U.S. Department of Justice
National Drug Intelligence Center

Northern California High Intensity Drug Trafficking Area

Drug Market Analysis 2010

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

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Strategic Drug Threat Developments

The Northern California High Intensity Drug Trafficking Area (HIDTA) region is a national- and regional-level distribution center for locally produced methamphetamine and marijuana. Mexican drug trafficking organizations (DTOs) are the principal producers of methamphetamine and marijuana at outdoor sites in the region and are also the principal wholesale distributors of methamphetamine, cocaine, marijuana, and heroin that they obtain from Mexico. Caucasian traffickers are the primary producers of high-potency marijuana at indoor sites in the Northern California HIDTA region. Asian DTOs and criminal groups are increasingly establishing large-scale indoor cannabis grow sites and are the principal suppliers of Canadian high-potency marijuana and MDMA (3,4-methylenedioxymethamphetamine, also known as ecstasy).

Methamphetamine trafficking, abuse, and associated crime pose the most significant drug threats in the Northern California HIDTA region.

The following are strategic drug threat developments in the Northern California HIDTA region.

- In 2009, Northern California HIDTA officials reported the emerging availability of less potent d,l-methamphetamine[a] in Sonoma and Santa Clara Counties. Over the past year, some DTOs in Mexico began conducting large-scale nonephedrine-based methamphetamine production using phenylacetic acid (P2P) in response to the Mexican Government's restrictions on the importation of ephedrine-based precursor chemicals. Law enforcement officials expect that local production of the more potent d-methamphetamine[b] will expand or there will be an increase in the number of abusers seeking alternative stimulants such as powder or crack cocaine.
- Northern California HIDTA officials are reporting the presence of blue-tinted ice methamphetamine. It is unclear why the ice methamphetamine is colored blue, but it may be a marketing technique to indicate higher potency or the source area in Mexico.
- Mexican DTOs are expanding their outdoor cannabis cultivation operations on public lands in the HIDTA region, primarily in Lake, Santa Clara, and Sonoma Counties. Their propensity for violence while protecting these grows poses a growing threat to public safety and law enforcement personnel. Mexican traffickers will continue to expand their outdoor grow operations in the region to lower transportation costs and avoid the risk of seizure associated with shipping marijuana from Mexico into the United States.
- In 2009, HIDTA officials in San Mateo and Santa Clara Counties noted an increase in the availability of Mexican black tar heroin. The abuse of Mexican black tar heroin, the preferred type among long-term abusers, is also increasing among some teenagers and young adults who are switching from OxyContin to heroin because of its lower cost. It is expected that the rising availability and lower cost of Mexican black tar heroin will attract increasing numbers of controlled prescription drug (CPD) abusers in the near term.

a. The drug d,l-methamphetamine (dextro-levo-methamphetamine) is clandestinely produced using the P2P method, the preferred methamphetamine production method in the late 1970s and early 1980s. The drug is less potent than d-methamphetamine.

b. The drug d-methamphetamine (dextro-methamphetamine) is clandestinely produced using ephedrine/pseudoephedrine reduction methods. Highly addictive, d-methamphetamine is the most potent, widely abused from of methamphetamine.

Figure 1. Northern California High Intensity Drug Trafficking Area

HIDTA Overview

The Northern California HIDTA region consists of 10 counties in the San Francisco Bay area—Alameda, Contra Costa, Lake, Marin, Monterey, San Francisco, San Mateo, Santa Clara, Santa Cruz, and Sonoma. (See Figure 1 on page 2.) The region encompasses major metropolitan areas, including Oakland, San Francisco, and San Jose, and expansive, sparsely populated rural areas. Proximity to illicit drug source areas and an adaptable abuser population have rendered the HIDTA region a national-level transportation center and significant abuse area for illicit drugs supplied by Mexican and, to a lesser extent, Asian DTOs. In addition to supplying drug markets in the region, Mexican and Asian DTOs transport various illicit drugs from the area to markets throughout the United States.

A multifaceted transportation infrastructure links the HIDTA region directly to Mexico and Canada—major illicit drug production and source areas—as well as to methamphetamine production areas in central and southern California and marijuana production areas in central and northern California. For example, U.S. Highway 101, a north-south corridor, provides direct access to the region from Mexico and Canada. This infrastructure also links the HIDTA region to major drug markets throughout the nation. Interstate 80, a major east-west corridor, connects San Francisco to New York City. U.S. International airports and maritime ports further facilitate illicit drug smuggling into and through the area, particularly from Asia and Europe. The San Francisco International Airport is the tenth-busiest airport in the United States and the twentieth-busiest in the world in the number of passengers processed. The Port of Oakland is the fourth-busiest container port in the United States; it loads and discharges more than 99 percent of the containerized goods moving through northern California.

Drug Threat Overview

Methamphetamine trafficking and abuse pose the most significant drug threats in the Northern California HIDTA region. According to the National Drug Intelligence Center (NDIC) National Drug Threat Survey (NDTS) 2010,[c] 29 of the 41 law enforcement respondents in the Northern California HIDTA region identify methamphetamine as the greatest drug threat in their jurisdictions. Additionally, 22 of the 41 respondents report moderate to high methamphetamine availability in their areas. State of California treatment providers identified methamphetamine more often than any other drug as the primary substance of abuse for treatment admissions to publicly funded facilities in HIDTA counties from 2005 through 2009.

Most of the ice methamphetamine available in the Northern California HIDTA region is transported by Mexican DTOs from Mexico or produced in domestic clandestine laboratories in northern and central California. In 2009, HIDTA officials reported the emerging availability of d,l-methamphetamine, particularly in Santa Clara and Sonoma Counties. As a result of the Mexican Government's restrictions on chemical precursor imports into Mexico since 2005, there has been a marked decrease in the availability of pseudoephedrine, an essential precursor in the production of high-potency d-methamphetamine. Mexican DTOs have adapted by finding new sources of ephedrine and pseudoephedrine precursors and by increasing their implementation of nonephedrine-based methods of methamphetamine production in Mexico. Some DTOs in Mexico are now producing lower-potency d,l-methamphetamine using phenylacetic acid, a chemical used to make the methamphetamine precursor chemical P2P. (See text box on page 4.) Law enforcement officials expect that increased d,l methamphetamine availability will lead some abusers to seek alternative stimulants such as powder or crack cocaine and result in increases in the local production of d-methamphetamine to meet demand.

In 2010, Northern California HIDTA officials reported the presence of ice methamphetamine that had been colored blue. It is unknown why the methamphetamine is colored blue, but it may be a signature marketing technique to distinguish d-methamphetamine from d,l-methamphetamine or to identify the source area in Mexico. Law enforcement seizures of blue-colored methamphetamine were reported in South San Francisco and East Palo Alto in early 2010.

c. NDTS data for 2010 cited in this report are as of March 3, 2010. NDTS data cited are raw, unweighted responses from federal, state, and local law enforcement agencies solicited through either NDIC or the Office of National Drug Control Policy (ONDCP) HIDTA program. Data cited may include responses from agencies that are part of the NDTS 2010 national sample and/or agencies that are part of HIDTA solicitation lists.

Mexican Methamphetamine Availability and Potency in Northern California

In 2005, the government of Mexico (GOM) implemented progressively increasing restrictions on the importation of ephedrine and pseudoephedrine to address widespread use of these chemicals in illicit d-methamphetamine production. By 2007, the GOM had announced a prohibition on importing these chemicals into Mexico for 2008 and a ban on the use of both chemicals beginning in 2009. These precursor restrictions disrupted methamphetamine production, resulting in a more than 50 percent decrease in the amount of methamphetamine seized along the Southwest Border from 2005 to 2007. However, the GOM reported a dramatic increase in methamphetamine laboratory seizures, from 47 in 2008 to 178 in 2009 (through November 2009). Furthermore, most of the methamphetamine seized along the Southwest Border in 2009 was seized at the California border. Increased laboratory seizures in Mexico and border seizures of methamphetamine are indicative of rising Mexican methamphetamine production since 2007. This is a result of Mexican producers finding foreign sources for illicit ephedrine and pseudoephedrine and using alternative production methods, which yield lower-potency d,l-methamphetamine.

The Northern California HIDTA region is one of the most significant areas for illicit cannabis cultivation in the United States. The prevalence of outdoor and indoor cultivation sites in the region is supported by demand for profitable, high-potency marijuana and the continued exploitation of state medical marijuana laws. Mexican DTOs are expanding their use of the HIDTA region for outdoor cannabis cultivation to lower transportation costs and avoid the risk of seizure associated with shipping marijuana from Mexico into the United States.

Powder and crack cocaine are widely available and frequently abused in the Northern California HIDTA region. Crack cocaine is generally the most abused illicit drug in urban areas, where law enforcement officials report higher levels of crack cocaine availability and abuse. Many law enforcement officials and treatment providers report increasing powder cocaine availability and abuse as some methamphetamine abusers, primarily middle- and upper-income Caucasian adults and high school students, switch to powder cocaine when methamphetamine shortages occur. According to law enforcement officials in Santa Clara County, Mexican criminal groups occasionally have difficulty obtaining supplies of methamphetamine and therefore distribute cocaine when methamphetamine availability is low.

Heroin availability and abuse are at stable levels throughout most of the region; however, law enforcement officials and treatment providers report that heroin distribution and abuse levels are high in Alameda and San Francisco Counties. In 2009, both the San Mateo County Narcotics and South Bay Metro Task Forces reported increases in Mexican black tar heroin availability. Law enforcement officials note that approximately 90 percent of Mexican black tar heroin distributed in the region originates in El Aguaje, Michoacán, Mexico, and is supplied by large Mexican cells in the Central Valley HIDTA region to distributors in East Palo Alto, who in turn supply smaller cells operating in San Francisco. In July 2009, agents from the Bureau of Narcotics Enforcement arrested a male Mexican national and seized 70 pounds of Mexican black tar heroin from a hidden compartment in his private vehicle. He was an associate of the Sac Street Gang, a violent East Palo Alto gang with connections to Mexican DTOs. Mexican black tar heroin is the most abundant and common type of heroin available in the Northern California HIDTA region, although some law enforcement officials are reporting the emergence of white Colombian heroin. Certain Mexican DTOs are supplying ounce quantities of 70 to 80 percent pure white Colombian heroin to local dealers. Because of the high potency and white color of the heroin, local dealers cut it with brown sugar, cocoa, or other substances to give it a darker appearance, much like that of black tar heroin, thus making it more appealing to long-term black tar heroin abusers and increasing the volume and, therefore, their profits.

MDMA availability and abuse remain stable at high levels. The drug is distributed primarily in nightclubs by Asian criminal groups and street gangs. MDMA is also distributed at electronic music festivals and raves. For example, in May 2009, the San Mateo County Narcotics Task Force, in association with the Daly City Police Department and with the assistance of more than 100 officers from 28 city, county, state, and federal law enforcement agencies, participated in an undercover operation at an electronic music festival held at the Cow Palace (a local event venue). The operation, known as "eBuy3," resulted in the arrest of 76 adults and 3 juveniles for sale or possession of drugs and the seizure of 901 MDMA tablets, 41 doses of LSD (lysergic acid diethylamide), and small amounts of cocaine, marijuana and methamphetamine.

Canadian National Sentenced for MDMA Trafficking

On February 3, 2010, a Canadian national was sentenced to 8½ years in prison for conspiring to distribute MDMA. In May 2008, he had flown to San Francisco from Vancouver, British Columbia, to supervise the exchange of 148,956 MDMA tablets for 18 kilograms of cocaine. The investigation was led by agents of the Drug Enforcement Administration (DEA) and was conducted and funded by the Organized Crime Drug Enforcement Task Force.

Source: U.S. Attorney Northern District of California.

The diversion and abuse of CPDs are increasing in the Northern California HIDTA region. CPDs are abused by all age groups and frequently diverted through doctor-shopping, drug theft, prescription forgery, and Internet purchases. The most commonly abused CPDs include benzodiazepines, hydrocodone, and oxycodone. The DEA Oakland Resident Office has noted rising benzodiazepine abuse by polydrug abusers of all ages. Moreover, oxycodone abuse is increasing among high school age youth in Alameda County. A growing number of young adults switch to heroin when oxycodone becomes too expensive or is unavailable. The DEA Oakland Resident Office has also noticed an increase in the abuse of the stimulants phentermine and sibutramine, drugs used to treat obesity. These drugs are often obtained over the Internet without valid prescriptions. Large shipments of phentermine and sibutramine originating in China, as well as benzodiazepines originating in China, India, the Philippines, Thailand, and El Salvador, have been seized at the Oakland/San Francisco U.S. Customs International Mail Branch.

Drug Trafficking Organizations

Mexican DTOs based in the Northern California HIDTA region are the greatest organizational threat, since they are the principal illicit drug producers, transporters, and wholesale distributors in the area. They typically smuggle methamphetamine, marijuana, cocaine, and heroin from Mexico through U.S. ports of entry (POEs) in Calexico, San Ysidro, and Otay Mesa, California, to the Northern California HIDTA region for distribution. Mexican DTOs operating in the region are based on familial ties. They control local cultivation of large quantities of cannabis in addition to major domestic methamphetamine and marijuana production operations in the Central Valley of California. Mexican DTOs often use revenues derived from marijuana sales as start-up money to fund methamphetamine production operations.

Asian DTOs and criminal groups are the principal suppliers of Canadian high-potency marijuana and MDMA. These traffickers also operate extensive indoor cannabis cultivation operations, typically located at residences in newer communities in the Northern California HIDTA region. These indoor operations are often acquired through fraudulent mortgage financing. Asian DTOs typically restrict involvement in their drug trafficking operations to individuals of similar race/ethnicity and familial affiliation. Many Asian DTOs and criminal groups, predominantly Vietnamese, distribute marijuana and MDMA at the midlevel and retail level in the area.

Street gangs, prison gangs, and outlaw motorcycle gangs (OMGs) are the primary midlevel and retail-level illicit drug distributors in the Northern California HIDTA region. Hispanic street gangs, primarily affiliates of the Sureños and Norteños gangs, distribute methamphetamine, marijuana, cocaine, and heroin. African American street gang members, primarily affiliates of Bloods and Crips, distribute crack cocaine and marijuana at the retail level in the HIDTA region. Asian street gangs such as Wah Ching and Asian Boyz are involved primarily in retail-level MDMA and marijuana distribution. Prison gangs such as Border Brothers and Kumi Nation are involved in the distribution of methamphetamine, crack cocaine, and marijuana. Members of OMGs, most notably Hells Angels Motorcycle Club (HAMC), are active in the midlevel and retail-level distribution of powder cocaine, methamphetamine, and marijuana. Gang members are often extremely violent as they establish and maintain control of their drug trafficking activities. For example, in May 2009, a jury convicted a member of the Page Street Mob on 16 charges, including narcotics conspiracy, kidnapping, and the murders of three individuals, one of whom was a federal witness who provided testimony against the gang member. In addition, street gangs, prison gangs, and OMGs operating in the HIDTA region distribute illicit drugs to their counterparts in cities throughout the country to capitalize on the higher profits that can be made in those cities.

Production

Despite a decline in local methamphetamine production over the last 5 years, overall methamphetamine availability is high because of the increasing accessibility to Mexico-produced methamphetamine in the Northern California HIDTA region. Methamphetamine production is decreasing in the Northern California HIDTA region as evidenced by a 5-year decline in the number of methamphetamine laboratories seized in the region. (See Table 1.) Methamphetamine production has declined primarily because of successful law enforcement operations and regulatory efforts to control precursor chemicals, such as point-of-sale restrictions.[d] Mexican DTOs and criminal groups—the principal methamphetamine producers in the region—circumvent California's point-of-sale control measures by conducting well-organized, large-scale smurfing operations[e] to acquire the necessary precursor chemicals, primarily pseudoephedrine. Many of these smurfing operations extend beyond northern California into southern California. Consequently, some Mexican methamphetamine producers have relocated their production operations from the Northern California HIDTA region to the Central Valley HIDTA region, which is closer to pseudoephedrine sources.

Table 1. Methamphetamine Laboratory Seizures in the Northern California HIDTA Region, 2005–2009

Methamphetamine Yield per Production Cycle	2005	2006	2007	2008	2009
Less than 2 pounds	36	27	22	21	15
2 to 9 pounds	3	10	1	2	2
More than 9 pounds*	6	1	2	4	2
Total	**45**	**38**	**25**	**27**	**19**

Source: Northern California High Intensity Drug Trafficking Area, March 2010.

*Laboratories capable of producing 10 or more pounds of methamphetamine in a single production cycle are known as superlabs.

The Northern California HIDTA is one of the most significant cannabis cultivation areas in the United States. According to DEA Domestic Cannabis Eradication/Suppression Program (DCE/SP) data, more than 7.5 million cannabis plants were eradicated from outdoor and indoor grow sites in California in 2009—a 41 percent increase from the 5.3 million plants eradicated in 2008. (See Table 2.) The Northern California HIDTA region accounted for 14 percent (1,045,704) of the plants eradicated in California in 2009. (See Table 3 on page 7.)

Table 2. Top-Ranking States for Cannabis Plants Eradicated, 2005–2009

2005		2006		2007		2008		2009	
California	2,011,277	California	2,995,285	California	4,951,976	California	5,322,053	California	7,519,580
Kentucky	510,502	Kentucky	558,756	Kentucky	492,615	Washington	580,415	Washington	680,923
Tennessee	440,362	Tennessee	483,271	Washington	295,573	Tennessee	539,370	Tennessee	447,167
Hawaii	255,113	Hawaii	201,100	Oregon	277,766	Kentucky	353,170	Kentucky	333,236
Washington	136,165	Washington	144,181	Tennessee	178,322	West Virginia	146,553	Oregon	257,850
Arizona	113,523	Oregon	113,608	Hawaii	139,089	North Carolina	105,200	West Virginia	224,130

Source: Domestic Cannabis Eradication/Suppression Program.

Note: In 2009, California accounted for 72 percent of the 10,394,642 cannabis plants seized in the United States.

d. In 2005, the U.S. Government passed the Combat Methamphetamine Epidemic Act, which placed point-of-sale restrictions on retail pseudoephedrine sales.

e. Pseudoephedrine smurfing is a method used by some methamphetamine traffickers to acquire large quantities of precursor chemicals. Methamphetamine producers purchase the chemicals in quantities at or below legal thresholds from multiple retail locations, often enlisting the homeless to increase the speed of the operation and the quantity of chemicals acquired.

Mexican DTOs conduct most of the outdoor cannabis cultivation operations in the HIDTA region, typically using remote locations, public lands, and rural areas, primarily in Lake, Santa Clara, and Sonoma Counties. (See Figure 2 on page 8.) These DTOs, primarily from Michoacán, Mexico, commonly employ illegal aliens to tend the grow sites, harvest the cannabis, and protect the sites from intruders. Some of these individuals are coerced into employment in exchange for passage into the United States and protection for their families living in Mexico.

Table 3. Cannabis Plants Eradicated in the Northern California HIDTA Region, 2005–2009

County	Outdoor Plants					Indoor Plants				
	2005	2006	2007	2008	2009	2005	2006	2007	2008	2009
Alameda	*	*	1,655	25,768	68,826	*	29,428	2,175	2,415	9,680
Contra Costa	*	*	*	*	21,170	*	*	*	7,804	2,932
Lake	136,781	346,336	506,788	495,035	517,942	7,581	79	1,176	3,815	24
Marin	*	22,740	*	*	2,838	*	*	*	*	1,020
Monterey	23,498	49,893	91,817	94,004	30,869	157	1,451	812	216	825
San Francisco	*	*	*	*	*	*	12,745	*	*	*
San Mateo	167	5,850	11,120	19,184	867	479	9,278	9,681	16,706	4,801
Santa Clara	82,106	125,690	178,878	176,502	192,253	*	383	834	7,606	*
Santa Cruz	11,449	42,836	12,219	30,368	7,313	3,521	1,038	5,815	8,844	9,957
Sonoma	107,631	124,395	122,350	145,132	164,310	11,049	9,740	7,770	20,547	10,077
Total	**361,632**	**717,740**	**924,827**	**985,993**	**1,006,388**	**22,787**	**64,142**	**28,263**	**67,953**	**39,316**

Source: Domestic Cannabis Eradication/Suppression Program; Northern California High Intensity Drug Trafficking Area, January 2010.
*None reported.

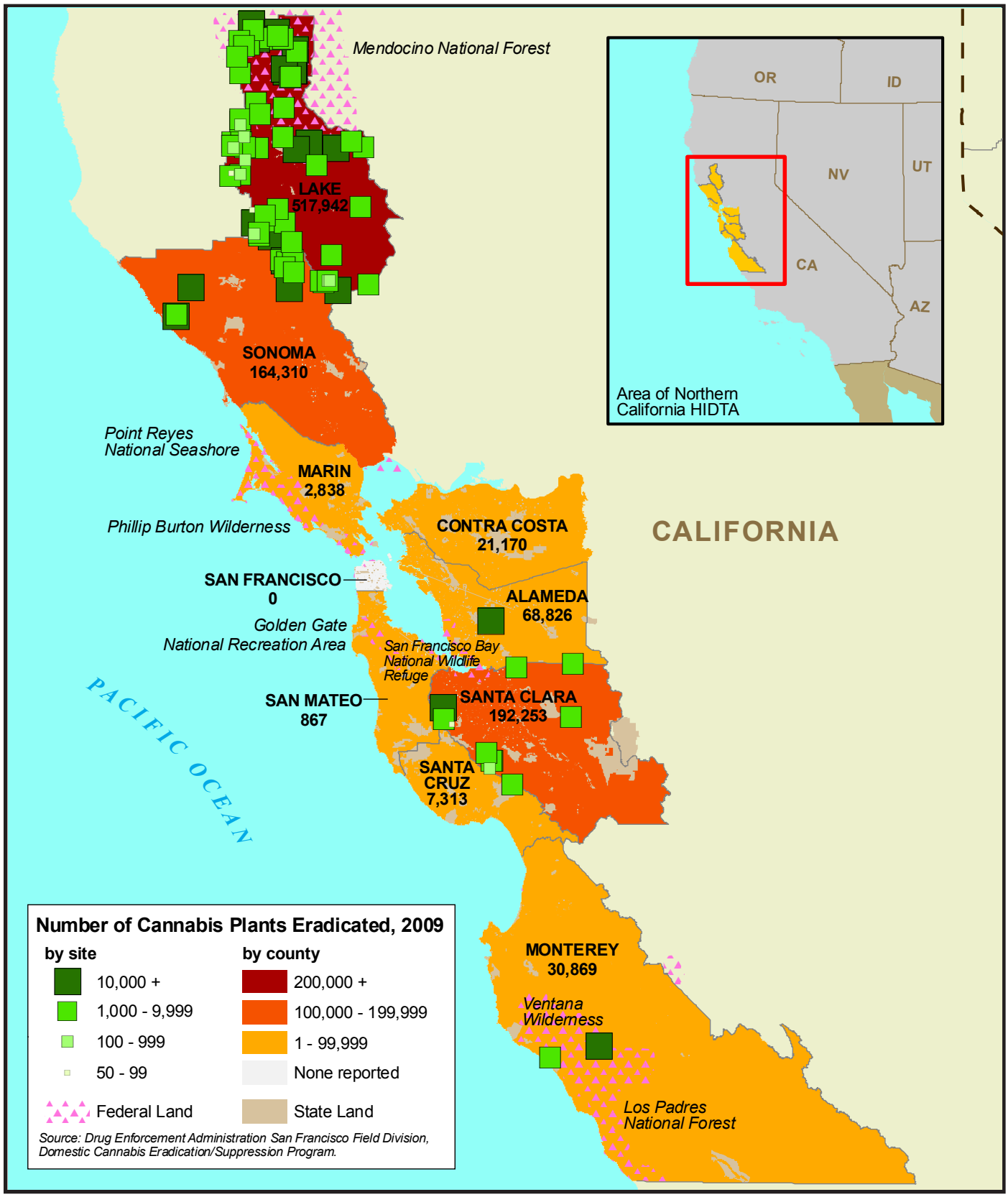
Public lands in the Northern California HIDTA region are increasingly used, primarily by Mexican DTOs, for cannabis cultivation, resulting in more incidents of environmental damage. Contaminated watersheds, nonbiodegradable garbage, and human waste resulting from outdoor cannabis cultivation pose a serious concern to the region. Toxic insecticides and chemical repellants enter and contaminate ground water, pollute watersheds, kill fish and other wildlife, and eventually enter residential water supplies. Redirection of natural water leads to erosion and impacts native vegetation.

Caucasian criminal groups and independent dealers are the principal producers of high-potency marijuana at indoor sites in the Northern California HIDTA region. However, Asian DTOs and criminal groups are increasingly establishing large-scale indoor cannabis grow sites to produce significant quantities of high-potency marijuana. Indoor cannabis cultivators typically establish grow sites in multiple residences, often using hydroponic technology, elaborate lighting, and irrigation systems. They prefer the indoor environment because it allows them to avoid intensified outdoor eradication efforts while realizing higher profits derived from a year-round growing season that can yield a crop every 90 days. Indoor cannabis cultivators often bypass meters and modify electrical circuitry, creating hazardous conditions that contribute to electrical shock or fire. For example, the San Mateo County Narcotics Task Force reports that cannabis cultivators operate multiple indoor grow sites in communities south of San Francisco. These communities have an abundance of inexpensive four- or five-bedroom houses with above-ground electricity poles situated near the rear of the properties, where cannabis cultivators can discreetly tap into electrical sources. Local fire departments often alert law enforcement officials to indoor cannabis grow sites when called to extinguish fires caused by overloaded electrical circuits. Additional hazards exist when booby traps are used to protect grow sites from thieves and law enforcement personnel.

Transportation

The extensive transportation infrastructure in northern California provides traffickers with direct highway access to several routes from drug sources in other areas of California as well as in Mexico and Canada. (See Figure 1 on page 2.) Traffickers transport illicit drug shipments on Interstates 5 and 80 and other major highways, using private and commercial vehicles, often equipped with hidden compartments. For example, in September 2009, a Redwood City resident was sentenced to 17½ years in prison for conspiring to distribute more than 6 kilograms of methamphetamine. He had coordinated

Figure 2. Cannabis Plants Eradicated, by Site and HIDTA County, 2009



the delivery of the methamphetamine, concealed inside the transmission of a pickup truck, from Mexico for intended distribution in San Francisco and elsewhere in northern California. San Francisco law enforcement officials have identified several local businesses that specialize in the modification of private and commercial delivery vehicles that transport illicit drugs throughout the HIDTA region.

Traffickers also transport illicit drugs and drug proceeds into and through the HIDTA region through package delivery services and the mail system, particularly from foreign sources. The Oakland/San Francisco U.S. Customs International Mail Branch is one of only 13 mail branches in the country (and one of three in the western United States). The high volume of packages, particularly from Asia, that transit the area makes detection and interdiction at these facilities extremely challenging for U.S. Customs officials. Furthermore, independent dealers are increasingly relying on Internet purchases rather than traveling to Mexico to obtain CPDs, steroids, or ketamine. The large number of online suppliers and Internet pay accounts that require only limited personal information hinder law enforcement efforts.

Distribution

The Northern California HIDTA region is a national- and regional-level distribution center for methamphetamine and marijuana produced in the region as well as marijuana, ice methamphetamine, and cocaine smuggled from Mexico into the United States. Mexican DTOs are the primary wholesale distributors of these drugs, typically using stash sites at private residences, warehouses, and storage facilities in cities and towns throughout the region. Mexican DTOs and criminal groups also use the area as a base of operations for illicit drug distribution to markets in the Pacific Northwest, the Midwest, Hawaii, Canada, and the East Coast. Street gangs, prison gangs, and OMGs operating in the HIDTA region distribute illicit drugs to their counterparts in cities throughout the country to capitalize on the higher profits that can be made in those cities. Caucasian criminal groups and independent dealers as well as Asian DTOs distribute high-potency marijuana produced in northern California to other areas of the country.

Retail-level drug distribution in the HIDTA region is conducted principally by gangs and independent dealers. In midsize and large metropolitan areas, street and prison gangs dominate retail drug distribution at open-air markets (located on streets and in parking lots) and in clubs and bars. Drug sales in smaller towns and rural areas are usually conducted at prearranged locations, typically between an independent dealer and known or referred customers.

Law enforcement authorities in the Northern California HIDTA region report that the state medical marijuana law, California Proposition 215,[f] which allows the cultivation, distribution, and use of marijuana, has been exploited by seemingly legitimate medical marijuana growers and medical dispensaries that deliberately exceed the prescribed limits for the amount of processed marijuana that may be possessed or the number of plants that may be under cultivation at any one time. Officials from federal, state, and local law enforcement agencies report that investigations of individuals growing more than the approved amount in their states are often difficult because of differing views among state, county, and local officials with regard to medical marijuana laws. For example, in January 2010, the Supreme Court of California ruled in the case *People v. Patrick K. Kelly* that the quantity guideline amounts in Senate Bill 420[g] were unconstitutional because the California State Legislature was powerless to act on its own to amend an initiative statute, specifically Proposition 215. It is too early to estimate the impact of this legislation on illicit cannabis cultivation and marijuana abuse.

Drug-Related Crime

Methamphetamine trafficking and abuse have a nexus to much of the crime in the Northern California HIDTA region. The majority of state and local law enforcement officials responding to the NDTS 2010 report that methamphetamine is the drug that most contributes to violent crime and property crime in their jurisdictions. (See Table 4 on page 10.) Law enforcement officials also report that most incidents of assault, burglary, domestic violence, and homicide that take place in the region are related to methamphetamine distribution and abuse. Additionally, law enforcement reporting indicates that methamphetamine abusers commit a considerable amount of property crime in the area, including identity theft, to acquire money with which to purchase methamphetamine and other illicit drugs.

f. California Compassionate Use Act of 1996, Health and Safety Code § 11362.5.

g. Senate Bill 420, Article 2.5, Chapter 6, Division 10, Health and Safety Code § 11362.7.

Table 4. Northern California HIDTA Law Enforcement Responses to the National Drug Threat Survey 2010

Drug	Greatest Drug Threat	Most Contributes to Violent Crime	Most Contributes to Property Crime
Ice methamphetamine	25	22	27
Powder methamphetamine	4	7	8
Marijuana	1	7	1
Crack cocaine	5	5	2
Powder cocaine	1	0	0
Heroin	0	0	1
CPDs	5	0	2

Source: National Drug Threat Survey 2010.
Note: Total number of respondents: 41.

Marijuana-related violence is escalating in the HIDTA region, primarily on public lands, where the number of violent crimes associated with outdoor cultivation sites is increasing. The rising prevalence of outdoor grow sites on accessible public lands has resulted in armed confrontations between site caretakers and various hikers, hunters, and campers who inadvertently encounter them. According to law enforcement officials, an increasing number of individuals are arming themselves to protect cannabis crops because of the high value of these crops, competition with other outdoor growers, and aggressive eradication efforts by law enforcement. Many crop tenders protect marijuana grow sites from intrusion by any means, including booby traps. As such, cannabis cultivation operations are a threat to the safety of law enforcement officers. Law enforcement personnel in the region report increases in the number of weapons seized during investigations and violent confrontations with cultivators who aggressively protect their operations. DCE/SP data show that the number of weapons seized at both outdoor and indoor grow sites in California increased 68 percent from 2004 (749) to 2009 (1,256).

Abuse

Public treatment admissions in the Northern California HIDTA remain high despite preliminary numbers for 2009 showing decreases, the exception being the "other drug" category.[h] According to data from the California Department of Alcohol and Drug Programs, methamphetamine was identified more often than any other drug as the primary substance of abuse from 2005 through 2009. Preliminary 2009 data indicate that 10,693 individuals in the HIDTA region were admitted to treatment centers for methamphetamine abuse, out of a state total of 52,519. (See Table 5 on page 11.)

Heroin abuse is prevalent and increasing in some areas of the region, particularly among teenagers and young adults, some of whom are switching to heroin from prescription opioids. Heroin is widely abused in Alameda and San Francisco Counties, which accounted for 64 percent of heroin-related treatment admissions in the HIDTA region during 2009. According to the DEA Oakland Resident Office, a Bay Area Narcotic Treatment Program (NTP) observed an increase in pain management client referrals in 2009. The majority of those clients were being treated for either heroin or opioid-based CPD addictions. The most sought-after and abused CPDs are hydrocodones, benzodiazepines, and oxycodones. Law enforcement officials in the region report that some teenagers and young adults are switching to black tar heroin when OxyContin is unavailable or too expensive, and they expect heroin abuse in this age group to increase over the next 5 years. During the 2009 school year, the Bay Area NTP also noted an increase in the number of 18- to 25-year-olds admitted to the facility solely for heroin detoxification. The heroin abuse rates in this age group may be underreported because these clients paid privately for services and chose not to participate in any sampling programs.

h. Preliminary data run on April 1, 2010.

Table 5. Drug-Related Treatment Admissions to Publicly Funded Facilities in Northern California HIDTA Counties, by Drug Type, 2005–2009

Drug Type	2005	2006	2007	2008	2009
Methamphetamine	16,336	14,491	13,940	12,622	10,693
Marijuana/hashish	6,452	5,758	6,069	6,442	5,695
Cocaine/crack	8,404	7,755	7,842	8,160	6,943
Heroin	11,267	9,173	7,992	7,802	6,938
Other drugs, excluding alcohol	2,184	1,632	1,939	2,219	2,460

Source: California Department of Alcohol and Drug Programs.

Illicit Finance

Mexican and Asian traffickers are the primary drug money laundering organizations operating in the Northern California HIDTA region. These traffickers employ a variety of methods to move and launder millions of dollars in illicit drug proceeds. Mexican traffickers transport bulk cash from the region to Mexico primarily in private and commercial vehicles. Asian traffickers smuggle bulk currency to Canada in private and commercial vehicles or to Asian countries using aircraft, maritime conveyances, and package delivery services. Mexican and Asian traffickers use money services businesses—commonly located in their own ethnic communities—to move illicit drug proceeds from the region to other domestic or international locations. Asian traffickers also launder money through informal value transfer systems (IVTSs) such as *hawala*, *hundi*, and *fei ch'ien*. Many of these IVTSs are culturally based and, because of their clandestine nature, are difficult to track. Illicit money transfers made through these underground systems are easily concealed in the high volume of legal transfers made within the systems. Traffickers also purchase stored value cards and real estate, and they own and operate front businesses, such as restaurants, auto dealerships, and repair businesses.

Outlook

The Northern California HIDTA region has strategic drug trafficking and marketing significance for Mexican DTOs as a national-level production, transportation, and distribution center for illicit drugs, primarily methamphetamine and marijuana. The dominance that Mexican DTOs exert over wholesale ice methamphetamine, marijuana, cocaine, and heroin distribution in the region is unlikely to be challenged by other DTOs in the near term. Asian DTOs and criminal groups are expected to expand their influence and operations in the region, particularly the smuggling and nationwide distribution of high-potency marijuana and MDMA.

The trafficking and abuse of ice methamphetamine will not diminish in the near term and will remain the most significant drug threat. Demand for the drug is high, and Mexican DTOs and criminal groups in the area have controlled production and smuggling operations in the area for many years. Point-of-sale restrictions placed on pseudoephedrine will make it more difficult for traffickers to obtain sufficient quantities of pseudoephedrine for local production of high-potency d-methamphetamine. Although it is too soon to predict the reaction of abusers in the region to the increased availability of less potent d,l-methamphetamine, those preferring more potent d-methamphetamine may increase smurfing operations and local production or seek alternative stimulants such as cocaine.

The availability of high-potency marijuana in the region is increasing and will likely continue to do so over the next year. Indoor cannabis cultivators, including many illegal cultivators who claim protection under the state's medical marijuana law, will continue to expand their operations by increasing the number and size of indoor grow sites. Mexican DTOs will remain the primary cultivators of cannabis at outdoor locations, increasing their use of public lands in remote areas of the region for outdoor cultivation.

Sources

Local, State, and Regional

Alameda County Narcotics Task Force
California Department of Alcohol and Drug Programs
Daly City Police Department
Marin County Major Crimes Task Force
San Francisco Police Department
San Mateo County Narcotics Task Force
Santa Clara County Specialized Enforcement Team
Sonoma County Narcotics Task Force
South Bay Metro Task Force
State of California
  Department of Justice
    Bureau of Narcotics Enforcement

Federal

Executive Office of the President
  Office of National Drug Control Policy
    High Intensity Drug Trafficking Area
      Northern California
U.S. Department of Agriculture
  Forest Service
    National Forest System
U.S. Department of Commerce
  U.S. Census Bureau
U.S. Department of Homeland Security
  U.S. Customs and Border Protection
  U.S. Immigration and Customs Enforcement
U.S. Department of Justice
  Criminal Division
    Organized Crime Drug Enforcement Task Force
  Drug Enforcement Administration
    Diversion Program
    Domestic Cannabis Eradication/Suppression Program
    El Paso Intelligence Center
      National Seizure System
    Oakland Resident Office
    San Francisco Field Division
    Santa Rosa Resident Office
  Federal Bureau of Investigation
  U.S. Attorneys Office
    Northern District of California
U.S. Department of the Treasury
  Office of Terrorism and Financial Intelligence
    Financial Crimes Enforcement Network
      High Intensity Financial Crime Area
        Northern California District
U.S. Postal Service

Other

Lakeconews.com
www.airports.org
www.drugbank.ca
www.flysfo.com
www.jerrybrown.org
www.portofoakland.com
www.sfgate.com

Questions and comments may be directed to
Pacific/West Central Unit, Regional Threat Analysis Branch

National Drug Intelligence Center

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