



Milwaukee

High Intensity Drug Trafficking Area Drug Market Analysis

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Preface

This assessment provides a strategic overview of the illicit drug situation in the Milwaukee 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 Milwaukee HIDTA.



Figure 1. Milwaukee 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 heroin abuser population in Milwaukee, which had been limited to small networks of inner-city residents, has changed. Caucasian males and females from suburban areas and smaller outlying towns are coming to Milwaukee in increasing numbers to purchase heroin for personal use or to sell to friends and acquaintances. In addition, the mean age of heroin users has decreased; abusers now include senior high school age youth.
- Canada-based Vietnamese criminal groups have increased their transportation of high-potency marijuana into Milwaukee, primarily through Detroit, Michigan, increasing the availability of the drug in the region.
- Traffickers use Milwaukee as a transit location for khat shipments that originate in England, France, Germany, and Italy, destined for Minneapolis, Minnesota.
- Sixty Latin Kings members were indicted in 2006, severely disrupting the criminal activities of the street gang; however, other members are poised to take over drug markets vacated by the indicted members.
- Violent crime in Milwaukee has increased overall, and street gang-related violence, particularly involving firearms, continues to increase.
- Traffickers are increasingly investing illicit drug proceeds in Milwaukee real estate ventures.

HIDTA Overview

The Milwaukee HIDTA region includes Milwaukee County as well as the counties of Kenosha, Racine, and Waukesha and occupies the southeastern corner of Wisconsin, bordering Illinois and Lake Michigan. Most of the region's population is located in the county and city of Milwaukee, a fact that is reflected in both the focus of HIDTA efforts and the scope of this report. Milwaukee is the twenty-second most populous city in the United States. It lies 90 miles north of Chicago, Illinois, a

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.

major transportation center, making Milwaukee an easily accessible destination for illicit drugs as well as a transshipment point for drug shipments destined for drug markets throughout Wisconsin and nearby states.

Ethnically and racially distinct neighborhoods in the city of Milwaukee are home to Hispanic, African American, and Asian gangs that provide a nexus between major drug distributors and street-level drug markets. Hispanics, consisting primarily of first- and second-generation Mexicans and including persons of Dominican, Colombian, and Puerto Rican descent, live almost exclusively south of Interstate 94/794 in Milwaukee County. Most African Americans live north of I-94/794, where they compose more than 80 percent of the population. Hispanic and African American gangs in these areas prey upon the residents of local neighborhoods as they conduct their drug distribution activities and recruit members.

Drug Overview

Powder cocaine and crack cocaine pose the greatest drug threats to the HIDTA region. The level of violence associated with the distribution of powder and crack cocaine and the number of overdose deaths resulting from abuse of these drugs are the

major factors contributing to the magnitude of the threat to the region. Heroin constitutes the second-greatest drug threat to the region, owing, in large part, to a relatively high rate of overdose incidents. Southeast Asian heroin is the principal type available and abused on the north side of the city, while South American heroin typically is distributed on the south side. Marijuana is the most commonly abused drug in the region; however, users seldom commit property or personal crimes. Marijuana abuse among all segments of the population ensures a steady and high demand that translates into dependable profits for dealers.

Other illicit drugs pose a serious threat to the region, even though they are abused to a lesser extent. Diverted pharmaceuticals, particularly prescription opiates, are threats, in part because users often later switch to more insidious drugs such as heroin. Local officials report sporadic incidents of fentanyl availability and abuse in the area over the past year; however, the scope of the problem is unknown. For example, officials are unsure whether the emergence of fentanyl in the Milwaukee area is related to the distribution of fentanyl-laced heroin in Chicago over the past 2 years, a situation that has resulted in hundreds of overdoses and deaths. Abuse of MDMA (3,4-methylenedioxymethamphetamine, also known as ecstasy) in the region is stable at moderate levels. MDMA continues to be smuggled into the area, primarily from Canada through Detroit, but it is also transported from California and Nevada. Law enforcement and drug treatment agencies report the abuse of methamphetamine as low and stable within the HIDTA region; production and abuse levels are low, as evidenced by seizure and abuse data. However, should a demand shift occur in nearby areas, methamphetamine could quickly be elevated to a serious threat to the Milwaukee HIDTA region.

Drug Trafficking Organizations

Large-scale drug trafficking organizations (DTOs) maintain operations in the Milwaukee HIDTA region; however, illicit drugs are generally transported and distributed by smaller criminal

groups and street gangs and by independent dealers. Criminal groups and street gangs are the primary distributors of cocaine and commercial-grade marijuana. Heroin, high-potency marijuana, khat, and other illicit drugs are more likely to be distributed by independent dealers or small, clandestine criminal groups.

Some Hispanic criminal groups on the south side of Milwaukee receive large shipments of commercial-grade marijuana and powder cocaine from members of Mexican DTOs who operate in Arizona, Texas, and Mexico. African American criminal groups on the north side of Milwaukee maintain fewer direct connections to Mexican DTOs and are more likely to receive drug shipments from other African American or Hispanic criminal groups in Chicago than from sources along the Southwest Border. Law enforcement agencies have made several seizures of heroin and cocaine destined for Milwaukee from Colombian and Dominican DTOs operating on the East Coast, typically in New York City. Colombian and Dominican DTOs supply drugs primarily to Hispanic gangs and independent dealers on the south side of Milwaukee.

Numerous street gangs are involved in drug trafficking in the Milwaukee HIDTA region. Most street gangs are composed of individuals of the same race. They are often involved in significant rivalry and incite violence against other street gangs and individuals involved in the drug trade. However, there is little rivalry and violence between street gangs from the north and south sides of Milwaukee, because the gangs are separated by clearly demarcated geographical boundaries and generally distribute drugs to a proprietary customer base.

Latin Kings, Mexican Posse, and Spanish Cobras are the most prevalent street gangs on the south side of Milwaukee; they are composed primarily of Hispanics. These gangs distribute powder cocaine and marijuana and, occasionally, crack cocaine. Hispanic street gangs are cohesive, tightly knit groups; this characteristic has posed considerable difficulty to law

enforcement officers in investigating the gangs, particularly since members are reluctant to provide information against each other when arrested. This reluctance extends even to rival gang members. Moreover, many gang members are first- and second-generation immigrants who have family members living in Mexico; fear of reprisal against foreign family members often compels gang members to be uncooperative with law enforcement, even when they themselves have been victimized. Despite the reluctance of gang members to cooperate with law enforcement officers, investigations during the past 3 years have removed many Hispanic gang members who were distributing illicit drugs on the south side of Milwaukee; however, other members are poised to take over drug markets vacated by the indicted members. The absence of these indicted members has also enabled a limited number of African American street gang members and independent dealers to move into this traditionally Hispanic-dominated area of the city.

Street gangs on the north side of Milwaukee consist primarily of African American gangs, including Brothers of Struggle, Gangster Disciples, and Vice Lords. These gangs distribute principally crack cocaine; they often abuse and distribute marijuana. Gang members often employ heavily armed lookouts and bodyguards, who represent a greater threat to law enforcement officers who encounter them. Violence is often associated with the distribution of crack cocaine. Further, retail-level distributors sometimes commit home invasion robberies of higher-level distributors to steal drug caches and proceeds.

An increasing number of drug traffickers in the Milwaukee HIDTA region are using low-cost disposable communication equipment to thwart law enforcement communication intercepts. Disposable cell phones have long been used; however, two-way, direct-connect devices (typically cell phone/walkie-talkie combinations) are becoming popular among drug traffickers in the region. These devices can generally be purchased by traffickers at a low cost and with relative anonymity, factors that enable traffickers to readily dispose of the equipment if law enforcement communication intercepts are suspected. Moreover, traffickers are beginning

Involvement of Latin Kings in Drug-Related Crime

During the past 3 years, the Milwaukee HIDTA conducted a major investigation of Latin Kings, resulting in the indictment of 60 individuals, 59 of whom have been incarcerated. (Law enforcement officials believe that one indicted individual escaped to Mexico.) This investigation determined that Latin Kings members had been distributing large amounts of powder cocaine and marijuana and limited quantities of MDMA in the region. The investigation also resolved 115 shootings, 12 homicides, 3 kidnappings, numerous home invasions, and 70 other predicate acts.

Source: Milwaukee High Intensity Drug Trafficking Area.

to dispose of communication equipment after each higher-level drug transaction, even if law enforcement intercepts are not suspected, in an attempt to avoid law enforcement detection.

Production

Drug production in the Milwaukee HIDTA region is generally limited to the conversion of powder to crack cocaine by African American street gangs and to occasional indoor cannabis cultivation by independent Caucasian traffickers. African American gangs in Milwaukee regularly receive large shipments of powder cocaine and convert most of it to crack. Typically, only a few “cooks” trusted by the street gangs convert powder cocaine into crack, generally in the basements of houses in African American communities on the north side of Milwaukee. These cooks are paid per kilogram of powder cocaine to perform this procedure. Law enforcement officers report that in times of low powder cocaine supply, African American gangs on the north side of Milwaukee have purchased cocaine from Hispanic gangs on the south side in order to continue conversion operations and meet demand.

Most high-potency marijuana available in the Milwaukee HIDTA region originates in Canada; however, some indoor cannabis grow sites that produce personal-use to low-level distribution quantities of high-potency marijuana are occasionally discovered in the area. The grow sites are typically

operated by Caucasian males, who abuse and sometimes independently distribute the drug. State law enforcement authorities report a trend involving cannabis “grow closets” in the Milwaukee area. These grow closets look like stand-alone refrigerators or freezers but are completely self-contained cannabis grow sites; their use reportedly increases the growth rate of cannabis plants. A supply company in Vancouver, British Columbia, sells grow closets for prices ranging from approximately \$3,300 to \$8,000.

Transportation

Most illicit drugs available in Milwaukee are transshipped through Chicago. Typically, a drug-laden conveyance is driven from the Southwest Border area to Chicago, the bulk of its shipment is offloaded, and it is then driven to Milwaukee to deliver the remaining cargo. However, some cocaine, marijuana, and heroin are transported directly to Milwaukee from various locations, including the Southwest Border area, West Coast drug markets, and midwestern drug markets. Some midlevel quantities of marijuana and cocaine are transported directly to larger cities in the HIDTA region, such as Kenosha, Racine, and Waukesha.

Mexican criminal groups and street gangs are the primary transporters of wholesale quantities of powder cocaine and marijuana to the region. Having familial and sometimes organizational contacts in Mexico as well as Chicago, Mexican criminal groups and street gangs are well-placed to supply wholesale quantities of drugs to the region; in most cases they use tractor-trailers and private vehicles to transport illicit drugs to the region.

Dominican and Colombian criminal groups also supply illicit drugs to the HIDTA region; they generally transport wholesale quantities of powder cocaine and heroin from Chicago and, to a lesser extent, East Coast cities such as Boston and New York. Moreover, Canada-based Vietnamese criminals and some Caucasian criminals smuggle wholesale quantities of high-potency marijuana and MDMA through Michigan and Minnesota en route to Milwaukee.

Somali criminal groups accept international, wholesale khat shipments in Milwaukee that are destined primarily for Minneapolis. Law enforcement interdiction efforts have disrupted khat shipments sent directly to Minneapolis, forcing Somali criminal groups to ship the drug into Milwaukee for transshipment to Minneapolis.

Distribution

Street gangs and various criminal groups are the primary retail-level distributors of illicit drugs—most often cocaine and commercial-grade marijuana. In addition, street gangs often use junior and senior high school students who have been initiated as gang members to sell to their peers throughout schools and residential areas.

Milwaukee is a distribution center for many drug markets in Wisconsin, with the notable exception of Madison, which is more often supplied from Chicago or Minneapolis. Most of the powder cocaine that arrives in Milwaukee is taken to stash houses in the city, where distributors purchase the drug for retail sales throughout the HIDTA region and in other parts of the state. Powder cocaine is distributed in Milwaukee, primarily on the south side, by Hispanic criminal groups and gangs; crack cocaine is distributed almost exclusively on the north side of the city by African American gangs and independent dealers. Both north side and south side distributors sell widely available commercial-grade marijuana, for which sales rivalry is less common.

Illicit drugs, including high-potency marijuana, heroin, MDMA, diverted pharmaceuticals, and limited amounts of methamphetamine and khat, are distributed typically by independent dealers or small criminal groups. Law enforcement authorities report increasing availability of high-potency marijuana in the area, most of which is supplied by Canada-based Asian traffickers who transport the drug primarily through Detroit. Some high-potency marijuana is also supplied from other sources in Washington, Oregon, and California and, to a lesser extent, from local producers who grow cannabis in indoor operations. High-potency marijuana is distributed within the HIDTA region primarily by independent Caucasian

Disruption of the 2-4's Street Gang

As a result of numerous investigations, the Milwaukee HIDTA Drug Gang Task Force arrested 16 members of the 2-4's street gang in 2006 on federal drug and weapons charges. Those arrested included the top-tier members of two factions of the street gang responsible for the distribution of cocaine, heroin, and marijuana in the region. Also arrested were members of a third faction that had specialized in robbing rival drug distributors. According to the testimony of a 2-4's member, the gang had distributed over 100 kilograms of cocaine in the Milwaukee region since 1996; members had been involved in at least 10 shootings per year, including 10 homicides of rival members of the Brothers of Struggle street gang. During the investigation two members of the 2-4's were targeted for assassination by other members of the gang for cooperating with law enforcement officers. Further, a vice squad detective was targeted for assassination by members of the gang; however, the detective received warning of the plan, and the assassination was thwarted by investigators.

These arrests will quite likely result in less gang violence and organized drug trafficking on the north side of Milwaukee. The entire 2-4's street gang in Milwaukee has been severely disrupted as a result of this investigation. The shooting death of the leader of the faction that specialized in robberies of other drug dealers has also disrupted the gang's criminal activities. Small, unorganized groups of 2-4's members still reside in Milwaukee, and some have reorganized into a criminal organization that operates in North Dakota.

Source: Milwaukee High Intensity Drug Trafficking Area.

dealers. Most of the retail distribution of MDMA in the Milwaukee area is conducted by Caucasian independent dealers, who obtain the drug in Detroit. Anecdotal law enforcement accounts reveal that methamphetamine distribution is very limited.

Heroin is distributed primarily by independent dealers who have connections with Nigerian and Dominican, Colombian, and other Hispanic criminals in Chicago and, to a lesser extent, East Coast cities. While other drugs, including powder and crack cocaine and marijuana, are typically distributed widely by street gang members, heroin distribution takes place most often among groups of established friends or associates. Heroin is principally distributed on the north side of Milwaukee by African American dealers who supply Southeast Asian heroin to neighborhood abusers and to Caucasian abusers who travel to the north side from outlying areas. Hispanic dealers on the south side of the city distribute South American heroin, but to a lesser extent. Mexican traffickers who have connections to receive Mexican brown powder and black tar heroin rarely attempt to distribute these drugs in the region because of the user preference for white powder heroin.

Drug-Related Crime

The distribution of powder and crack cocaine through criminal organizations and street gangs poses the greatest threat to law enforcement in terms of violent crime, especially firearms-related violence. Law enforcement officers have reported a distinction between violent crime as perpetrated by north side and south side gangs in Milwaukee. South side gang violence is typically perpetrated against rival gang members or peers as a result of turf warfare. North side gangs and criminals, however, are more apt to use violence to steal drugs, money, or weapons from other dealers. Dealers are especially vulnerable because they cannot report the robbery or assault to law enforcement officers without risk of discovery or seizure of their enterprise; thus, they tend to be heavily armed and fortified in their residences and to employ guards and/or lookouts for personal and private property protection, actions that create an added risk to law enforcement officers.

Abuse

Marijuana is the most widely abused illicit drug in the HIDTA region; however, the societal and personal consequences of marijuana abuse are not comparable to those associated with the abuse of powder and crack cocaine, heroin, and other illicit

drugs. The Milwaukee County Medical Examiner reports that in 2005 (the latest year for which data are available), 196 drug deaths occurred, 92 of which involved cocaine.¹

Treatment agencies in the HIDTA region report an increase in opiate abuse, predominantly abuse of prescription opiates and heroin. Moreover, the Milwaukee County Medical Examiner reports that in 2005, more than half (103) of drug deaths involved prescription opiates, either alone or in combination with other drugs.² (See Table 1.) The demographics of heroin and other opiate abuse indicate that there has been a change in the abuser population in Milwaukee. Law enforcement officials and treatment providers also report a decrease in the mean age of heroin users over the past few years as adolescents experiment with and abuse opiates. Additionally, law enforcement officials report that Caucasian males and females from suburban areas and smaller outlying towns have been coming to Milwaukee in increasing numbers to purchase heroin for personal use or for sale to friends and acquaintances.

Table 1. Prescription Opiate Mentions in Drug Deaths, Milwaukee County, 2005

Opiate Mention	Deaths
Oxycodone	36
Methadone	25
Morphine	17
Propoxyphene	10
Fentanyl	8
Hydrocodone	7
Total Deaths	103

Source: Milwaukee County Medical Examiner.

Many opiate abusers in the HIDTA region reportedly progress from prescription opiate (e.g., oxycodone) abuse to the snorting of heroin and, finally, to the intravenous injection of heroin. Only 20 deaths were associated with heroin abuse in 2005, according

to the Milwaukee County Medical Examiner; however, the Medical Examiner's Office reports that the low death rate should be attributed to first-response procedures by emergency medical services (EMS) personnel—not to a decrease in abuse. EMS providers in the region employ a first-response application of Narcan (naloxone), also marketed as Nalone and Narcanti, an injectable narcotic antagonist that immediately reverses respiratory arrest caused by a heroin or other opiate overdose.

Indictment of Heroin Distribution Network Members

On September 13, 2006, the U.S. Attorney for the Eastern District of Wisconsin announced the indictment of 13 alleged members of a Milwaukee-based heroin distribution network. The leader of the group allegedly traveled to Chicago two or three times per week to purchase 100 grams of heroin each time for later retail distribution on the north side of Milwaukee and in Ozaukee County, located just north of the city. The individuals were charged with conspiracy to distribute heroin resulting in death and serious bodily injury after heroin distributed by the group contributed to the overdose deaths of at least four residents of Ozaukee County, including a 17-year-old female.

Source: U.S. Attorney Eastern District of Wisconsin.

Methamphetamine abuse is almost nonexistent in the HIDTA region; as a result, there is little demand for the drug. Law enforcement officials believe that the abundant supply and consistently low prices of powder and crack cocaine contribute to the user population's reluctance to experiment with or switch to methamphetamine. However, methamphetamine abuse occurs in areas bordering the HIDTA region. Ice methamphetamine is increasingly available in northern Wisconsin, where the drug is transported from the Minneapolis/St. Paul area.

Illicit Finance

A primary concern for traffickers in many illicit transactions is the transfer of drug proceeds from the

1. These data reflect both drug-induced deaths (i.e., drugs directly caused the deaths) and drug-related deaths (drugs contributed to the deaths).
2. Mixed drug toxicity was present in 88 of 196 reported drug deaths in 2005.

Milwaukee area and, often, from the United States to other countries. Transfers take place through shipments of bulk cash and, more recently, through the use of money remitters and other electronic methods. Many Hispanic traffickers transport large portions of their drug proceeds to friends and family in Mexico, using either private or commercial vehicles. Hispanic traffickers also transfer funds by money remitters—most of whom are unlicensed—and, more recently, by converting drug proceeds to stored value cards and then mailing the cards to locations around the world. African American criminals, who are less apt to route their drug proceeds outside the HIDTA region, often purchase tangible items that denote wealth or status, such as high-value vehicles, vehicle accessories, or jewelry.

DTOs and criminal groups use front companies to launder drug proceeds. Restaurants, clothing stores, used car dealerships, and offices related to the construction industry are commonly used by traffickers on the south side of Milwaukee as fronts for drug enterprises. Some unscrupulous construction companies hire illegal immigrants and offer to pay their wages in drugs instead of currency. The employees gain the benefit of receiving hidden, non-taxable income but subsequently must either sell or trade the drugs to acquire cash. Traffickers on the north side of Milwaukee are more likely to use barber shops, beauty salons, used car lots, and car washes to launder proceeds from drug sales.

A significant and growing money laundering trend in Milwaukee enables dealers to invest drug proceeds in residential real estate. In one type of scheme, a dealer purchases a residential dwelling and reports drug proceeds as rent in addition to rent actually received from legitimate tenants. In a more complex scheme, a dealer purchases a property that he then immediately sells for a substantially increased price to an indebted associate, who obtains a mortgage to purchase the property. The dealer receives the profit from the sale, seemingly legitimizing the income, while the associate typically defaults on the loan, defrauding the bank.

Outlook

The proximity of Milwaukee to Chicago, a major drug transportation center, will ensure a steady supply of cocaine, heroin, and commercial-grade marijuana to the HIDTA region. The distribution of powder and crack cocaine will remain the primary drug threat in the foreseeable future. Prescription opiate and heroin abuse will remain a significant, yet secondary, problem, partly because young adults will continue to experiment with and become addicted to those drugs.

Commercial-grade marijuana will remain the most widely abused drug in the HIDTA region, although a growing demand for and availability of high-potency marijuana may result in an increase in its abuse.

If a significant disruption were to occur in the cocaine supply to Milwaukee, or if a significant relocation of existing methamphetamine distributors or abusers to the region from adjacent areas were to take place, an increase in methamphetamine demand might precipitate methamphetamine distribution and abuse throughout the region. Moreover, because Hispanic gangs and criminal organizations have existing direct drug channels to Mexico and the Southwest Border, these groups would be poised to rapidly transport and distribute wholesale quantities of the drug.

Fentanyl-laced heroin may emerge as a threat to Milwaukee. Officials in Chicago and Detroit, major sources of supply for drugs available in Milwaukee, have reported hundreds of overdoses and deaths related to this combination of drugs over the past 2 years. Despite the overdoses and deaths, heroin and fentanyl combinations are sought by opiate abusers in Chicago and Detroit; this demand may spread to the Milwaukee area.

Laundering of drug proceeds through real estate investment will most likely increase in Milwaukee, particularly as the inner-city areas of Milwaukee experience a resurgence in property revitalization. These investments frequently evolve into complex mechanisms for fraud and will quite likely require additional law enforcement investigative assets.

Sources

Local, State, and Regional

Cudahy Police Department
Milwaukee County Medical Examiner's Office
Milwaukee County Sheriff's Office
Milwaukee Police Department
Racine Police Department
State of Wisconsin
 Department of Justice
 Division of Criminal Intelligence
Washington County Sheriff's Office
Waukesha County Metro Drug Enforcement Group
Waukesha Police Department
West Allis Police Department

Federal

Executive Office of the President
 Office of National Drug Control Policy
 Milwaukee High Intensity Drug Trafficking Area
 Investigative Support Center
U.S. Department of Commerce
 U.S. Census Bureau
U.S. Department of Homeland Security
 U.S. Immigration and Customs Enforcement
U.S. Department of Justice
 Drug Enforcement Administration
 Milwaukee District Office
 Federal Bureau of Investigation
 Milwaukee Field Office
 U.S. Attorney's Office
 Eastern District of Wisconsin

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