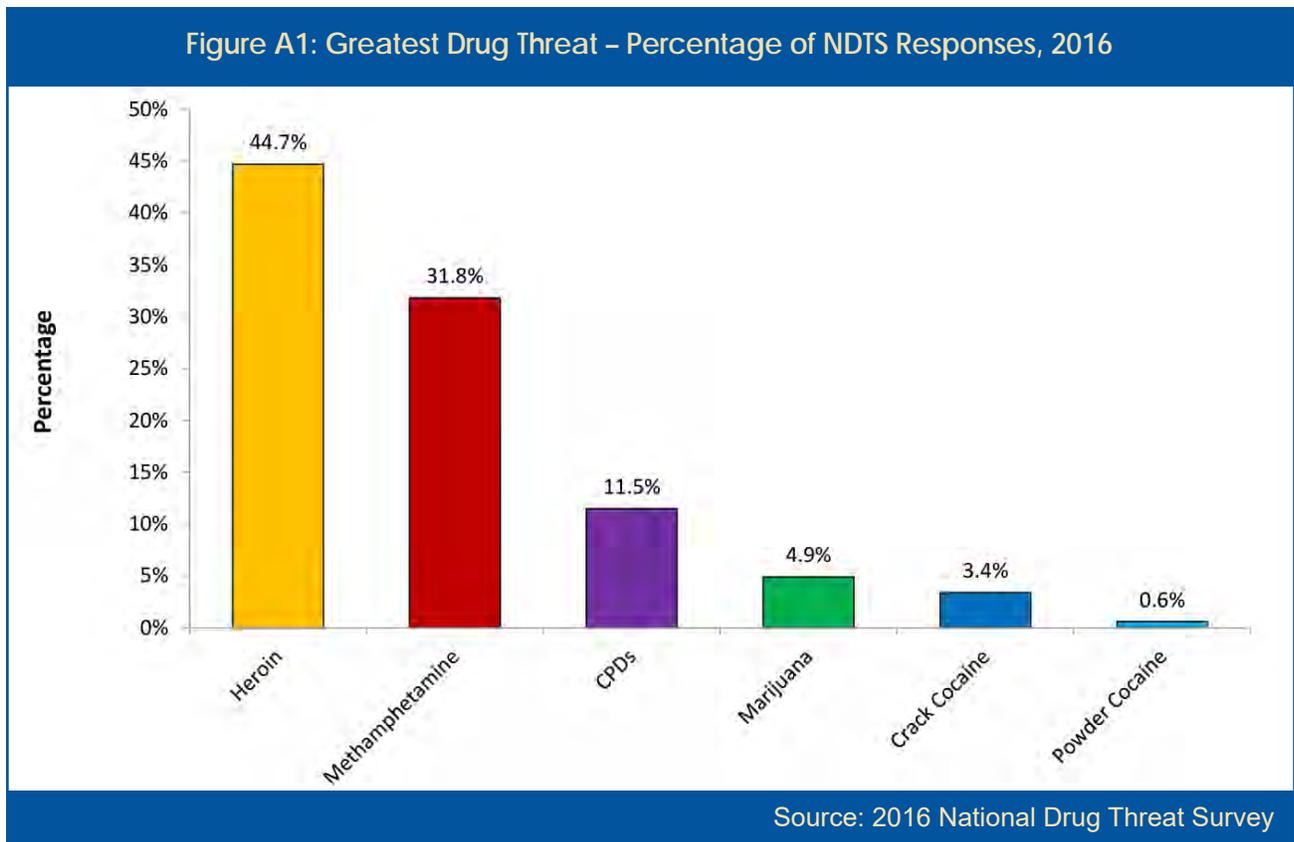
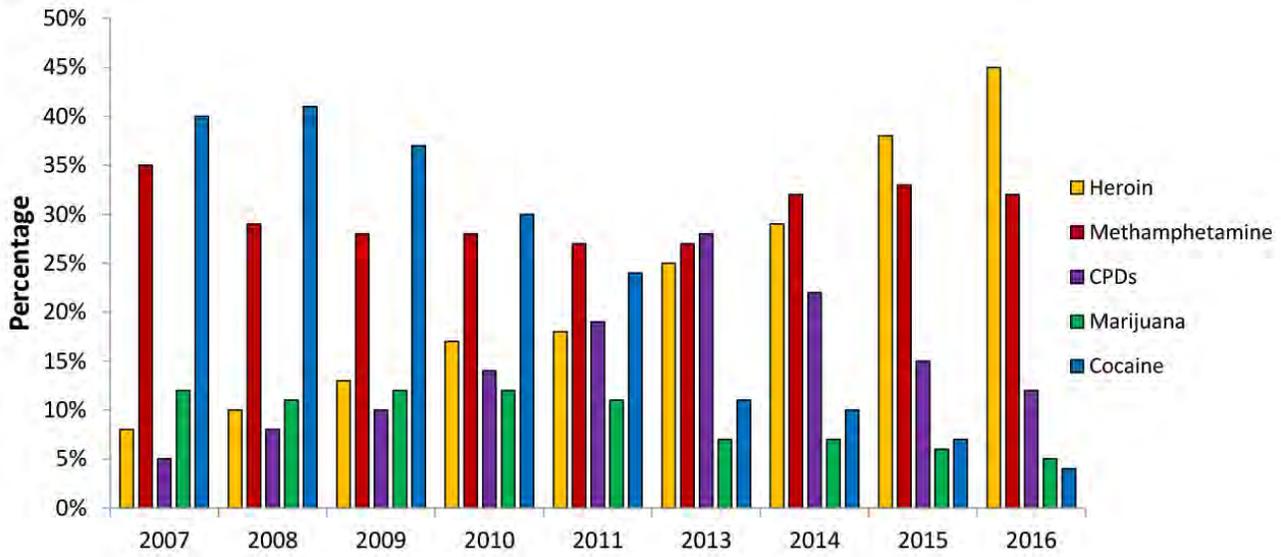
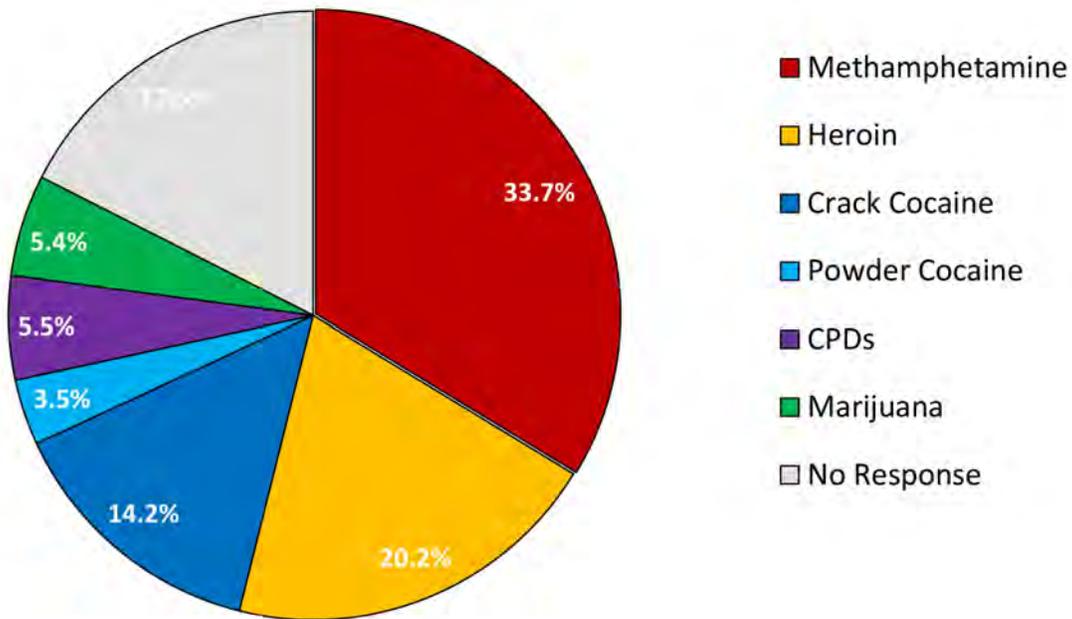


Figure A2: Greatest Drug Threat – Percentage of NDTs Responses, 2007 – 2016, Excluding 2012



Source: 2016 National Drug Threat Survey

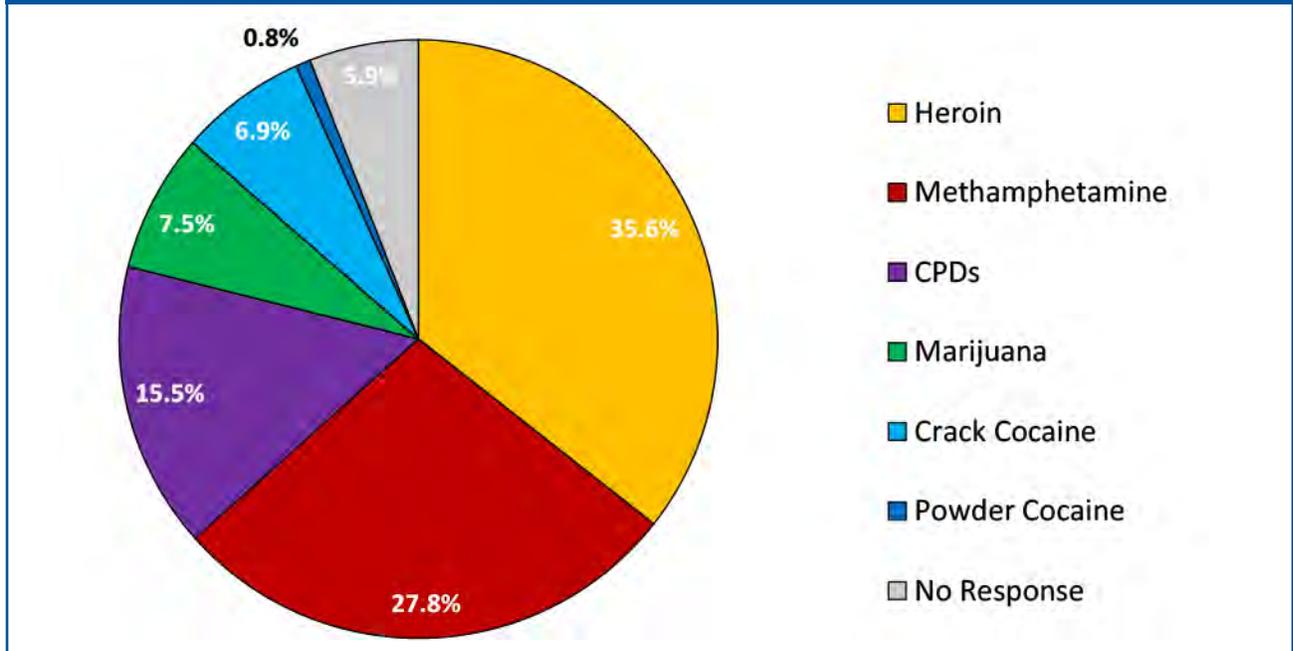
Figures A3: Drug that Most Contributes to Violent Crime – Percentage of NDTs Responses, 2016^{tt}



Source: 2016 National Drug Threat Survey

^{tt} Percentages do not add up to 100% due to some survey recipients selecting “Don’t Know” as a response to these questions and to some survey recipients failing to respond to these questions.

Figures A4: Drug that Most Contributes to Property Crime –
Percentage of NDTs Responses, 2016^{uu}



Source: 2016 National Drug Threat Survey

^{uu} Percentages do not add up to 100% due to some survey recipients selecting "Don't Know" as a response to these questions and to some survey recipients failing to respond to these questions.

NDTS Tables

Figure A5. 2016 NDTS Respondents Reporting Greatest Drug Threat, by Drug, by Region (Percentage)

OCDETF Region	Heroin	Methamphetamine	CPDs	Marijuana	Crack Cocaine	Powder Cocaine
Florida/Caribbean	15.2	21.7	11.3	23.7	19.5	2.6
Great Lakes	65.7	17.0	10.1	2.5	2.4	0.1
Mid-Atlantic	84.6	3.2	6.1	1.9	0.7	0.0
New England	74.0	2.8	13.5	6.2	0.0	0.0
New York/New Jersey	75.7	0.3	12.1	5.5	3.4	0.0
Pacific	37.1	49.6	4.9	4.8	0.2	1.7
Southeast	20.6	43.4	23.9	2.3	6.7	0.9
Southwest	4.7	70.5	3.0	12.3	0.3	0.6
West Central	26.9	56.3	9.8	3.0	1.8	1.2
Nationwide	44.7	31.8	11.5	4.9	3.4	0.6

Source: 2016 National Drug Threat Survey

Figure A6. 2016 NDTS Respondents Reporting High Diversion and Use of Prescription Narcotics, by Region (Percentage)

OCDETF Region	Diversion		Use	
	2015	2016	2015	2016
Florida/Caribbean	44.8	30.8	47.2	44.3
Great Lakes	47.9	38.4	57.0	42.0
Mid-Atlantic	52.6	39.8	60.1	51.2
New England	52.4	40.5	58.3	43.2
New York/New Jersey	44.2	38.5	47.3	39.2
Pacific	44.9	39.6	56.4	42.0
Southeast	65.3	54.2	70.6	50.6
Southwest	63.0	32.3	73.5	42.5
West Central	52.4	39.9	62.2	45.0
Nationwide	53.3	41.7	60.9	45.2

Source: 2016 National Drug Threat Survey

Figure A7. 2016 NDTs Respondents Reporting Drug That Most Contributes to Violent Crime, by Region (Percentage)

OCDETF Region	Methamphetamine	Heroin	CPDs	Marijuana	Crack Cocaine	Powder Cocaine
Florida/Caribbean	12.8	6.1	35.1	2.1	14.7	5.9
Great Lakes	25.4	35.1	11.3	3.5	7.3	1.0
Mid-Atlantic	22.5	34.9	12.5	5.1	5.9	5.9
New England	6.3	31.6	10.7	13.5	3.1	5.6
New York/New Jersey	5.5	33.0	22.0	5.8	3.7	2.9
Pacific	63.6	9.1	7.6	4.0	8.5	3.2
Southeast	34.7	6.5	23.9	8.7	2.0	4.6
Southwest	58.4	1.7	7.0	3.8	7.2	2.6
West Central	60.6	9.0	5.2	3.6	4.8	5.0
Nationwide	33.7	20.2	14.2	5.5	5.4	3.5

Source: 2016 National Drug Threat Survey

Figure A8. 2016 NDTs Respondents Reporting Drug That Most Contributes to Property Crime, by Region (Percentage)

OCDETF Region	Heroin	Methamphetamine	CPDs	Marijuana	Crack Cocaine	Powder Cocaine
Florida/Caribbean	8.8	16.8	27.4	18.6	25.4	0.7
Great Lakes	55.4	17.5	12.2	6.9	2.0	0.2
Mid-Atlantic	66.3	3.7	16.1	8.0	3.9	0.0
New England	72.7	0.3	14.3	4.6	2.0	0.3
New York/New Jersey	73.6	0.0	4.3	2.6	10.3	2.6
Pacific	21.2	53.4	12.7	9.0	0.2	1.3
Southeast	9.0	38.4	23.4	3.8	14.5	0.2
Southwest	6.5	47.4	19.1	13.6	7.9	0.8
West Central	16.2	55.8	11.1	9.8	2.5	2.0
Nationwide	35.6	27.8	15.5	7.5	6.9	0.8

Source: 2016 National Drug Threat Survey

Figure A9. Percentage of NDTs Respondents Reporting High Availability, by Drug, 2013-2016^w

OCDETF Region	2013	2014	2015	2016
Controlled Prescription Drugs (CPDs)	75.4	63.2	56.7	57.6
Heroin	30.3	34.0	38.4	45.4
Methamphetamine	39.5	40.6	42.2	45.4
Crack Cocaine	24.1	23.6	19.7	22.5
Powder Cocaine	22.9	18.1	14.9	17.3
Marijuana	88.2	80.0	79.8	80.6
Synthetic Cannabinoids	*	18.1	13.9	16.2
Synthetic Cathinones	*	11.9	6.7	5.7
MDMA	*	8.8	7.3	4.5

Source: 2016 National Drug Threat Survey

Figure A10. 2016 NDTs Respondents Reporting High Availability, by Drug, by Region (Percentage)

OCDETF Region	Powder Cocaine	Crack Cocaine	Methamphetamine	Heroin	Marijuana	CPDs	Synthetic Cathinones	Synthetic Cannabinoids	MDMA
Florida/Caribbean	28.2	44.0	31.1	14.7	72.5	40.1	3.7	17.6	27.2
Great Lakes	14.4	19.4	34.1	60.6	85.1	55.1	5.3	11.9	3.4
Mid-Atlantic	18.7	25.6	22.9	78.4	79.5	53.4	7.4	12.6	6.3
New England	18.6	15.4	5.1	66.6	81.2	51.0	1.6	4.8	2.6
New York/New Jersey	15.6	18.8	9.1	62.4	66.5	42.6	4.5	10.0	1.5
Pacific	8.7	5.8	78.0	57.3	89.8	47.2	3.2	7.7	6.6
Southeast	18.4	34.1	60.1	22.1	79.9	73.6	4.6	15.5	2.4
Southwest	23.0	24.5	77.8	22.6	80.8	55.8	6.1	43.2	5.9
West Central	10.7	11.4	65.1	26.9	81.5	65.6	7.0	18.8	3.7
Nationwide	17.3	22.5	45.4	45.4	80.6	57.6	5.7	16.2	4.5

Source: 2016 National Drug Threat Survey

^w Information for synthetic cannabinoids, synthetic cathinones, and MDMA was not available for 2013.

Figure A11. 2016 NDTs Respondents Reporting Marijuana Cultivation, by Region (Percentage)

OCDETF Region	Indoors	Outdoors	Hydroponic	Not Cultivated^{ww}
Florida/Caribbean	70.7	29.0	26.4	6.1
Great Lakes	71.6	60.1	40.8	10.0
Mid-Atlantic	65.2	53.7	30.9	6.3
New England	82.0	63.2	54.6	1.8
New York/New Jersey	54.5	35.8	21.8	26.9
Pacific	83.0	60.7	59.3	5.7
Southeast	53.5	63.4	25.5	8.4
Southwest	50.6	50.1	35.3	9.9
West Central	65.0	53.7	30.7	9.6
Nationwide	64.6	55.9	36.1	9.3

Source: 2016 National Drug Threat Survey

^{ww} A response of “Not Cultivated” indicates that cannabis is not cultivated in the jurisdiction of the reporting agency.

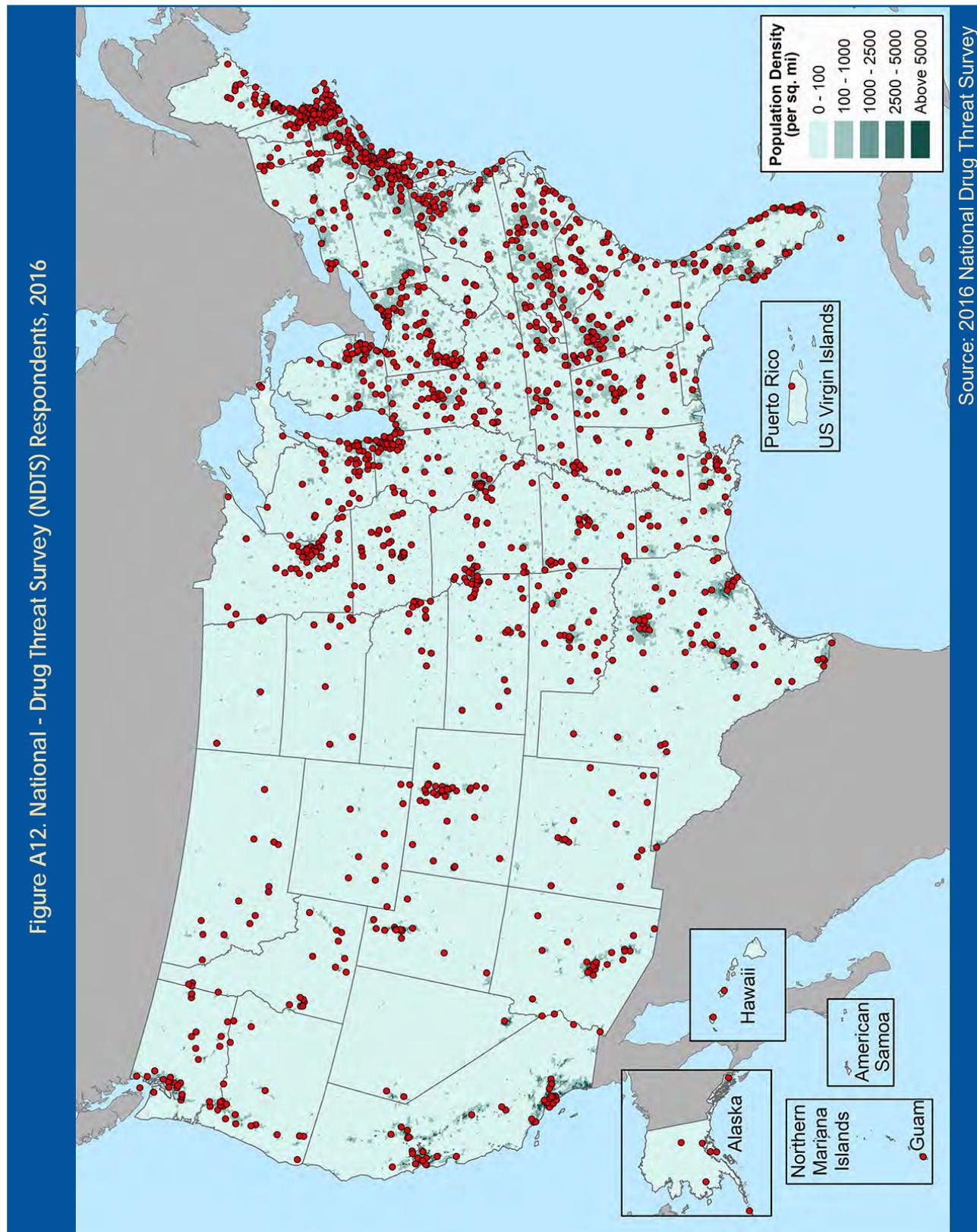
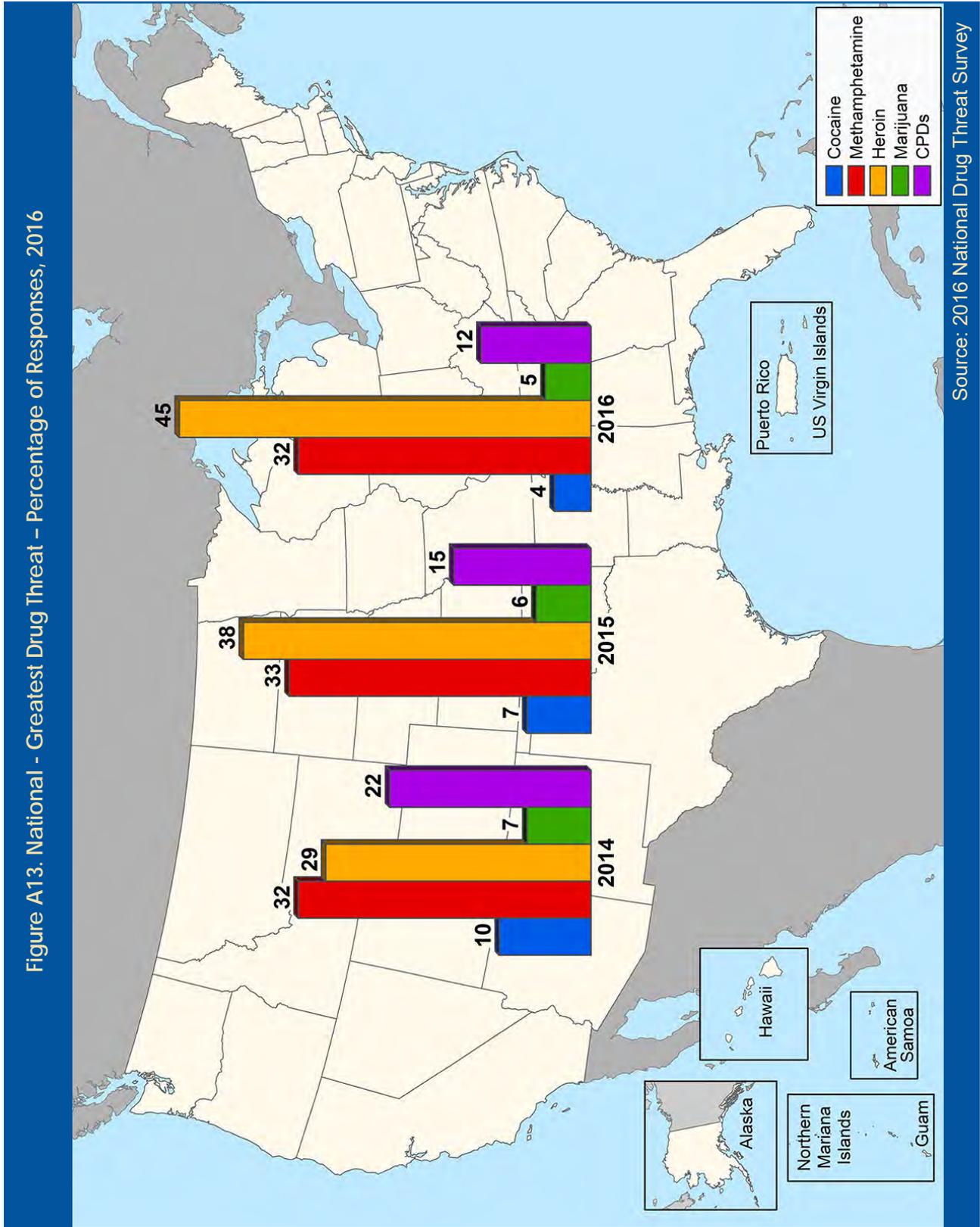
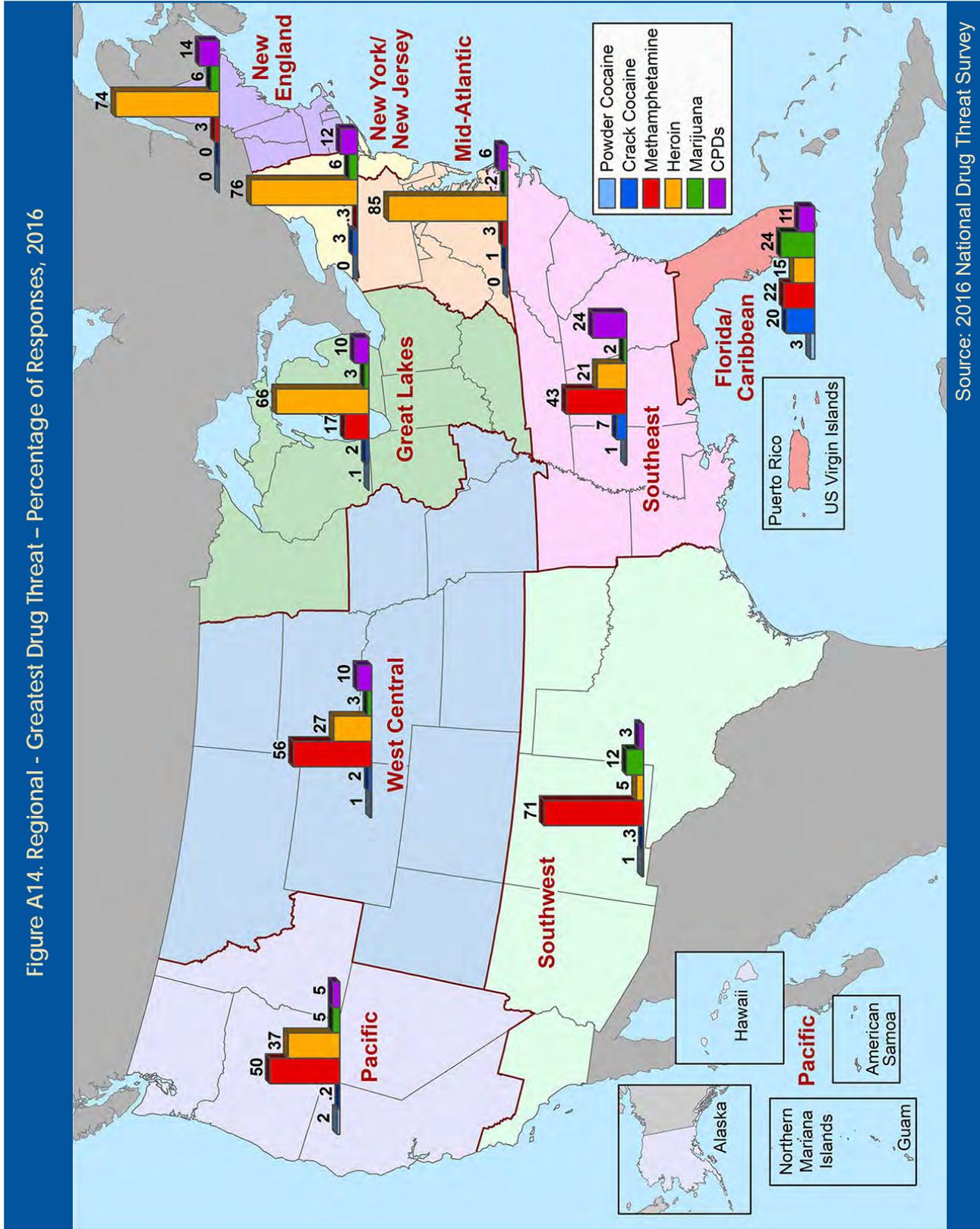


Figure A12. National - Drug Threat Survey (NDTS) Respondents, 2016

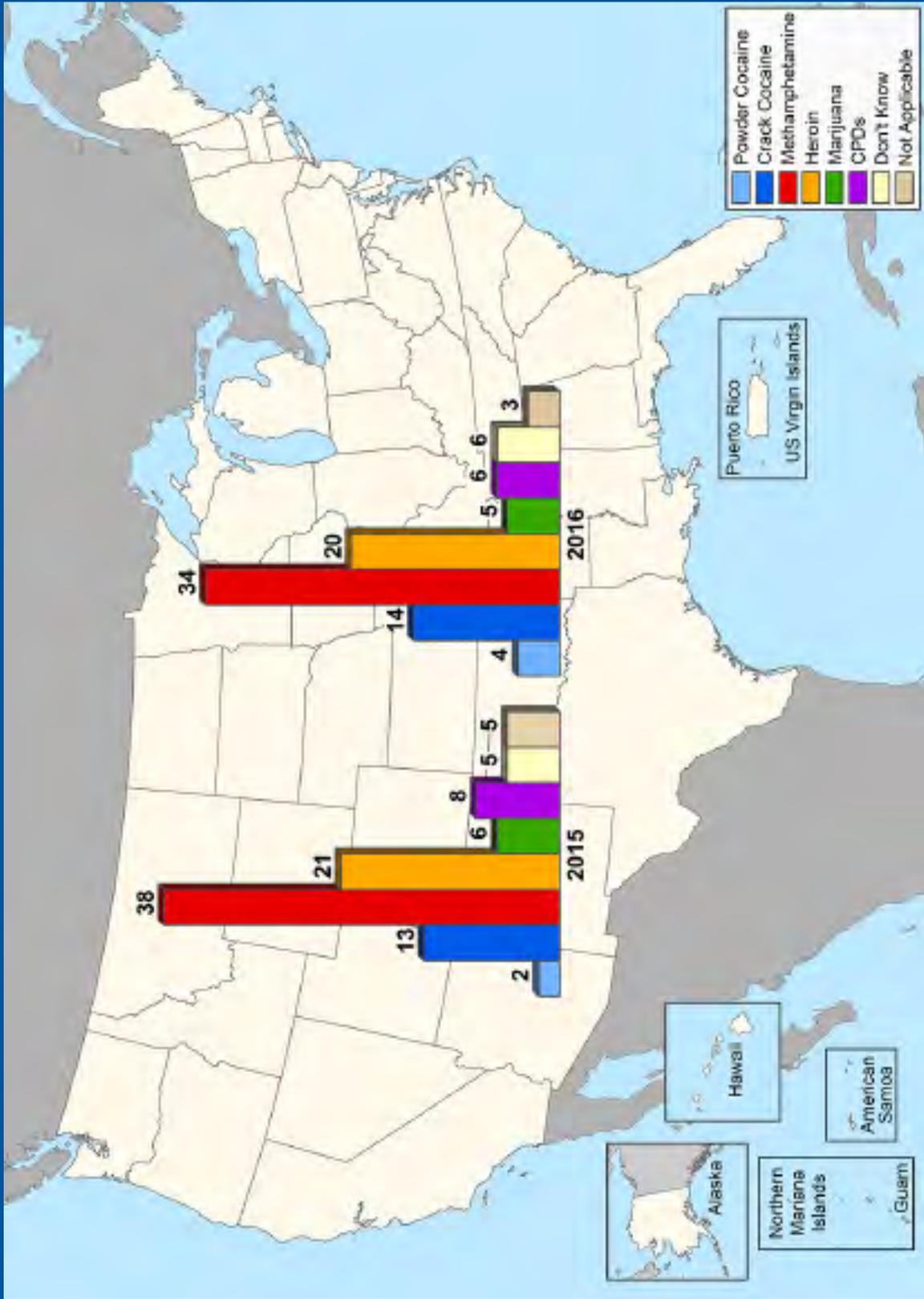
Source: 2016 National Drug Threat Survey



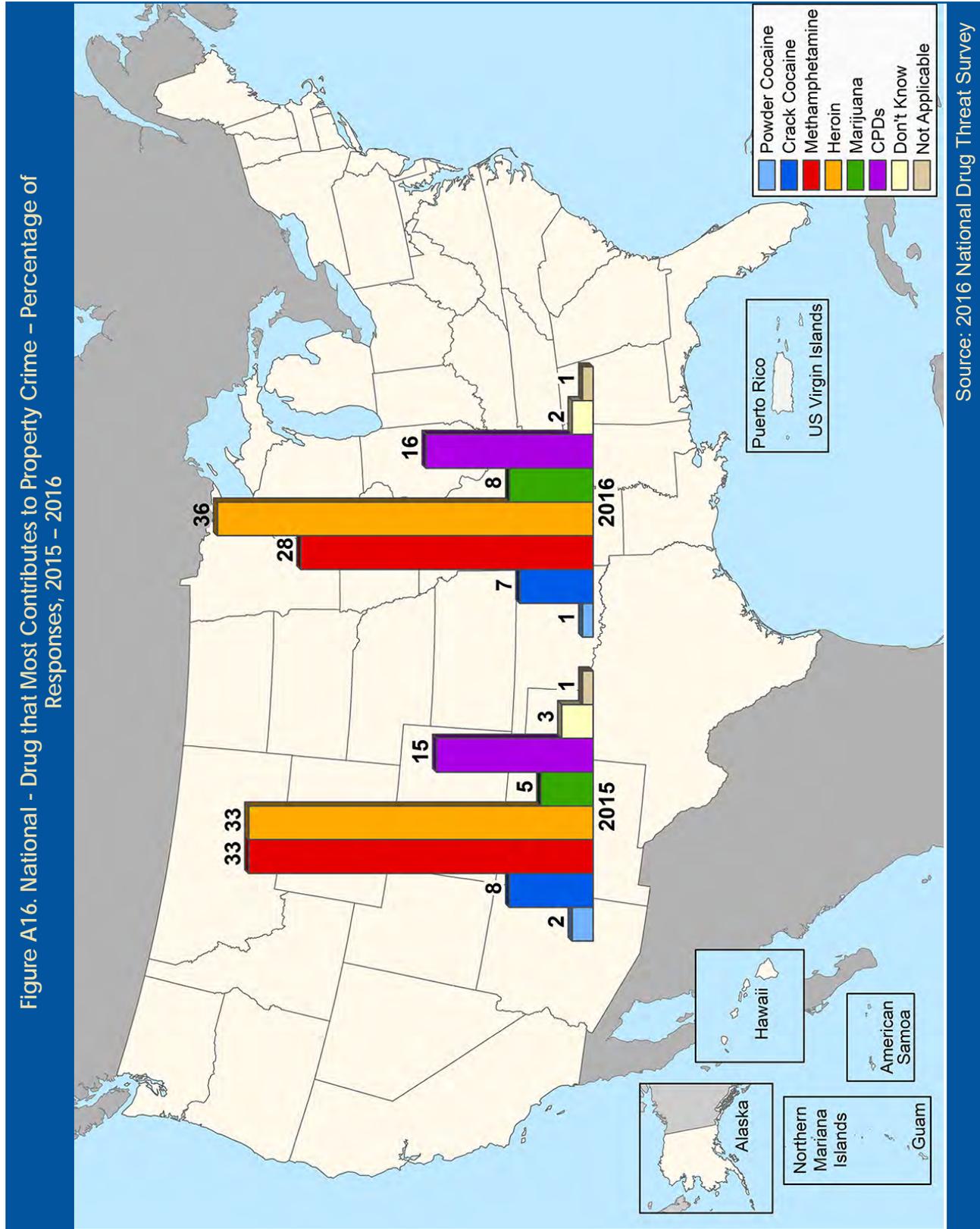


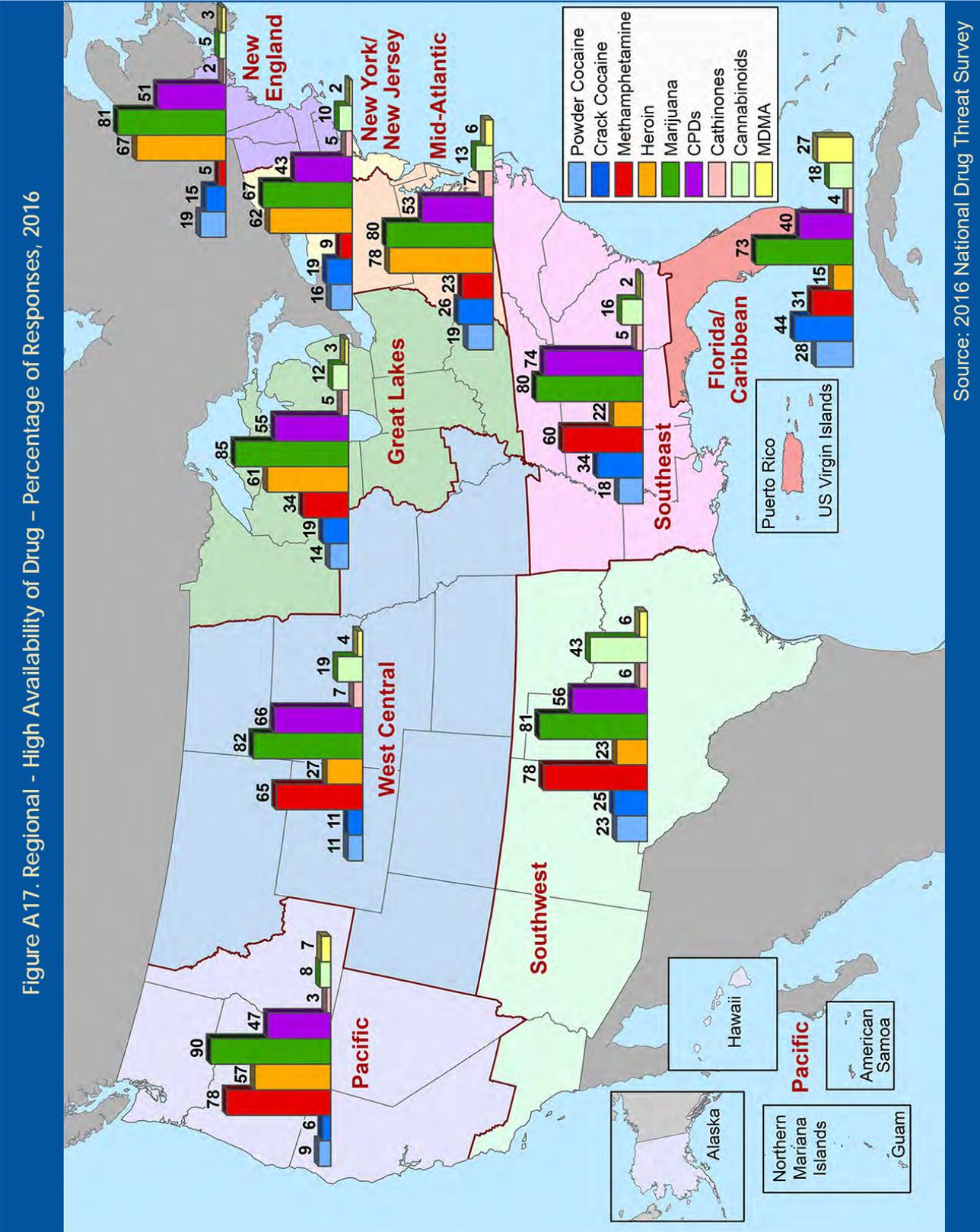
Source: 2016 National Drug Threat Survey

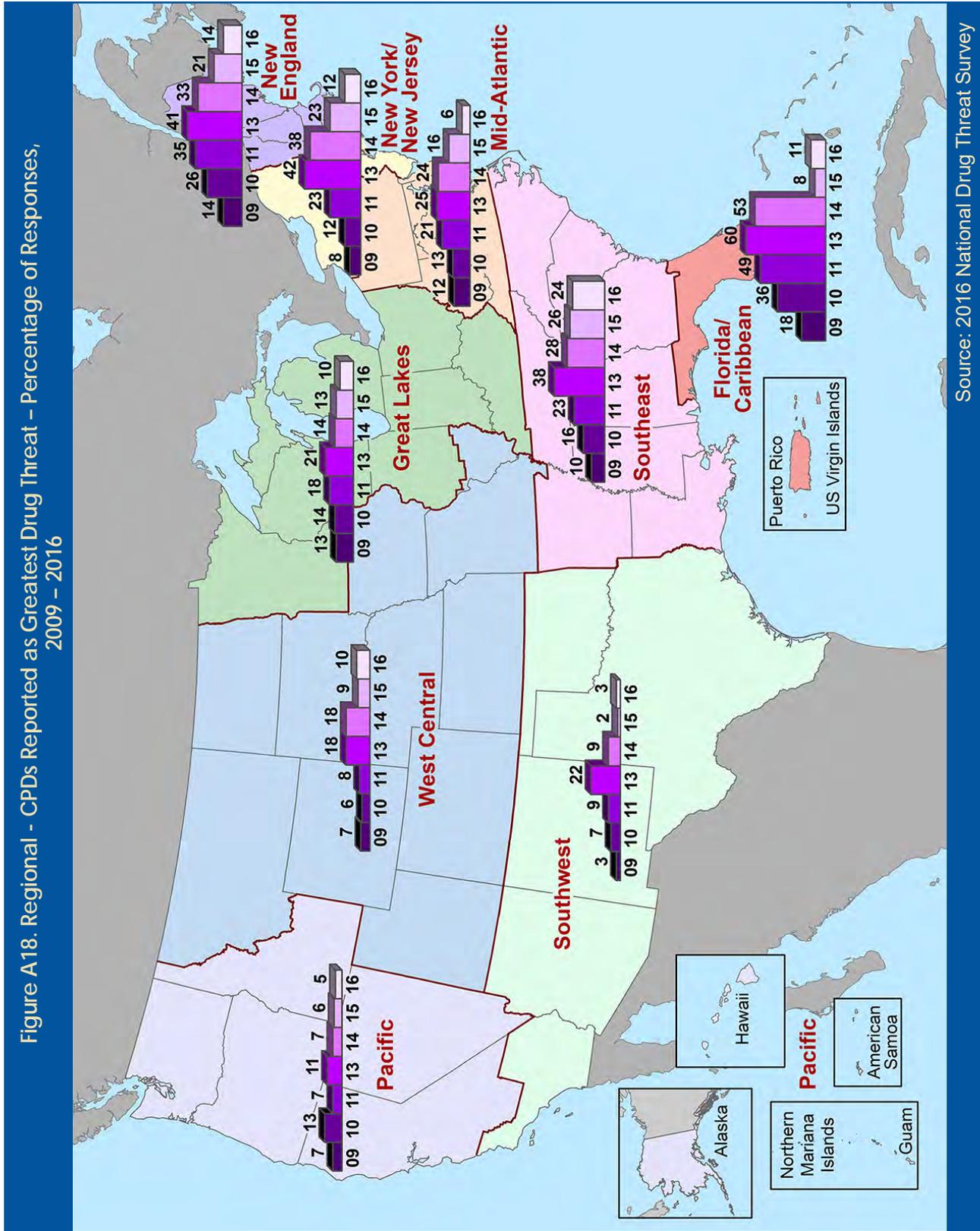
Figure A15. National - Drug that Most Contributes to Violent Crime – Percentage of Responses, 2015 – 2016



Source: 2016 National Drug Threat Survey

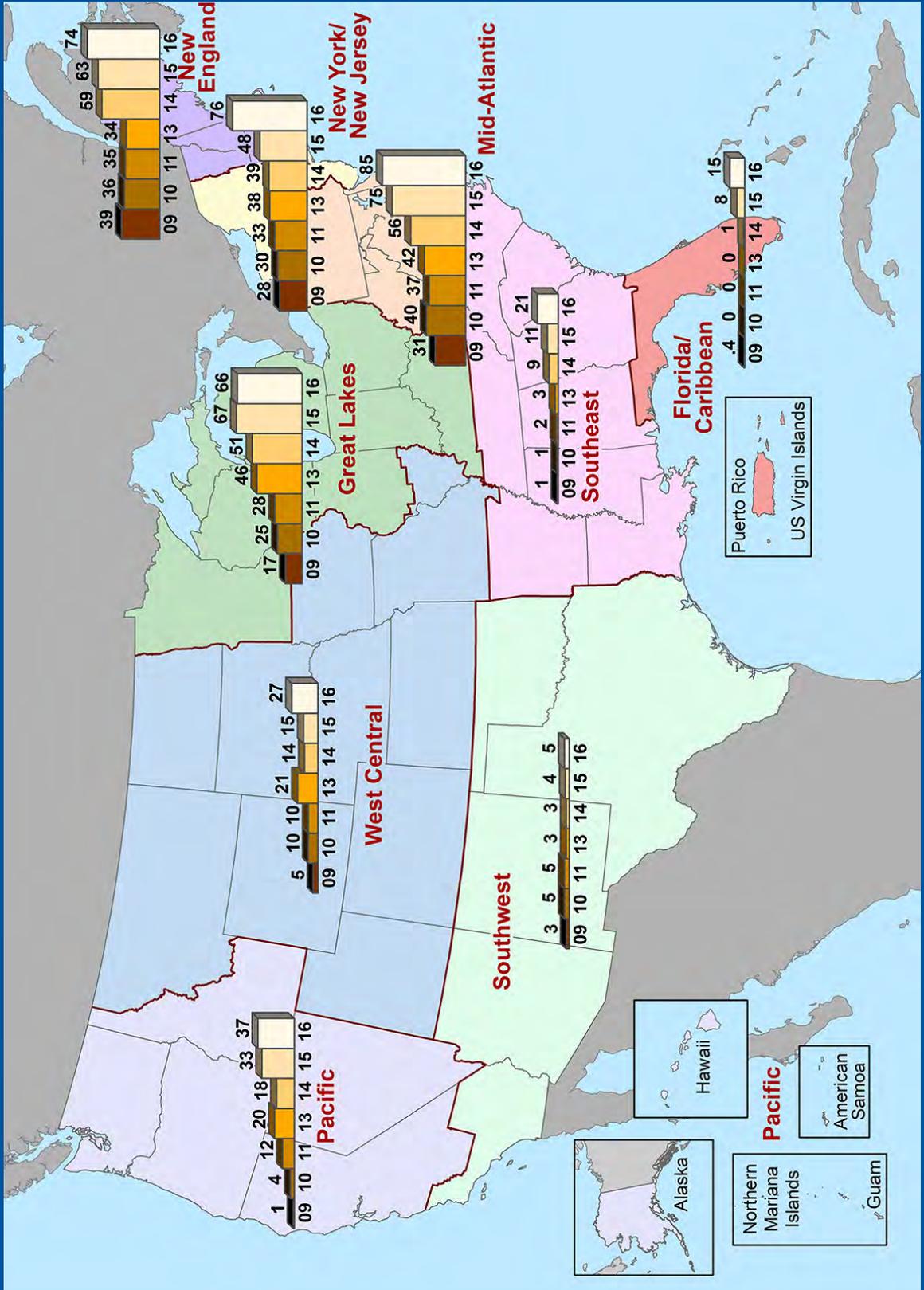




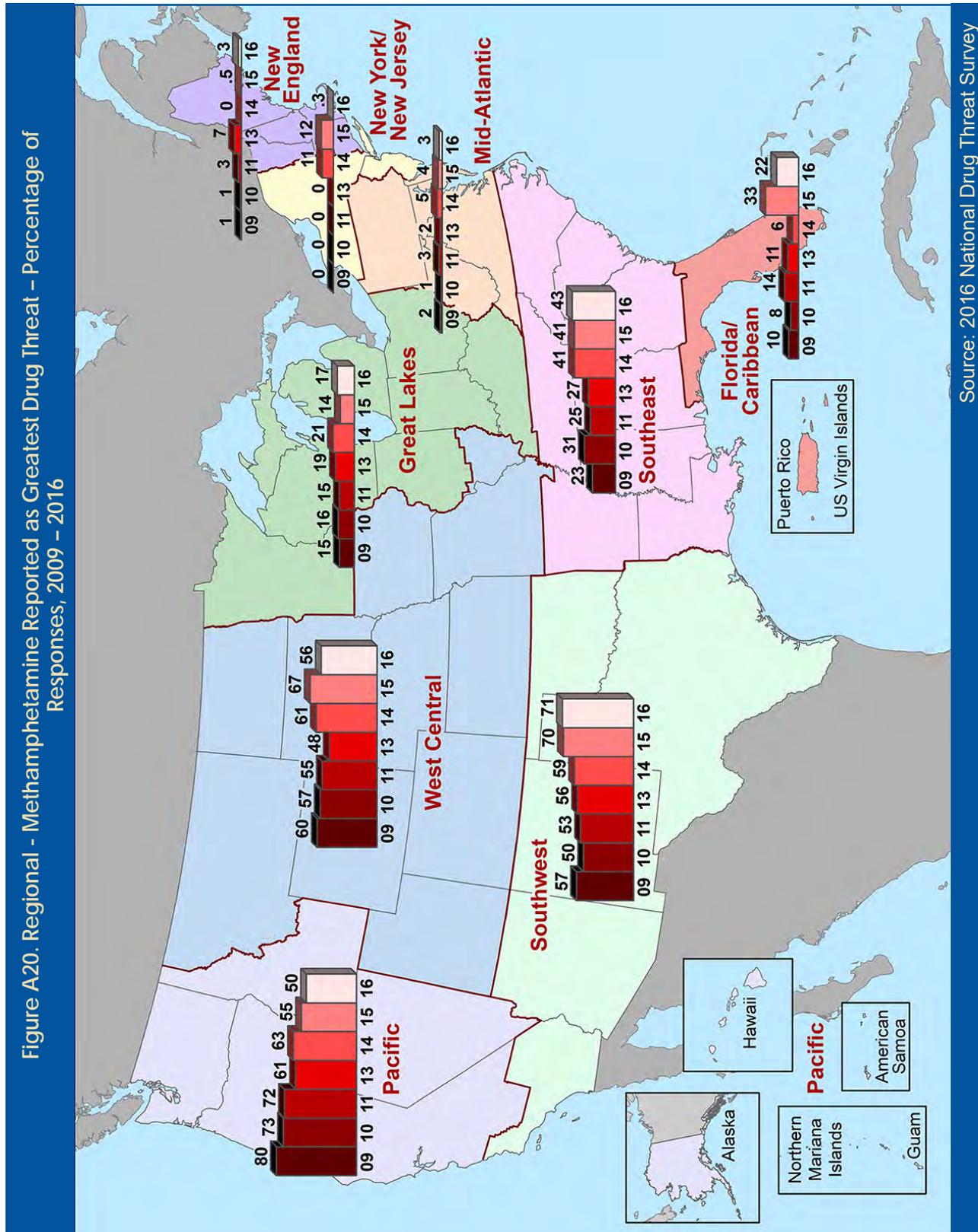


Source: 2016 National Drug Threat Survey

Figure A19. Regional - Heroin Reported as Greatest Drug Threat – Percentage of Responses, 2009 – 2016

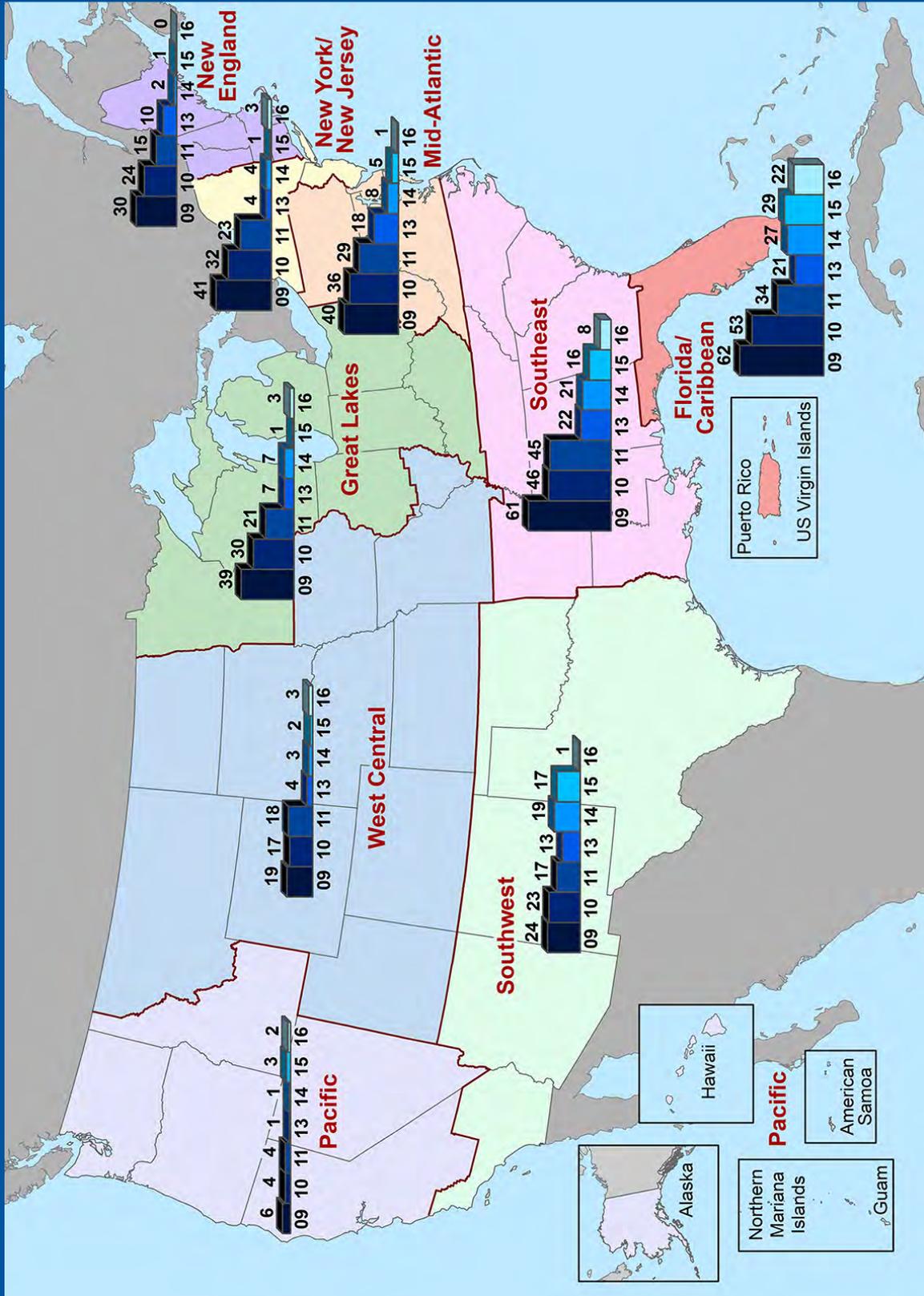


Source: 2016 National Drug Threat Survey

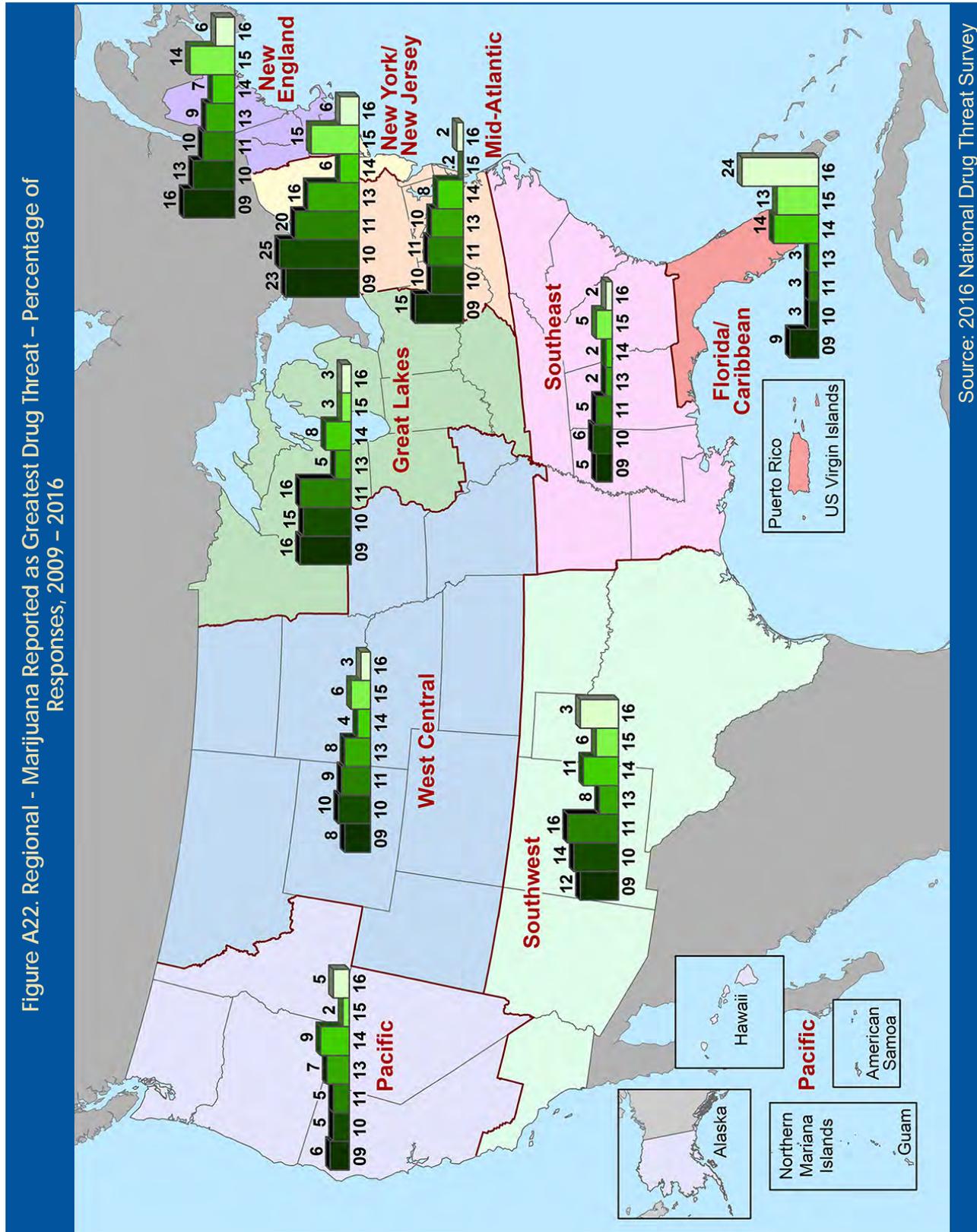


Source: 2016 National Drug Threat Survey

Figure A21. Regional - Cocaine Reported as Greatest Drug Threat – Percentage of Responses, 2009 – 2016



Source: 2016 National Drug Threat Survey



Source: 2016 National Drug Threat Survey

APPENDIX B: ADDITIONAL TABLES AND FIGURES

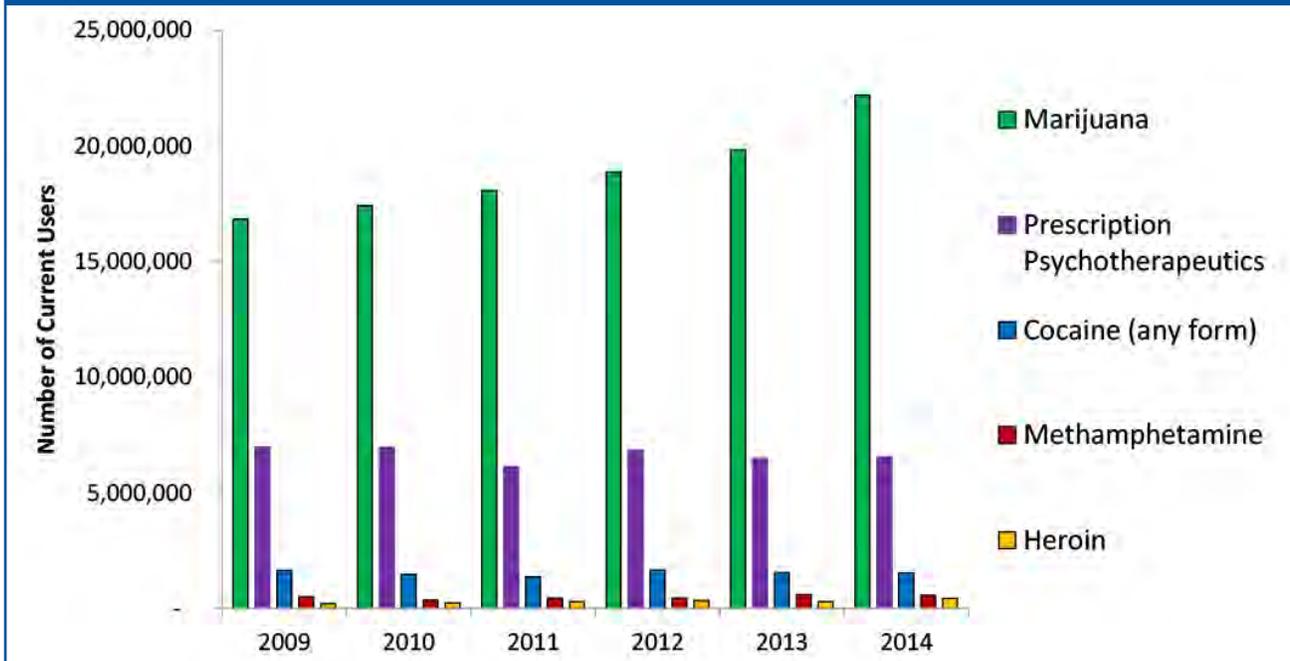
National Survey on Drug Use and Health (NSDUH)

Figure B1. Trends in Lifetime, Past Year, and Past Month Drug Use Among Persons Aged 12 or Older, 2009 - 2014 ^{xx}						
Lifetime Use	2009	2010	2011	2012	2013	2014
Cocaine (any form)	36,742,000	37,361,000	36,921,000	37,688,000	37,634,000	39,200,000
Crack Cocaine	8,390,000	9,208,000	8,214,000	9,015,000	8,870,000	9,424,000
Heroin	3,683,000	4,144,000	4,162,000	4,565,000	4,812,000	4,813,000
Marijuana	104,950,000	106,613,000	107,842,000	111,239,000	114,712,000	117,213,000
Methamphetamine	12,908,000	13,060,000	11,928,000	12,259,000	12,257,000	12,943,000
Prescription Psychotherapeutics	51,991,000	51,832,000	51,243,000	54,389,000	53,172,000	54,395,000
Prescription Pain Relievers	35,197,000	34,908,000	34,247,000	37,045,000	35,473,000	36,064,000
Past Year Use	2009	2010	2011	2012	2013	2014
Cocaine (any form)	4,806,000	4,533,000	3,857,000	4,671,000	4,182,000	4,553,000
Crack Cocaine	1,008,000	885,000	625,000	921,000	632,000	773,000
Heroin	605,000	621,000	620,000	669,000	681,000	914,000
Marijuana	28,688,000	29,301,000	29,739,000	31,513,000	32,952,000	35,124,000
Methamphetamine	1,167,000	959,000	1,033,000	1,155,000	1,186,000	1,301,000
Prescription Psychotherapeutics	16,064,000	16,051,000	14,657,000	16,666,000	15,348,000	14,966,000
Prescription Pain Relievers	12,450,000	12,242,000	11,143,000	12,489,000	11,082,000	10,337,000
Past Month Use	2009	2010	2011	2012	2013	2014
Cocaine (any form)	1,637,000	1,466,000	1,369,000	1,650,000	1,549,000	1,530,000
Crack Cocaine	497,000	378,000	228,000	443,000	377,000	354,000
Heroin	193,000	239,000	281,000	335,000	289,000	435,000
Marijuana	16,826,000	17,409,000	18,071,000	18,855,000	19,810,000	22,188,000
Methamphetamine	502,000	353,000	439,000	440,000	595,000	569,000
Prescription Psychotherapeutics	6,980,000	6,957,000	6,119,000	6,831,000	6,484,000	6,537,000
Prescription Pain Relievers	5,257,000	5,100,000	4,471,000	4,862,000	4,521,000	4,325,000

Source: 2014 National Survey on Drug Use and Health

^{xx} The figures for crack are included in cocaine (any form). The figures for prescription pain relievers are included in prescription psychotherapeutics.

Figure B2. Number of Persons Aged 12 or Older Reporting Past Month Use, 2009 – 2014



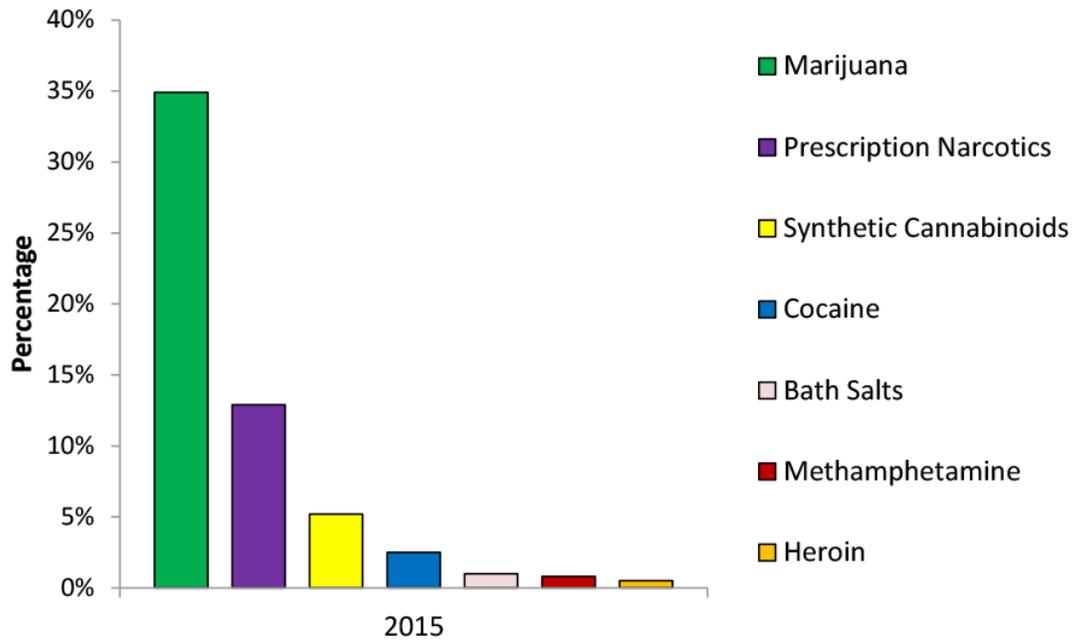
Source: 2014 National Survey on Drug Use and Health

Monitoring the Future Survey (MTF)

Figure B3. Adolescent Trends of Past Year Drug Use, in Percentage, 2011 – 2015					
	2011	2012	2013	2014	2015
Cocaine					
8 th Grade	1.4	1.2	1.0	1.0	0.9
10 th Grade	1.9	2.0	1.9	1.5	1.8
12 th Grade	2.9	2.7	2.6	2.6	2.5
Heroin					
8 th Grade	0.7	0.5	0.5	0.5	0.3
10 th Grade	0.8	0.6	0.6	0.5	0.5
12 th Grade	0.8	0.7	0.6	0.6	0.5
Marijuana					
8 th Grade	12.5	11.4	12.7	11.7	11.8
10 th Grade	28.8	28.0	29.8	27.3	25.4
12 th Grade	36.4	36.4	36.4	35.1	34.9
Methamphetamine					
8 th Grade	0.8	1.0	1.0	0.6	0.5
10 th Grade	1.4	1.0	1.0	0.8	0.8
12 th Grade	1.4	1.1	0.9	1.0	0.8
Precription Narcotics					
8 th Grade	NA	NA	NA	NA	
10 th Grade	NA	NA	NA	NA	
12 th Grade	15.2	14.8	15.0	13.9	12.9
Synthetic Cannabinoids					
8 th Grade	NA	4.4	4.0	3.3	3.1
10 th Grade	NA	8.8	5.4	5.4	4.3
12 th Grade	11.4	11.3	7.9	5.8	5.2
Bath Salts					
8 th Grade	NA	0.8	1.0	0.5	0.4
10 th Grade	NA	0.6	0.9	0.9	0.7
12 th Grade	NA	1.3	0.9	0.9	1.0

Source: 2015 Monitoring the Future Survey

Figure B4. Percentage of 12th Grade Students Reporting Past Year Use, 2015



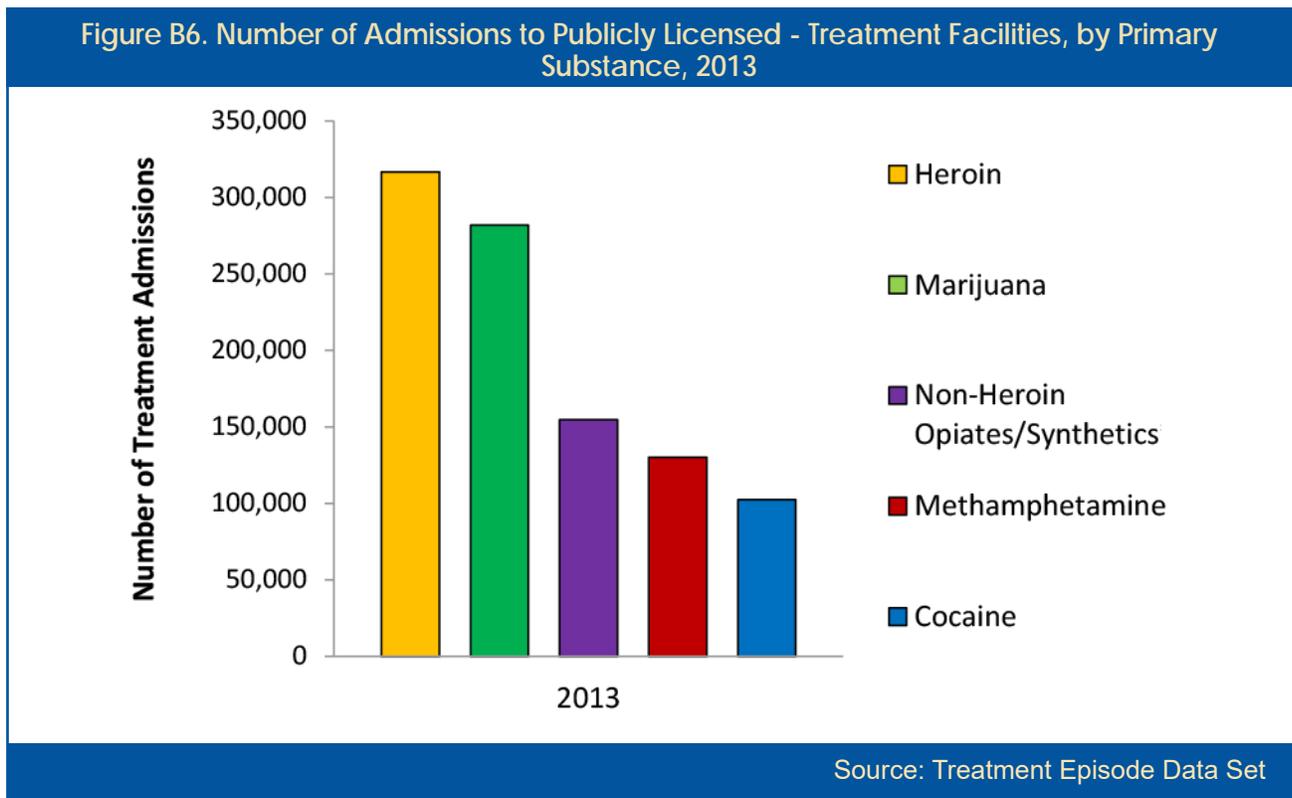
Source: 2015 Monitoring the Future Survey

Treatment Episode Data Set (TEDS)

Figure B5. Number of Admissions to Publicly Licensed Treatment Facilities, By Primary Substance, 2008 – 2013

	2008	2009	2010	2011	2012	2013
Cocaine	238,376	192,827	159,091	152,038	124,559	102,387
Heroin ^{yy}	282,097	287,388	267,326	282,459	292,354	316,797
Marijuana	356,040	372,245	358,378	352,397	315,200	281,991
Methamphetamine	122,168	111,839	109,052	107,430	117,529	130,033
Non-Heroin Opiates/ Synthetics ^{zz}	124,716	146,128	168,632	195,597	176,700	154,778

Source: Treatment Episode Data Set

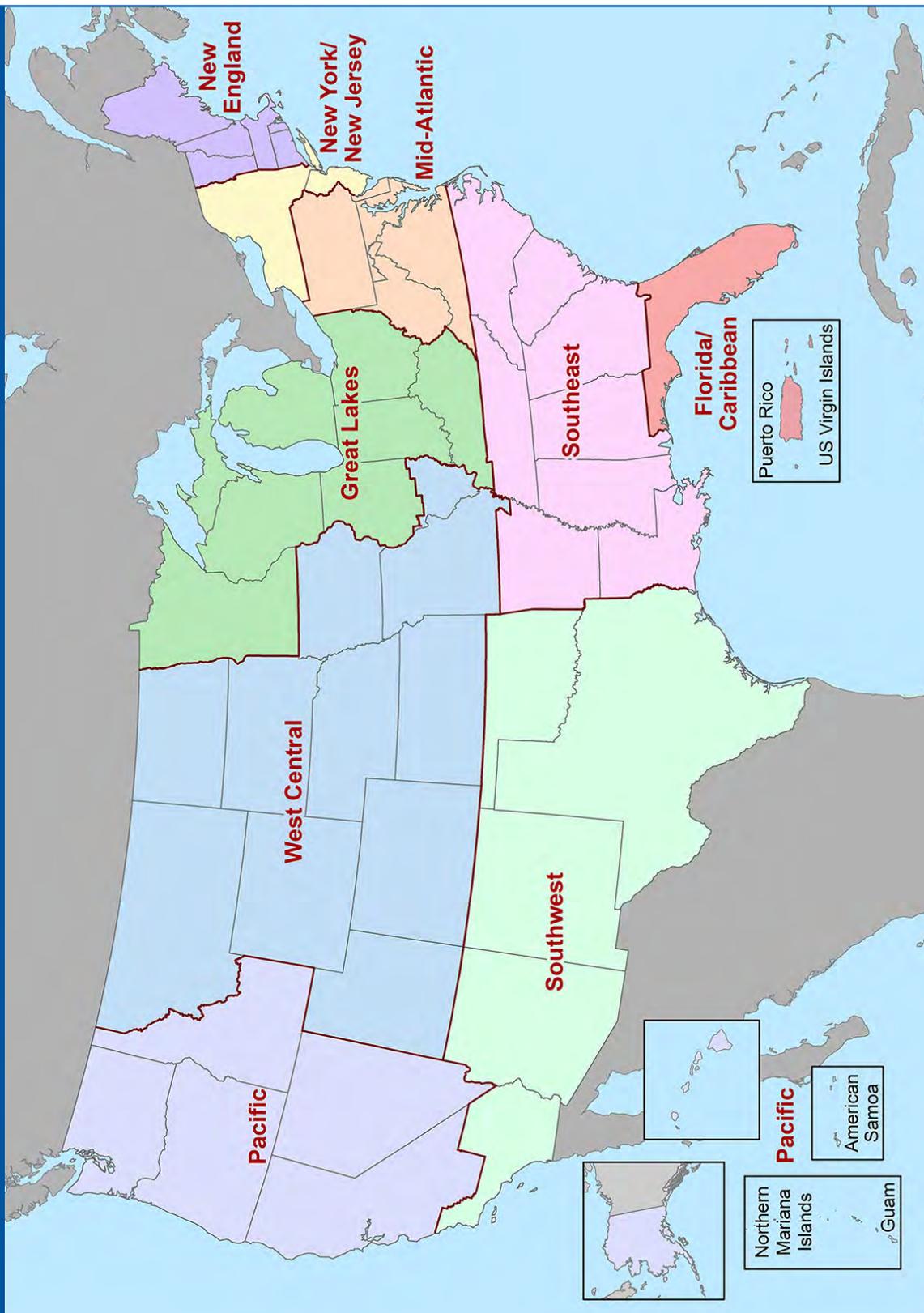


^{yy} Tennessee included heroin admissions in other opiates through June 2009. In this report, Tennessee's 2009 heroin admissions are still included in the other opiates category since there is less than a full year of disaggregated heroin data.

^{zz} These drugs include codeine, hydrocodone, hydromorphone, meperidine, morphine, opium, oxycodone, pentazocine, propoxyphene, tramadol, and any other drug with morphine-like effects. Non-prescription use of methadone is not included.

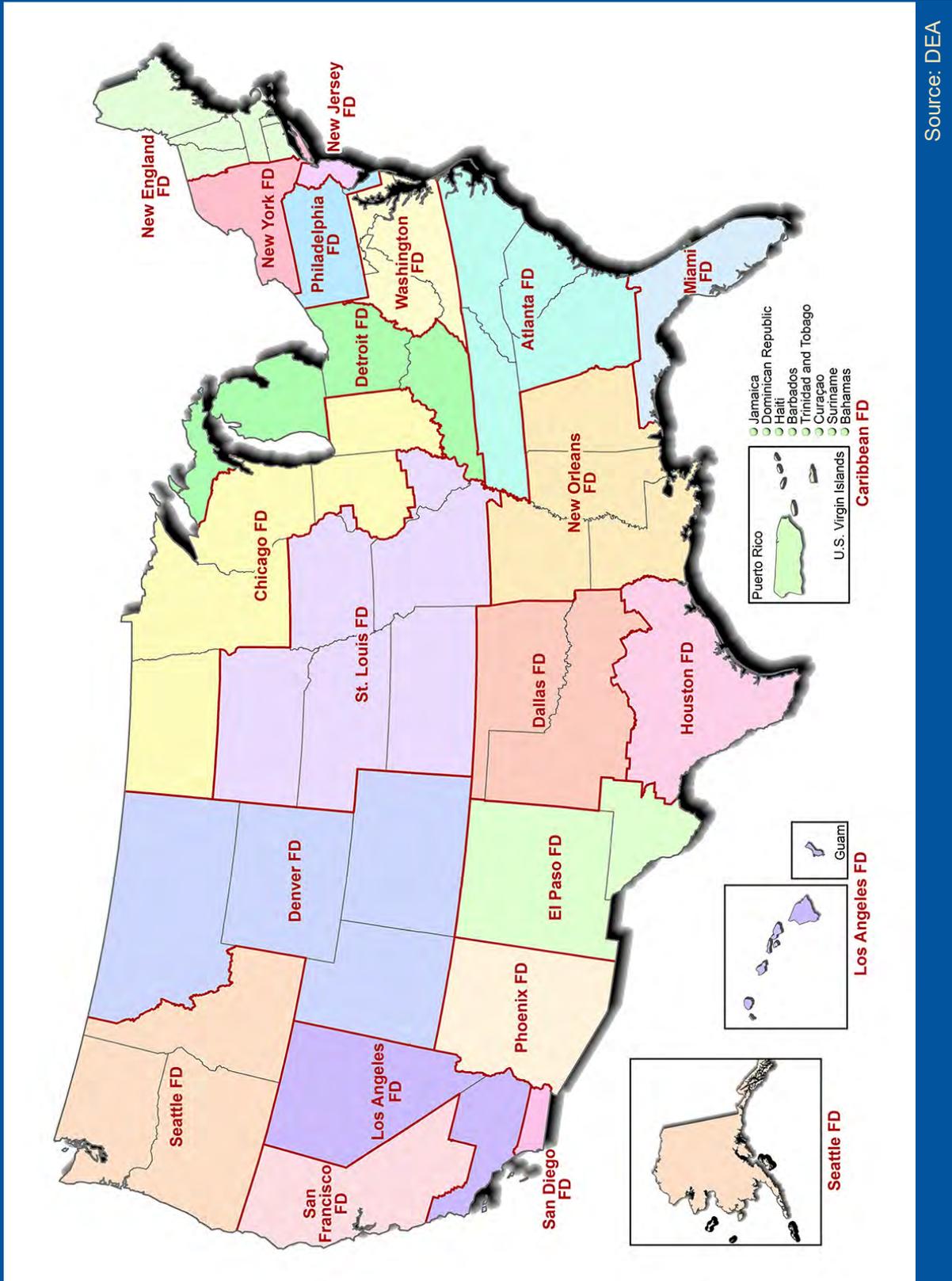
APPENDIX C: ADDITIONAL FIGURES

Figure C1. Nine OCDETF Regions



Source: OCDETF

Figure C2. 21 DEA Field Divisions Areas of Responsibility



Source: DEA

APPENDIX D: ACRONYM GLOSSARY

ADHD	Attention Deficit Hyperactivity Disorder
AAPCC	American Association of Poison Control Centers
AML	Anti-Money Laundering
ANPP	4-anilino-N-phenethyl-4-piperidone
AOR	Area of Responsibility
ATF	United States Bureau of Alcohol, Tobacco, Firearms, and Explosives
AUC	Autodefensas Unidas de Colombia (United Self-Defense Forces of Colombia)
BACRIM	Bandas Criminales (Criminal Bands)
BIA	United States Bureau of Indian Affairs
BLM	United States Bureau of Land Management
BLO	Beltran-Leyva Organization
BOP	United States Bureau of Prisons
CBD	Cannabidiol
CBP	United States Customs and Border Protection
CD	Caribbean Division (DEA)
CDA	Colorado Department of Agriculture
CDC	Centers for Disease Control and Prevention
CJNG	Cartel Jalisco Nueva Generación (New Generation Jalisco Cartel)
CMEA	Combat Methamphetamine Epidemic Act
CPD	Controlled Prescription Drug
CPOT	Consolidated Priority Organization Target
CSA	Controlled Substances Act
CSP	Cocaine Signature Program
CUBS	Chinese Underground Banking System
CY	Calendar Year (January - December)
DCESP	Domestic Cannabis Eradication and Suppression Program
DEA	Drug Enforcement Administration
DEH	Denver Department of Environment Health
DFTO	Designated Foreign Terrorist Organization (United States Department of State)
DO	District Office (DEA)
DR	Dominican Republic
DTO	Drug Trafficking Organization
ELN	Ejército de Liberación Nacional (National Liberation Army)
EPA	United States Environmental Protection Agency
EPIC	El Paso Intelligence Center
FARC	Fuerzas Armadas Revolucionarias de Colombia (Revolutionary Armed Forces of Colombia)
FBI	United States Federal Bureau of Investigation
FD	Field Division (DEA)
FDA	United States Food and Drug Administration

FDCA	Federal Food, Drug, and Cosmetic Act
FinCEN	Financial Crimes Enforcement Network
FTZ	Free Trade Zone
FY	Fiscal Year (Federal - October 1 st - September 30 th)
GIITEM	Arizona Gang and Immigration Intelligence Team Enforcement Mission
GTO	Geographic Targeting Order
HCI	Hydrochloride (Cocaine HCl is frequently referred to as Powder Cocaine)
HDMP	Heroin Domestic Monitor Program
HF	Heartless Felons (Gang)
HHS	United States Department of Health and Human Services
HIDTA	High Intensity Drug Trafficking Area
HIFCA	High Intensity Financial Crime Area
HSI	United States Homeland Security Investigations
HSP	Heroin Signature Program
ICE	United States Immigration and Customs Enforcement
INCB	International Narcotics Control Board
IRS	United States Internal Revenue Service
IVTS	Informal Value Transfer Systems
JAMA	Journal of the American Medical Association
JFK	John F. Kennedy (International Airport) - New York
K-9	Canine
LCT	Los Caballeros Templarios (Knights Templar)
LCTMM	Laredo Chapter of the Texas Mexican Mafia (Gang)
LFM	La Familia Michoacana (The Michoacan Family)
LLC	Limited Liability Company
LOA	Letter of Admonition
MDMA	3,4-Methylenedioxymethamphetamine (frequently referred to as Ecstasy)
MED	Colorado Marijuana Enforcement Division
MOA	Memorandum of Agreement
MOU	Memorandum of Understanding
MPP	Methamphetamine Profiling Program
MS-13	Mara Salvatrucha (Gang)
MSB	Money Service Business
MT	Metric Ton
MTF	Monitoring the Future Survey
NABP	National Association of Boards of Pharmacy
NDIC	National Drug Intelligence Center
NDTA	National Drug Threat Assessment
NDTS	National Drug Threat Survey
NFLIS	National Forensic Laboratory Information System
NGIC	National Gang Intelligence Center
NIST	National Institute of Standards and Technology

2016 National Drug Threat Assessment Summary

NPP	N-phenethyl-4-piperidone
NPS	New Psychoactive Substances
NSDUH	National Survey on Drug Use and Health
NSS	National Seizure System
NYDEF	New York Drug Enforcement Task Force
OCDEF	Organized Crime Drug Enforcement Task Force
OFAC	Office of Foreign Assets Control
OMG	Outlaw Motorcycle Gang
ONDCP	United States Office of National Drug Control Policy
OTSC	Order to Show Cause
P2P	Phenyl-2-propanone
PAA	Phenylacetic Acid
PCP	Phencyclidine
PDMP	Prescription Drug Monitoring Program
PMP	Prescription Monitoring Program
POE	Port of Entry (CBP)
PR	Puerto Rico
RCRC	Rural County Representatives of California
RICO	Racketeering Influenced and Corruption Organizations Act
RO	Resident Office (DEA)
SAR	Suspicious Activity Report
SDN	Specially Designated Nationals
SDNTK	Specially Designated Narcotics Kingpin
SEMAR	Secretaría de Marina-Armada de México (Mexican Navy)
SFE	Supercritical Fluid Extraction
SNM	Syndicator de Nuevo Mexico (Prison Gang)
SSN	Social Security Number
SWA	Southwest Asian
SWB	United States Southwest Border
TBML	Trade-Based Money Laundering
TCO	Transnational Criminal Organization
TDS	Tactical Diversion Squad (DEA)
TEDS	Treatment Episode Data Set
THC	Delta-9-tetrahydrocannabinol
TS	Texas Syndicate (Gang)
TSA	United States Transportation Security Administration
U.S.C.	United States Code
UAS	Unmanned Aerial System
USAO	United States Attorneys Office
USBP	United States Border Patrol
USC	United States Currency
USCG	United States Coast Guard

USD	United States Dollars
USFS	United States Forest Service
USMS	United States Marshals Service
USPIS	United States Postal Inspection Service
USPS	United States Postal Service
USVI	United States Virgin Islands
WDC	West Desert Corridor
WSLCB	Washington State Liquor and Cannabis Board
WSP	Washington State Patrol

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