



# South Texas

## High Intensity Drug Trafficking Area Drug Market Analysis

May 2007

U.S. Department of Justice

### Preface

This assessment provides a strategic overview of the illicit drug situation in the South Texas High Intensity Drug Trafficking Area (HIDTA) region, highlighting significant trends and law enforcement concerns related to the trafficking and abuse of illicit drugs. The report was prepared through detailed analysis of recent law enforcement

reporting, information obtained through interviews with law enforcement and public health officials, and available statistical data. The report is designed to provide policymakers, resource planners, and law enforcement officials with a focused discussion of key drug issues and developments facing the South Texas HIDTA.

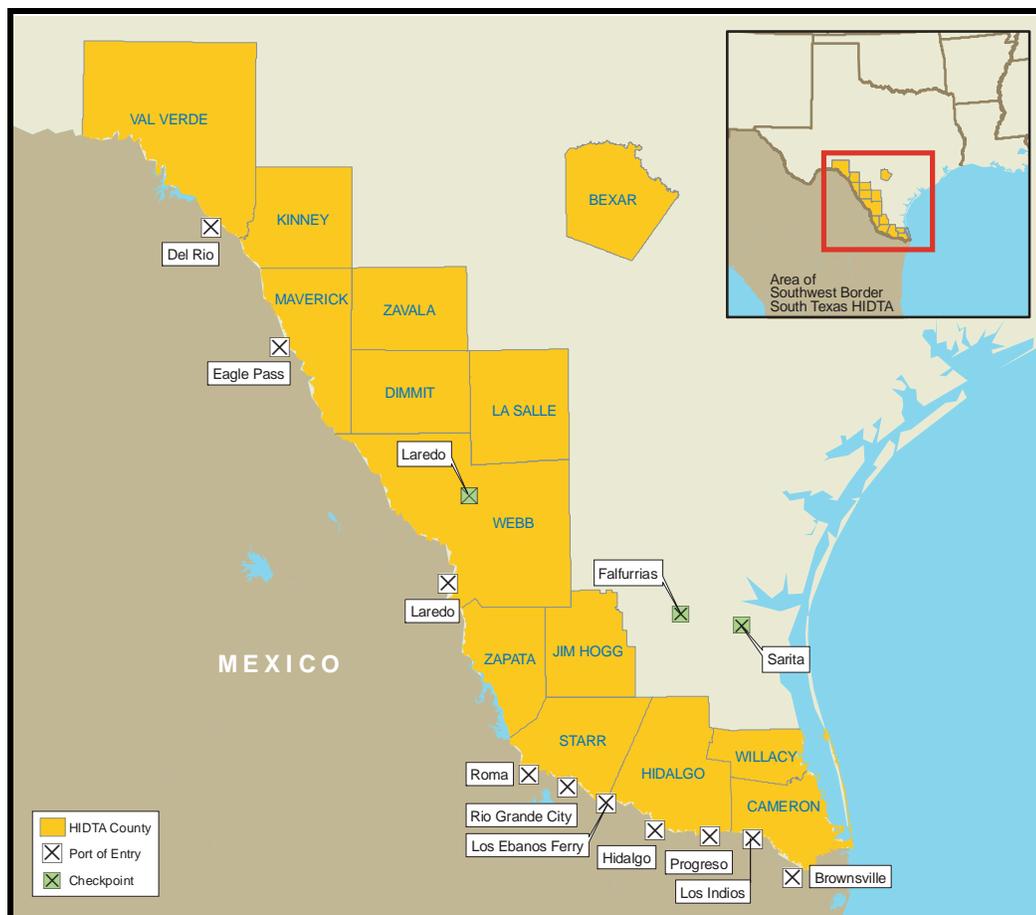


Figure 1. South Texas High Intensity Drug Trafficking Area.

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

## Strategic Drug Threat Developments

- The South Texas HIDTA region is a primary entry point along the U.S.–Mexico border used by Mexican drug trafficking organizations (DTOs) to smuggle cocaine, heroin, marijuana, and methamphetamine into the United States.
- Mexican DTOs control drug trafficking in and through the South Texas HIDTA region. Their control stems from their marijuana, methamphetamine, and heroin production capabilities in Mexico, their sources of supply for other drugs and precursor chemicals, and their extensive cross-border smuggling operations.
- Methamphetamine smuggling through the South Texas HIDTA region has increased, despite a decrease in seizures during the past year. South Texas now rivals California and Arizona as the primary entry point for Mexican methamphetamine smuggled into the United States.
- Several Mexican DTOs are engaged in violent disputes over control of smuggling routes through the region. Most violence has remained within Mexico; some, including violence against law enforcement personnel who patrol the U.S.–Mexico border in South Texas, has spilled into South Texas HIDTA counties.
- South Texas, particularly San Antonio, has recently emerged as a key distribution and transshipment point for cocaine, marijuana, methamphetamine, and heroin destined for drug markets throughout the United States.

## HIDTA Overview

The South Texas HIDTA consists of 14 counties along the U.S.–Mexico border and encompasses one of the principal drug smuggling and drug transportation corridors in the United States. South Texas HIDTA counties share a 625-mile border with Mexico, which stretches from Val Verde County to the Gulf of Mexico, representing approximately 50 percent of the U.S.–Mexico border in Texas and 31 percent of the entire U.S.–Mexico border. The location of the HIDTA along

## Drug Trafficking Organizations, Criminal Groups, and Gangs

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

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

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

the U.S.–Mexico border renders the area extremely vulnerable to drug trafficking and homeland security-related threats such as bulk cash smuggling, alien smuggling, border-related violence, gang entry, weapons trafficking and, possibly, terrorist entry. The South Texas HIDTA region is also a significant distribution center and transshipment zone for illicit drugs smuggled into the country from Mexico, destined for drug markets in other regions of the country. The major distribution centers and transshipment points in the South Texas HIDTA region are Brownsville, Del Rio, Eagle Pass, Laredo, McAllen, and San Antonio.

Shared geographic, economic, and cultural ties between South Texas and Mexico provide an ideal environment for drug smuggling and other criminal activity in the South Texas HIDTA region. Mexican DTOs exploit the dynamics unique to the Southwest Border area to smuggle illicit drugs into the United States and to launder drug proceeds. The Rio Grande River and vast areas of farmland and ranches along the border are easily breached and exploited by Mexican DTOs that smuggle large quantities of illicit drugs into the United States. Texas border communities, including Del Rio, Eagle Pass, Laredo, Roma, Hidalgo, Rio Grande City, Progresso, and Brownsville, and their Mexican sister cities—Ciudad Acuña, Piedras

Negras, Nuevo Laredo, Ciudad Alemán, Camargo, Reynosa, Nuevo Progreso, and Matamoros, respectively—create large binational metropolitan areas that drug traffickers use to conceal drug trafficking operations. Traffickers also exploit the high volume of legitimate cross-border traffic at the eight primary South Texas ports of entry (POEs) created by the bustling border economy.

The extensive transportation network that facilitates commercial trade and traffic across the U.S.–Mexico border in South Texas creates an environment for drug trafficking operations. Traffickers use a combination of land and maritime transportation methods to smuggle illicit drugs into the South Texas HIDTA region. Overland transportation along the region’s interstates, U.S. highways, and secondary routes affords drug traffickers various transportation means and routes while simultaneously presenting numerous challenges to the region’s law enforcement agencies. Traffickers use private vehicles and commercial trucks and buses to smuggle drugs across the Southwest Border. In addition to handling the high volume of vehicular traffic, the POEs at Del Rio, Eagle Pass, Laredo, and Brownsville also support rail traffic from Mexico. The South Texas HIDTA region is also vulnerable to maritime smuggling from Mexico. The Rio Grande River, Lake Amistad, and Falcon Lake (all located along the U.S.–Mexico border), and the Intracoastal Waterway (ICW), Padre Island National Seashore (PINS), shipping channels, and bays (all located along the Gulf Coast) provide additional opportunities for drug traffickers. Mexican traffickers use a variety of fishing boats as well as go-fast boats, barges, rafts, and commercial freighters to smuggle drugs into the South Texas HIDTA region. Drug traffickers typically do not use air transportation methods to smuggle drugs into South Texas; however, the region contains numerous public and private airstrips that could be used by drug traffickers to smuggle illicit drugs in private airplanes.

## Drug Overview

Mexican DTOs and local traffickers use South Texas as a smuggling corridor, staging area, transshipment zone, and distribution center for drug shipments from Mexico destined for markets in virtually every region of the United States, including markets in Florida, Georgia, Illinois, Michigan, New York, North Carolina, Ohio, Oklahoma, and Virginia. The proceeds from the sale of these illicit drugs are often laundered or transported through the South Texas HIDTA region en route to Mexico.

Law enforcement officers in South Texas seize more cocaine and heroin annually than law enforcement officers do in other areas along the Southwest Border, including West Texas, New Mexico, Arizona, and California. Large quantities of marijuana and methamphetamine are also seized in South Texas, ranking South Texas behind only Arizona in the quantity of marijuana seized and behind California and Arizona in the quantity of methamphetamine seized. (See Table 1 on page 4.) Law enforcement reporting indicates that methamphetamine smuggling is increasing and that availability of the drug appears to be increasing throughout the South Texas HIDTA region, despite a decrease in seizures in 2006.

Illicit drug production in the South Texas HIDTA region is minimal and typically limited to methamphetamine and marijuana production as well as powder cocaine conversion to crack. Methamphetamine production has declined during the past year and is now concentrated primarily in San Antonio. Retail distributors convert powder cocaine into crack throughout the South Texas HIDTA region, but most crack conversion occurs in San Antonio, which now serves as a distribution center for crack cocaine destined for markets within an approximate 100-mile radius of the city. Limited cannabis cultivation also occurs in the area. Climatic and environmental conditions are not conducive to outdoor cannabis cultivation throughout much of South Texas, but traffickers do operate indoor cannabis grows in San Antonio.

**Table 1. Drugs Seized in the United States Within 150 Miles of the U.S.–Mexico Border in Kilograms, 2004–2006**

Region	Cocaine			Heroin			Marijuana			Methamphetamine		
	2004	2005	2006	2004	2005	2006	2004	2005	2006	2004	2005	2006
<b>South Texas</b>	12,161	12,917	16,337	145	113	185	387,663	264,788	361,494	692	926	483
<b>West Texas</b>	2,912	2,277	1,693	40	24	93	176,671	152,162	131,580	65	103	3
<b>New Mexico</b>	898	296	648	0	6	4	47,595	43,983	46,068	62	36	40
<b>Arizona</b>	3,721	2,888	2,939	120	43	61	350,186	381,399	390,407	1,011	693	485
<b>California</b>	2,492	4,212	5,554	86	42	154	130,874	179,909	159,260	589	1,133	1,671
<b>Total</b>	22,184	22,589*	27,172*	391	229*	496*	1,092,988*	1,022,240*	1,088,809	2,419	2,890*	2,681*

Source: El Paso Intelligence Center, run date 04/11/2007.

\*Totals may not add up because of rounding.

San Antonio is the area in the South Texas HIDTA region most affected by the distribution and abuse of illicit drugs. The city has experienced increasing rates of cocaine, marijuana, and methamphetamine abuse during the past several years, all of which are taxing already stressed law enforcement and public health resources.

## Drug Trafficking Organizations

Mexican DTOs control the illicit drug market in the South Texas HIDTA region through direct ties with sources of supply in Mexico and South America, established cross-border smuggling operations, and expansive wholesale distribution networks. From established bases of operation in Mexico and through operational cells in Brownsville, Del Rio, Eagle Pass, Laredo, McAllen, and San Antonio, Mexican DTOs smuggle large amounts of illicit drugs across the U.S.–Mexico border.

The Gulf Cartel and The Alliance<sup>1</sup> are the most influential large-scale Mexican DTOs operating in South Texas. The Gulf Cartel, based in the northern Mexican state of Tamaulipas, has historically regulated drug smuggling along the U.S.–Mexico border

in South Texas, primarily in the Mexican states of Nuevo León and Tamaulipas, through the use of “gatekeepers.”<sup>2</sup> The January 2007 extradition of Gulf Cartel leader Osiel Cardenas-Guillen will most likely have a minimal effect on drug smuggling through South Texas. Established gatekeepers in Mexican border cities such as Matamoros, Reynosa, Miguel Alemán, Nuevo Laredo, Piedras Negras, and Ciudad Acuña will enable the organization to retain control of cross-border drug trafficking, at least in the near term. However, The Alliance launched a violent campaign in 2003 against the Gulf Cartel after the arrest of Gulf Cartel leader Osiel Cardenas-Guillen in an attempt to gain control of the corridor leading to the U.S.–Mexico border in South Texas; much of the violence has been centered in the Mexican city of Nuevo Laredo. The Alliance has so far failed to wrest control of this key smuggling corridor from the Gulf Cartel.

Mexican DTOs operating in the South Texas HIDTA are extremely sophisticated, resilient, and adaptive to law enforcement actions. Many of these DTOs, particularly those affiliated with the Gulf Cartel and The Alliance, possess communications technology, advanced weaponry, and intelligence capabilities that rival or surpass U.S. federal, state,

1. The Alliance, also known as The Federation, is a cooperating group of Mexican drug trafficking organizations (DTOs) that share resources such as transportation routes and money launderers. The Alliance was formed in 2003 to counter the Gulf Cartel.

2. Gatekeepers are individuals who manage geographically specific entry points along the U.S.–Mexico border and are responsible for “taxing” and protecting illicit drug shipments.

and local law enforcement capabilities. Using specialized communications devices, Mexican DTOs are able to break the encrypted radio transmissions of law enforcement agencies at the border. Unlimited budgets allow Mexican DTOs to purchase assault weapons and military-grade weaponry that they use to protect drug shipments from rival traffickers and law enforcement officers. Mexican DTOs have also established extensive intelligence and counterintelligence networks on both sides of the U.S.–Mexico border to monitor law enforcement efforts aimed at disrupting or dismantling their drug trafficking operations. They have even hired private armies consisting of former Mexican soldiers to handle security and enforcement activities.

Some Mexican DTOs have diversified their criminal activities from drug trafficking to other profit-generating criminal endeavors. They are heavily involved in firearms trafficking and automobile theft and are becoming more active in alien smuggling, extortion, and kidnappings for ransom. Some of these criminal activities lack a direct drug nexus; however, the proceeds invariably support drug trafficking operations in South Texas.

Mexican DTOs have established ties with local prison and street gangs—ties that provide them with even greater leverage over the South Texas HIDTA region. Both the Gulf Cartel and The Alliance use various gangs in South Texas to perform enforcement activities, including kidnappings and murders. Gangs such as *Hermanos de Pistoleros Latinos* (HPL), *Mara Salvatrucha* (MS 13), *Mexikanemi*, also known as *Texas Mexican Mafia*, and *Texas Syndicate* have been linked to the drug trafficking activities of large-scale Mexican DTOs.

Mexican DTOs supply local prison and street gangs such as HPL, MS 13, *Raza Unida*, *Tri-City Bombers*, *Latin Kings*, *Texas Syndicate*, and *Mexikanemi* with wholesale and retail quantities of illicit drugs for distribution throughout South Texas. *Mexikanemi* is the most influential. The gang is based in San Antonio but maintains a network of street dealers throughout South Texas. In addition to receiving drug supplies from Mexican DTOs, *Mexikanemi* also smuggles illicit drugs into the country from Mexico on its own behalf.

## **South Texas Border and San Antonio Market Areas**

The South Texas HIDTA region consists of two primary drug markets—the South Texas border area and San Antonio. The South Texas border area is a primary smuggling corridor for U.S.-bound illicit drug shipments from Mexico. San Antonio has recently emerged as a key transshipment point for cocaine, marijuana, methamphetamine, and heroin destined for drug markets throughout the United States.

### **South Texas Border**

#### **Overview**

Large quantities of cocaine, marijuana, methamphetamine, and heroin enter the United States through South Texas. Most of these drugs are not intended for local distribution and are transported to other areas of the country; however, some spill-over distribution does occur in the South Texas HIDTA region. Shipments destined for markets outside the South Texas border area are typically stored at stash locations in distribution centers (San Antonio, Dallas/Fort Worth, and Houston) pending transportation arrangements; shipments are also transported directly from the border region to their intended destination, but to a lesser extent.

Traffickers concentrate their smuggling operations through three major smuggling corridors within the region—Del Rio/Eagle Pass, Laredo, and the Lower Rio Grande Valley. These corridors are the main population and economic centers of the South Texas border region and create an environment conducive to drug smuggling and money laundering activities. However, drug traffickers exploit the entire length of the U.S.–Mexico border in South Texas as well as the coastal border in the South Texas HIDTA region. The South Texas border region encompasses several major land POEs that provide pedestrian, vehicular, and rail transportation options for legitimate commerce and drug traffickers. Traffickers exploit the high volume of cross-border traffic as well as the existing transportation infrastructure to smuggle large quantities of illicit drugs into the United States. The South Texas

HIDTA border area is also vulnerable to drug smuggling and other criminal activities that take place between POEs. The Rio Grande River is easily breached at a number of low-water crossings by traffickers on foot and in vehicles and by maritime conveyances along deeper stretches of the river. The South Texas Gulf Coast is vulnerable to traffickers who use maritime conveyances.

The transportation infrastructure in the region, including networks of interstates, U.S. highways, and state highways, facilitates the transportation of illicit drug shipments from the border area to interior drug markets. The Del Rio/Eagle Pass corridor is supported by U.S. Highways 57, 83, 90, and 227, which extend from the border to the interior of Texas. Interstate 35 is the primary transportation route leading from the border at Laredo; US 59 provides access to I-37, which connects Corpus Christi to San Antonio. U.S. Highways 77 and 281 are the principal transportation routes that traverse the Lower Rio Grande Valley.

### Production

Drug production in the South Texas HIDTA border area is minimal. The ready availability of large quantities of most major drugs of abuse, such as methamphetamine and marijuana, in Mexico and in the border region minimizes the necessity to produce these drugs in South Texas; however, traffickers locally produce limited amounts of methamphetamine and marijuana and convert powder cocaine to crack. South Texas law enforcement officers have seized a small number of methamphetamine laboratories near the border. These laboratories were concentrated near Del Rio and Laredo as well as in the Lower Rio Grande Valley and were operated by independent dealers or outlaw motorcycle gangs (OMGs). Marijuana production along the border is negligible, particularly because of unfavorable climate conditions. Small quantities of crack cocaine are converted along the U.S.–Mexico border in South Texas, specifically in the Lower Rio Grande Valley. However, most of the crack cocaine distributed and abused along the border is supplied from larger crack conversion operations in Corpus Christi, Houston, and San Antonio.

### Transportation

Mexican DTOs exploit the high volume of cross-border vehicular and pedestrian traffic at South Texas POEs to smuggle large quantities of drugs into the South Texas HIDTA region. Traffickers use crossing points located at and between POEs along the South Texas border to smuggle illicit drugs. The South Texas HIDTA region comprises 17 border crossings located between Del Rio and Brownsville. The Laredo POE is the largest inland POE in the United States and one of the busiest, handling between 6,000 and 9,000 commercial vehicles per day. It is estimated that the Laredo POE handles approximately 40 percent of all Mexican exports to the United States. Mexican DTOs rely on overland methods as their primary means to smuggle and transport illicit drug shipments into and through the South Texas HIDTA region. Traffickers typically conceal smaller drug shipments in hidden compartments in private and commercial vehicles, while they generally transport bulk quantities in commercial tractor-trailers, concealing them in and among legitimate cargo, under a cover load, or behind false walls in the trailer. Traffickers also recruit couriers traveling on passenger buses to transport drug shipments from the border area to interior U.S. staging areas and drug markets. The POEs at Del Rio, Eagle Pass, and Laredo and those located in the Lower Rio Grande Valley are entry points for drug shipments destined for Austin, Corpus Christi, Dallas/Fort Worth, Houston, and San Antonio. In addition to vehicular drug smuggling, the South Texas HIDTA region is vulnerable to smuggling by railroads. The POEs of Del Rio, Eagle Pass, Laredo, and Brownsville provide rail access to the United States from Mexico. However, the extent of smuggling by railroad is relatively unknown because of difficulties that law enforcement officials encounter in inspecting railcars, particularly their size and number. For example, one train car containing 50 boxcars can carry 5,000 tons (or 10 million pounds) of cargo.

Traffickers routinely exploit South Texas POEs; however, they also smuggle significant quantities of illicit drugs, primarily marijuana, between POEs along the U.S.–Mexico border in



Figure 2. South Texas HIDTA region transportation infrastructure.

South Texas. Traffickers easily traverse the Rio Grande River, which demarcates the border and which, in many locations, can be crossed on foot, in boats, or by vehicle. After shipments are smuggled across the river, they are generally loaded into waiting vehicles for transport to a stash location or concealed in vegetation until they can be retrieved. However, traffickers try to avoid stashing drug shipments along the river; doing so leaves the drugs vulnerable to theft by other DTOs or seizure by law enforcement officers.

The location of the South Texas HIDTA renders the region vulnerable to maritime smuggling across the Rio Grande River and through the Gulf of Mexico. Traffickers use fishing boats, pleasure boats, and rafts to smuggle illicit drug shipments across the Rio Grande River in those areas navigable by watercraft, including Lake Amistad, the Amistad National Recreation Area, and Falcon Lake. Traffickers also exploit the Gulf Intracoastal

Waterway, seaports, shipping channels, bays, and barrier islands along the Gulf Coast in South Texas to smuggle drugs into the country from Mexico. These navigable waterways support go-fast boats, fishing vessels, shrimp boats, shark boats, tugboats, barges, and freighters. Law enforcement officials report that 20- to 25-kilogram bundles of cocaine frequently wash ashore along the Gulf Coast, quite likely from maritime drug trafficking operations in the Gulf of Mexico. Limited law enforcement resources dedicated strictly to marine enforcement leave the South Texas HIDTA border area particularly vulnerable to maritime smuggling.

The South Texas HIDTA border area is potentially vulnerable to drug smuggling by air, but this method of transportation does not appear to be widely used by traffickers. The area contains at least 156 airstrips, including six international airports. There are also an unknown number of private airstrips, unregistered airstrips, and flat stretches of

road that could support drug smuggling by air conveyance. While aircraft appear to be used rarely by traffickers who smuggle drugs into South Texas, Mexican DTOs use aircraft to transport bulk quantities of illicit drugs from the interior of Mexico to the Mexico side of the U.S.–Mexico border; the drugs are then generally smuggled across the border in land conveyances.

South Texas has ranked first among Southwest Border areas in cocaine seizures since at least 2002. The amount of cocaine seized in South Texas has increased each year since 2004. In 2006 the amount of cocaine seized in South Texas (16,337 kg) was nearly triple the amount seized in California (5,554 kg), which ranked second. (See [Table 1 on page 4.](#)) The increase in the amount of cocaine seized in South Texas is quite likely the result of the increased control that Mexican DTOs now exercise over cocaine smuggling along the U.S.–Mexico border.

The South Texas area has ranked first among Southwest Border areas each year since 2004 in the amount of heroin seized. (See [Table 1 on page 4.](#)) The amount of heroin seized in South Texas in 2006 (185 kg) surpassed the amount seized in California (154 kg) and was nearly double the amount seized in West Texas (93 kg). This total accounted for approximately one-third of the heroin seized along the Southwest Border. It appears that South Texas will remain the primary smuggling corridor for heroin shipments; Mexican black tar heroin and brown powder heroin are seized most frequently.

South Texas consistently ranked either first or second among Southwest Border areas in the amount of marijuana seized from 2004 to 2006. (See [Table 1 on page 4.](#)) The amount of marijuana seizures in South Texas increased 37 percent from 2005 (264,788 kg) to 2006 (361,494 kg), and South Texas ranks behind only Arizona in the amount of marijuana seized.

Methamphetamine is increasingly smuggled across the South Texas border despite a decrease in seizures during the past year. Area law enforcement officials report that ice methamphetamine is

now the predominant type of the drug seized in the South Texas HIDTA border area. South Texas methamphetamine seizures increased significantly from 2003 (379 kg) to 2005 (926 kg). This amount ranked second only to California (1,113 kg) in the amount of methamphetamine seized in 2005. (See [Table 1 on page 4.](#))

### Distribution

After drug shipments have been smuggled across the U.S.–Mexico border into South Texas, they are often stashed at locations along the border or immediately transported to interior stash locations. Stash houses are located in Laredo, Roma, Rio Grande City, Brownsville, and other communities along the border. For example, in November 2006 U.S. Immigration and Customs Enforcement (ICE) agents discovered over 17,000 pounds of marijuana hidden in an underground bunker at a residence in Rio Grande City. Traffickers consolidate smaller drug shipments into larger quantities at these locations and then transport bulk quantities of drugs to cities such as Corpus Christi, Dallas/Fort Worth, Houston, and San Antonio. Avoiding law enforcement while transporting drug shipments from the border area to the interior of the United States is particularly challenging for DTOs. Transportation costs vary depending on the service required. Some transportation organizations charge flat fees on a per-load basis, while others charge per-pound fees. Transportation fees typically increase once drug shipments have been smuggled across the U.S.–Mexico border, again after they have been transported through checkpoints, and once again when they are transported to U.S. drug markets.

### Drug-Related Crime

The continued use of the South Texas HIDTA border area as a primary smuggling corridor often results in high levels of drug-related violence. Much of the violence can be attributed to the battle between the Gulf Cartel and The Alliance for control of lucrative smuggling routes in South Texas. Murders in Nuevo Laredo remained relatively stable from 2005 (182) to 2006 (178); however, the number of murders committed in 2005 was the highest in 10 years. Moreover, law enforcement

officials in Laredo report 27 murders in 2005 and 24 in 2006. Although no single cause has been identified in most of these cases, officials believe that most were drug-related. The level of violence may increase as a result of the extradition of Osiel Cardenas-Guillen and renewed efforts by The Alliance to gain control of the lucrative Nuevo Laredo plaza.<sup>3</sup> While much of the violence has been concentrated in Laredo/Nuevo Laredo, areas along the entire U.S.–Mexico border in South Texas have experienced drug-related crime and violence associated with this conflict, including areas throughout the Rio Grande Valley, particularly in Starr and Hidalgo Counties, where drug-related extortion, kidnappings, and homicides have been documented.

Drug-related border violence is also directed at law enforcement officers. Assaults against U.S. Border Patrol (USBP) agents and sheriffs' deputies in the South Texas HIDTA border area have increased. Law enforcement officers in the region have been fired upon while patrolling areas along the Rio Grande River. Encounters with heavily armed drug traffickers are also common. Drug traffickers wearing military-style clothing and carrying military-grade weapons, including assault rifles, pose a serious threat to law enforcement officers along the border. Large caches of firearms, grenades, and improvised explosive devices used by drug traffickers have been seized along the border in the past year. Increased border security measures in South Texas, including the deployment of National Guard troops as part of Operation Jump Start<sup>4</sup> and additional USBP resources, will most likely result in more assaults against law enforcement officers along the border.

### Abuse

Illicit drug abuse along the U.S.–Mexico border in South Texas takes place primarily in the larger population centers of Laredo and those located throughout the Lower Rio Grande Valley. Marijuana remains the most readily available and abused drug throughout the border area and was

responsible for a high number of treatment admissions in Webb County, where it ranked second to powder cocaine, and Cameron and Hidalgo Counties, where it ranked first. These areas also experience powder cocaine, crack cocaine, and heroin abuse problems. Drug treatment providers report that methamphetamine abuse has increased but remains relatively low compared with abuse rates of other illicit drugs. Methamphetamine abuse may increase further as the amount of methamphetamine smuggled through South Texas increases.

### Illicit Finance

Mexican DTOs bulk-transport most illicit drug proceeds through the South Texas HIDTA region. Illicit drug proceeds from across the United States are transported to and through the area en route to Mexico. Often the same vehicles and routes that are used to transport illicit drug shipments from the border area to drug markets throughout the central and eastern United States are used to return illicit drug proceeds to the border area. Traffickers often conceal bulk cash shipments in hidden compartments in dashboards, door panels, car batteries, and gas tanks in private and commercial vehicles to smuggle them across the border into Mexico. Detection of southbound cash shipments is difficult because of the high volume of cross-border traffic and limited U.S. outbound inspection resources located at POEs. Once smuggled across the border into Mexico, illicit drug proceeds are often placed into the Mexican banking system. From there the proceeds may be repatriated to the United States, used to pay for operational expenses in Mexico, or sent to other source countries in Latin America.

The use of money transmitters is another method that Mexican DTOs use to launder illicit drug proceeds through South Texas. Money transmitters are an attractive and effective means of laundering illicit drug proceeds. This method enables traffickers to electronically, and often anonymously, move drug proceeds to the border area for

3. Plazas refer to specific cities or geographic locations that are used to smuggle illicit drugs from Mexico into the United States.

4. Operation Jump Start involves the deployment of National Guard troops to the Southwest Border to provide support to the U.S. Border Patrol. The National Guard troops perform support functions and do not have arrest authority.

consolidation prior to their movement into Mexico; the communities of Benita, Brownsville, Harlingen, Hidalgo, McAllen, Rio Grande City, and Roma are major South Texas destinations for transmitted funds. After arriving in the border areas, the funds are collected, consolidated, and bulk-shipped to Mexico for repatriation, after which traffickers often smuggle them back into the United States through a variety of methods, including electronic wire transfers and bulk cash shipments.

Drug traffickers operating in the South Texas HIDTA region also use *casas de cambio* to launder drug proceeds. *Casas de cambio* are money exchange facilities specializing in Latin American currencies and transactions; however, some *casas de cambio* function solely for money laundering purposes. These businesses are typically unregistered, are noncompliant with Bank Secrecy Act (BSA) reporting requirements, and often operate from temporary locations such as vehicles, telephone booths, and trailers. Although these facilities must follow BSA requirements, they often combine funds from multiple individuals into a single transaction in the name of the facility. This act hides the true identities of the funds' originators and often hinders subsequent financial investigations.

## **San Antonio Market Area**

### **Overview**

San Antonio has emerged as a key transshipment point for drug shipments originating in Mexico destined for U.S. drug markets. The city's location in South Texas, at the convergence of several major drug transportation corridors, has solidified San Antonio's role as a key transshipment point. Shipments of cocaine, heroin, marijuana, and methamphetamine are often transported by Mexican DTOs to San Antonio, stored at stash locations throughout the city, and then shipped to drug markets in the eastern and central United States, notably Atlanta and Chicago. Some peel-off local distribution takes place, causing significant abuse concerns among law enforcement officers and treatment providers.

### **Production**

San Antonio is the primary crack cocaine conversion area and distribution center in South Texas. Crack cocaine traffickers in San Antonio supply retail distributors and drug abusers throughout the South Texas HIDTA region. Local crack distributors either travel to Houston to purchase powder cocaine or purchase the drug directly from Mexican DTOs in the San Antonio area, where it is considerably cheaper.

Methamphetamine is produced in San Antonio, but methamphetamine production has decreased over the past year. During 2004 and 2005, San Antonio experienced an increase in local methamphetamine production, but that trend appears to have reversed. According to statistical data from the San Antonio Police Department (SAPD), 25 methamphetamine laboratories were seized by its officers in 2006, compared with 34 in 2005. According to National Clandestine Laboratory Seizure System (NCLSS) statistics, Bexar County, where San Antonio is located, is the only South Texas HIDTA county to report a methamphetamine laboratory seizure during the past 3 years. Law enforcement officials attribute the decrease in local methamphetamine production and laboratory seizures to recently enacted legislation that restricts access to pseudoephedrine. The increased availability of Mexican ice methamphetamine is also a contributing factor in the decrease of local methamphetamine production; Mexican ice methamphetamine has replaced locally produced methamphetamine as the predominant form of the drug trafficked in San Antonio. (See Table 2 on page 11.)

### **Transportation**

San Antonio's proximity to the U.S.–Mexico border and its location at the convergence of major domestic smuggling routes have transformed the city into a key transportation center for illicit drugs. DTOs operating in the San Antonio area typically specialize in drug transportation and operate networks between the border area and San Antonio.

**Table 2. Number of Methamphetamine Laboratory Seizures in the South Texas HIDTA, 2004–2006**

County/Region	2004	2005	2006	Total
Bexar	18	31	11	60
Remainder of South Texas HIDTA region	0	0	0	0
Remainder of Texas	344	138	44	526
<b>Total</b>	<b>362</b>	<b>169</b>	<b>55</b>	<b>586</b>

Source: National Clandestine Laboratory Seizure System,\* run date 01/31/2007.

\*NCLSS is a voluntary seizure reporting system and may not reflect all laboratory seizures.

Several interstates and U.S. highways converge in San Antonio and provide access to the city from most areas along the U.S.–Mexico border in South Texas. Interstate 35 connects San Antonio to the U.S.–Mexico border at Laredo. Interstate 37 runs between San Antonio and Corpus Christi and intersects US 281 and US 77, which extend to the border at Hidalgo and Brownsville, respectively. San Antonio is also connected to Del Rio and Eagle Pass by way of US 90 and US 57, respectively. Mexican DTOs and other drug traffickers continue to exploit the high volume of private and commercial traffic on these highways to transport illicit drugs from the border area to San Antonio. Multi-hundred- to multithousand-pound shipments of illicit drugs are transported to San Antonio; some are siphoned for local distribution, but most are destined for other U.S. drug markets.

### Distribution

Several Mexican DTOs have recently relocated from the South Texas border area to San Antonio, facilitating the development of San Antonio as a national-level transshipment point for cocaine, marijuana, methamphetamine, and heroin. Drug traffickers are also establishing numerous stash locations in the San Antonio area from which they can distribute wholesale quantities of illicit drugs throughout the country, particularly to central and eastern U.S. markets.

The Mexikanemi prison gang, which is based in San Antonio, controls a significant portion of

wholesale and midlevel drug distribution in the city. The gang supplies many local street gangs in San Antonio and operates its own extensive retail distribution network. After selling illicit drugs to local gangs, Mexikanemi then collects a 10 percent “street tax” on the profits generated by the sale of these drugs. Mexikanemi operates throughout Texas and is actively recruiting members from small communities around San Antonio and throughout South Texas. Mexikanemi members have a propensity for violence and have been linked to numerous assaults, murders, and shootings.

### Drug-Related Crime

The distribution and abuse of illicit drugs contribute to high levels of property crime and violence that occur in San Antonio. Cocaine, heroin, and methamphetamine are the drugs most associated with property crime and violence in San Antonio. Cocaine and methamphetamine distributors and abusers commit a variety of violent crimes, including assault and murder; heroin and methamphetamine abusers frequently commit property crimes.

Drug-related arrests continue to increase in San Antonio. Arrests associated with all major drugs of abuse increased significantly from 2005 to 2006, according to the SAPD. Marijuana-related arrests increased 16.9 percent, heroin-related arrests increased 7.7 percent, cocaine-related arrests increased 35.4 percent, and methamphetamine-related arrests increased 35.6 percent. (See [Table 3 on page 12.](#))

**Table 3. Number of Drug-Related Arrests in San Antonio, 2005–2006**

Drugs	2005	2006
Marijuana*	4,083	4,774
Heroin	547	589
Cocaine	2,486	3,365
Methamphetamine	433	587

Source: San Antonio Police Department.

\*Includes felony and misdemeanor arrests.

### Abuse

Drug-related treatment admissions in San Antonio increased 76 percent from 2002 to 2005, according to the Texas Department of State Health Services (DSHS). Of particular note are amphetamine/methamphetamine-related treatment admissions, which more than tripled between 2002 (91 admissions) and 2005 (306 admissions); 2005 is the latest year for which data are available. Increasing methamphetamine abuse rates are quite likely the result of the increased availability of Mexican ice methamphetamine in San Antonio.

### Illicit Finance

Bulk cash smuggling is the primary method used by traffickers to launder funds generated from illicit drug sales in San Antonio; traffickers also bulk-transport funds derived from drug sales in other U.S. markets, particularly from the midwestern, southeastern, and northeastern United States, through San Antonio en route to Mexico. Bulk cash shipments from the U.S. Midwest, Southeast, and Northeast regularly transit the city destined for repatriation in Mexico. Moreover, in the past year, local law enforcement officers have reported that San Antonio has become a consolidation point for bulk currency shipments from other regions of the country. Traffickers transport smaller bulk currency shipments to San Antonio, where they are consolidated at stash locations into larger quantities for shipment into Mexico.

## Outlook

The role and importance of the South Texas HIDTA in drug trafficking and national-level drug distribution are likely to increase as Mexican DTOs assume greater control over U.S. drug markets. As DTOs based and operating in South Texas continue to expand to these market areas, the amount of illicit drugs that they smuggle through the area will quite likely increase, in large part as a result of the HIDTA region's location at the eastern end of the U.S.–Mexico border and its proximity to key distribution centers and drug markets in midwestern, eastern, and southeastern states.

The effectiveness of recent border security measures, including the implementation of Operation Jump Start, the opening of the Laredo Checkpoint on I-35, and the allocation of additional Border Patrol resources, as well as the extradition of Osiel Cardenas-Guillen, will most likely have a direct effect on the level of violence along the border and within the South Texas HIDTA region. Mexican traffickers will most likely increase the use of violent tactics against Border Patrol agents and other law enforcement personnel in the area in an attempt to frustrate the effectiveness of these measures and to ensure safe passage of their drug shipments into and through the area.

The South Texas HIDTA, specifically the port of Laredo, may experience an increase in rail smuggling in the next 3 to 5 years. Two of Mexico's primary Pacific coast ports—Manzanillo, Colima, and Lazaro Cardenas, Michoacán—are undergoing expansions to accommodate increased container traffic from Asian countries. The port of Lazaro Cardenas is part of an extensive intermodal transportation network that will connect the port with Kansas City, Missouri, via Laredo, Texas. The rail lines connecting these two locations transit the Mexican states of Colima, Jalisco, and Michoacán, three of the major methamphetamine production areas in Mexico. Once the transportation systems are fully operational, the amount of illicit drugs, primarily methamphetamine, smuggled by rail through Laredo may increase.

Methamphetamine smuggling through South Texas will very likely continue and may increase. According to National Seizure System data, South Texas ranked behind only California in the amount of methamphetamine seized within approximately 150 miles of the border in 2005 and seized approximately the same amount as Arizona in 2006, which ranked second to California. Any change in methamphetamine smuggling trends through South Texas will most likely be dictated not only by a growing demand in Texas but also by the growing demand for Mexican methamphetamine in central, eastern, and southeastern U.S. drug markets.

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## Sources

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### Local, State, and Regional

City of San Antonio

San Antonio Police Department

State of Texas

Texas Commission on Drug and Alcohol Abuse

Texas Department of Public Safety

Texas Department of State Health Services

### Federal

Executive Office of the President

Office of National Drug Control Policy

High Intensity Drug Trafficking Areas

Houston

South Texas

South Texas HIDTA Investigative Support Center

Del Rio Intelligence Center

Laredo Intelligence Center

U.S. Department of Homeland Security

U.S. Coast Guard

U.S. Customs and Border Protection

U.S. Border Patrol

U.S. Immigration and Customs Enforcement

U.S. Department of Justice

Drug Enforcement Administration

El Paso Intelligence Center

National Clandestine Laboratory Seizure System

National Seizure System

Houston Field Division

Executive Office of U.S. Attorneys

U.S. Attorney's Office

Southern District of Texas

Federal Bureau of Investigation

McAllen Intelligence Center

U.S. Department of the Interior

National Park System

Padre Island National Seashore

U.S. Department of the Treasury

Financial Crimes Enforcement Network

U.S. House of Representatives  
House Committee on Homeland Security  
Subcommittee on Investigations

**Other**

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