



# Philadelphia/Camden

## High Intensity Drug Trafficking Area

### Drug Market Analysis

June 2007

U.S. Department of Justice

### Preface

This assessment provides a strategic overview of the illicit drug situation in the Philadelphia/Camden High Intensity Drug Trafficking Area (PC HIDTA), highlighting significant trends and law enforcement concerns relating 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 policy-makers, resource planners, and law enforcement officials with a focused discussion of key drug issues and developments facing the PC HIDTA.

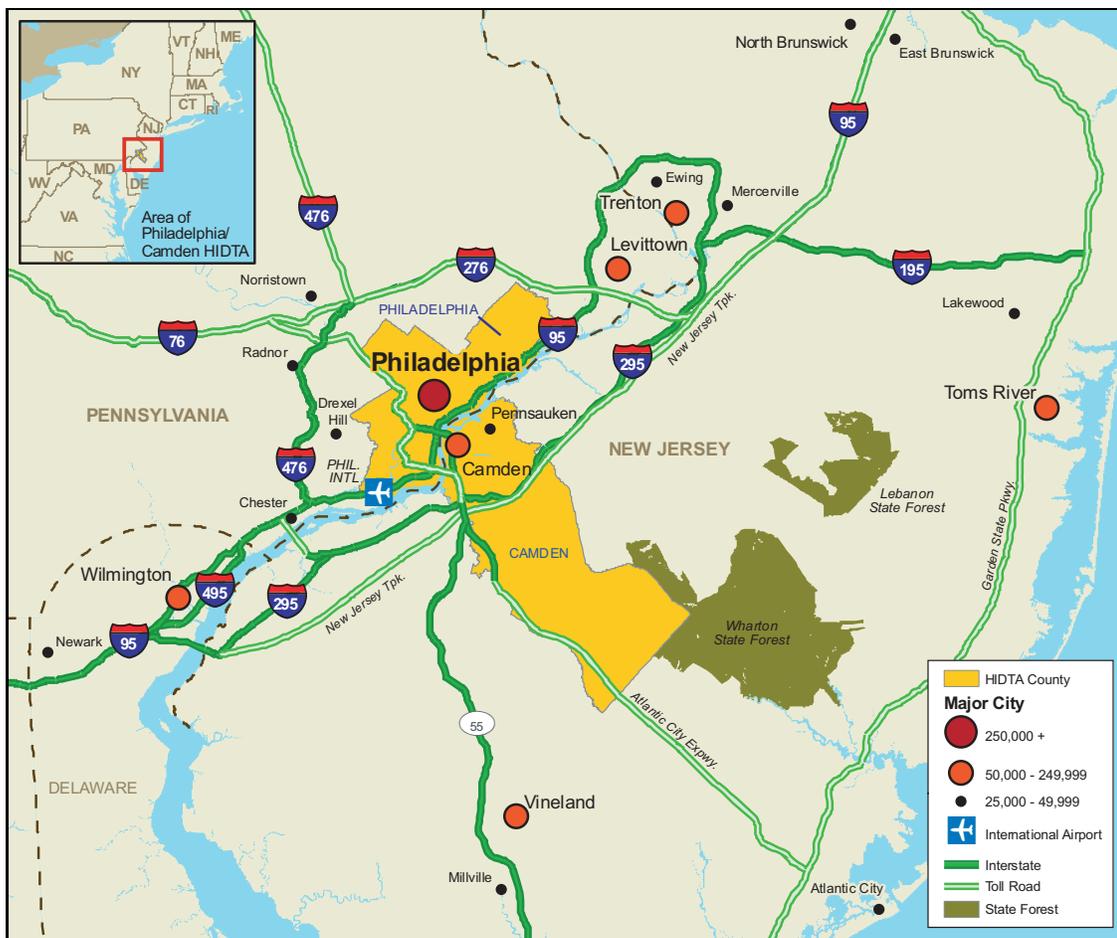


Figure 1. Philadelphia/Camden High Intensity Drug Trafficking Area.

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

- Violent crime in the PC HIDTA region is increasing and has emerged as the principal threat to the safety and well-being of citizens within the area. In 2006 the number of homicides in Philadelphia was the highest in over a decade. As of April 22, 2007, law enforcement officials in the city reported 128 homicides, a 17 percent increase from the same period in 2006. Although many of these homicides involve individuals with a history of drug use and/or arrests, the majority of the homicides are not predicated on drug activity; more often than not, they are the result of interpersonal disputes.
- Mexican drug trafficking organizations (DTOs) are increasing their drug trafficking activities in the areas surrounding the PC HIDTA region. Mexican DTOs and criminal groups already supply most of the marijuana available in the region; they are increasingly transporting cocaine as well as large quantities of ice methamphetamine into the area. Colombian and Dominican DTOs, the predominant cocaine and heroin traffickers in the region, are relying more upon Mexican DTOs to transport these drugs from Mexico and the Southwest Border area to the PC HIDTA region.
- The distribution and abuse of heroin pose an increasing threat to the HIDTA region. Many distributors are targeting new customers in smaller towns and rural areas to gain market share.
- The demand for marijuana in the HIDTA region is high and increasing. Marijuana is abused by a wide range of ethnic, age, and socioeconomic groups. The popularity of both high-potency Canadian and locally produced marijuana among younger abusers is a driving factor behind the growth in demand.
- The abuse of prescription drugs is increasing in the region. Benzodiazepines, a family of tranquilizers, were the second most frequently detected substance in drug-related deaths in Philadelphia in 2006.

## 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.

## HIDTA Overview

The PC HIDTA was designated in 1995 to address the threat posed by illegal drugs in Philadelphia County, Pennsylvania (which includes the city of Philadelphia), and Camden County, New Jersey (which includes the city of Camden), and to increase the safety and quality of life of the citizens in the region by measurably reducing drug-related crime and violence. The HIDTA region and surrounding counties (Bucks, Chester, Delaware, and Montgomery Counties in Pennsylvania, and Burlington and Gloucester Counties in New Jersey), which together compose the Philadelphia metropolitan area, have a population of more than 5.1 million, making the Philadelphia metropolitan area the fourth-largest in the United States and the second-largest on the East Coast. Approximately 100 million people—over a third of the U.S. population—live within a day's drive of Philadelphia, giving many distributors and abusers ready access to illicit drugs sold in the HIDTA region.

The PC HIDTA region is ethnically diverse; more than 137,000 foreign-born residents dwell there, a factor that helps many drug traffickers assimilate within communities and mask their illicit activities. Philadelphia has the second-largest Jamaican population, the third-largest Puerto Rican

population, and the fifth-largest African American population in the nation. The majority of Camden residents are African American, and the local Hispanic population is rapidly increasing, especially in the East Camden section of the city. Philadelphia also has a large Asian population, composed mainly of Chinese, Korean, and Vietnamese individuals.

The HIDTA region has a well-developed transportation infrastructure (including interstate highways, passenger rail and bus service, an international airport, and a seaport) that is ideally suited for the movement of illicit drugs and drug proceeds to and from the region. Interstate 95, the major north-south route on the East Coast, is the highway most frequently used to transport drugs to the area from New York City; Atlanta, Georgia; and Miami, Florida. Drug shipments arriving in the PC HIDTA region are typically broken down into smaller quantities for local distribution within the region and transportation to other cities throughout Pennsylvania, New Jersey, and Delaware.

## Drug Threat Overview

Cocaine, heroin, and marijuana pose the most significant drug threats in the HIDTA region. Violent crime associated with the trafficking of crack cocaine and the far-reaching social and health consequences associated with cocaine and heroin abuse render these drugs the most taxing on law enforcement and public health resources in the region. Cocaine, particularly crack, is the primary drug-related cause of deaths, emergency department visits, and treatment admissions to publicly funded facilities in Philadelphia. Heroin is readily available and relatively inexpensive; law enforcement officials and treatment providers believe that heroin may eventually overtake cocaine as the region's greatest drug threat. The purity level of South American (SA) heroin, the predominant type available in the region, is relatively high but has been gradually decreasing over the past several years. Declining heroin purity has contributed to local abusers' alternative methods of abuse, including injecting larger doses, injecting more frequently, or abusing heroin along with other drugs, such as fentanyl—practices that pose a greater risk

of overdose and death. Commercial-grade Mexican marijuana is the most widely available and abused illicit drug in the region; however, the availability of high-potency marijuana, both Canadian and locally produced, is increasing and drawing new users to the drug.

Other illicit drugs pose varying threats to the PC HIDTA region. The threat from methamphetamine production and abuse is low in the area; however, a modest increase in methamphetamine availability is a growing concern for law enforcement and public health officials. This increase is being driven by slowly rising local production of powder methamphetamine and by an influx of high-purity Mexican ice methamphetamine transported into the region by Mexican DTOs. Anecdotal reporting suggests that ice methamphetamine abuse is prevalent in the homosexual male community in Philadelphia and may be spreading beyond this community to young suburban users. Diverted pharmaceuticals are increasingly abused by young, affluent suburbanites who acquire the drugs from friends and family, Internet transactions, and doctor-shopping. Other dangerous drugs (ODDs) such as MDMA (3,4-methylenedioxymethamphetamine, also known as ecstasy), PCP (phencyclidine), and LSD (lysergic acid diethylamide) are available and abused to varying degrees within the HIDTA region, mainly by teens and young adults.

## Drug Trafficking Organizations

Colombian and Dominican DTOs control the wholesale distribution of cocaine and SA heroin in the PC HIDTA region. Most Colombian DTOs operating in the HIDTA region are cells of larger Colombian organizations based in New York City. These larger organizations and the cells that they operate supply wholesale quantities of cocaine and heroin to upper-level distribution groups, primarily Dominican DTOs. Dominican DTOs control much of the midlevel cocaine and heroin distribution in the HIDTA region and supply African American, Caucasian, Jamaican, and Puerto Rican midlevel and retail distribution groups throughout the area. An increasing number of Dominican DTOs are

bypassing sources of supply in New York City and the HIDTA region and are obtaining cocaine directly from Mexican sources at the Southwest Border in order to lower purchase costs and increase profit margins.

Mexican DTOs are increasing their wholesale drug distribution activities in the region. They have well-established transportation and distribution networks throughout most of the country and, since the mid-1990s, have gradually extended those networks into the PC HIDTA region, particularly to Chester and Delaware Counties. Mexican DTOs transport and distribute most marijuana available in the region. They also supply significant quantities of cocaine, and an increasing number of Mexican DTOs and criminal groups are transporting large quantities of methamphetamine into the region, including high-purity ice methamphetamine. Mexican DTOs transport these drugs from Mexico, Southwest Border states and, increasingly, Atlanta. Further, they supply the drugs to midlevel and retail-level distribution groups of various ethnicities, including Asian, African American, Dominican, Jamaican, and Puerto Rican DTOs and street gangs, in the HIDTA region. They also supply illicit drugs to imprisoned gang members and out-law motorcycle gangs (OMGs).

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### **Largest Ice Methamphetamine Seizure in New Jersey History**

In March 2007 agents with the Drug Enforcement Administration (DEA) New Jersey Field Division announced the arrests of four individuals and the seizure of 75 pounds of ice methamphetamine in Newark, New Jersey, just north of the PC HIDTA region. This was the largest seizure of ice methamphetamine in New Jersey history, according to DEA. Law enforcement reporting indicates that the arrested individuals were members of a Mexican DTO that supplied ice methamphetamine and cocaine to northeastern states.

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Source: Drug Enforcement Administration.

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Canada-based Vietnamese DTOs are emerging as the primary transporters and wholesale distributors of MDMA in the HIDTA region; previously, Caucasian DTOs, including Israeli DTOs, were the primary traffickers of MDMA. Law enforcement reporting indicates that Vietnamese DTOs are transporting larger quantities of MDMA to the region from Canada in order to supply new markets and gain a wider customer base. Vietnamese DTOs also have introduced high-potency Canadian marijuana to the area.

African American, Asian, and Hispanic street gangs are the predominant retail drug distributors in the PC HIDTA region. Most street gangs are poly-drug dealers, selling more than one type of drug at a time. Street gangs distribute primarily cocaine (powder and crack), heroin, and commercial-grade marijuana; however, they also distribute retail quantities of PCP, ice methamphetamine, MDMA, and high-potency marijuana. While serving as polydrug distributors, some gangs do concentrate their efforts on certain drugs. For instance, Bloods, Latin Kings, Ñetas, and Rap Kings distribute primarily crack cocaine throughout the PC HIDTA region. Many Bloods street gang members have moved into Camden from northern New Jersey in order to expand their drug distribution territories. In several Camden neighborhoods, Bloods have taken over distribution areas formerly controlled by local street gangs, which has led to increased violence in the area, according to law enforcement. Asian street gangs have increased their presence in the PC HIDTA region and are emerging as key suppliers of MDMA and Canadian high-potency marijuana. In many cases, Asian street gangs are smuggling these drugs from Canada to New York City prior to transporting them to the Philadelphia area for distribution. Asian gangs are also selling retail quantities of high-purity ice methamphetamine in the region. Asian street gangs operate primarily in southern, southwestern, and northern Philadelphia.

OMGs—most notably Pagan’s, Warlocks, and Outlaws—distribute retail quantities of cocaine and manufacture and distribute retail quantities of powder methamphetamine in the PC HIDTA region. Many

OMGs have established relationships with Mexican DTOs in order to gain greater access to illicit drugs and facilitate the distribution of those drugs.

## Production

Illicit drug production in the PC HIDTA region is limited mainly to crack conversion (which typically occurs in urban areas) and, to a lesser extent, methamphetamine and marijuana production. The production of synthetic drugs other than methamphetamine, such as GHB (gamma-hydroxybutyrate) and MDMA, is at low levels and is not considered by law enforcement officials to be a serious threat.

Crack cocaine conversion by retail-level distributors occurs throughout the PC HIDTA region, particularly in the urban areas of Philadelphia and Camden. African American street gangs and independent dealers convert powder cocaine to crack in residential settings, usually in the vicinity of the intended market.

Powder methamphetamine production poses a moderate and slowly rising problem in the PC HIDTA region; production appears to be concentrated in rural areas outside Philadelphia. Although laboratory seizure data indicate that only a few laboratories have been seized over the past several years, law enforcement intelligence and investigative information suggest that production is slowly increasing, particularly in rural areas outside the HIDTA region, such as the Pocono Mountains in northeastern Pennsylvania. Rural areas within the region are the most common sites for clandestine laboratories as a result of the reduced risk of detection and the likelihood of a lesser law enforcement presence. Some small-scale laboratories are operating in locations such as private residences and motel rooms. Most clandestine methamphetamine laboratories in and near the PC HIDTA region are operated by OMGs, particularly Pagan's and Warlocks, which typically produce only retail quantities of the drug; local independent Caucasian producers also produce limited amounts of methamphetamine, mostly for personal use.

Limited cannabis cultivation is conducted within the PC HIDTA region, both at indoor and outdoor grow sites, by local independent dealers and criminal groups. Indoor grow sites usually contain only a few cannabis plants that are cultivated by an independent grower for personal use. However, larger-scale indoor hydroponic cannabis grow sites may soon be increasing as a result of marijuana seeds being sold on the Internet and, particularly in Camden County, easy access to hydroponic equipment and the increasing demand for high-potency marijuana. Outdoor cannabis cultivation is limited in the region, although law enforcement reporting indicates that some occurs in rural areas.

## Transportation

The PC HIDTA region's highly developed transportation infrastructure is often exploited by DTOs to ship large quantities of drugs into, through, and from the region. Most illicit drugs available in the HIDTA region are transported from New York City along I-95; traffickers also use this route to transport illicit drugs through the region to markets in eastern Pennsylvania (Allentown, Harrisburg, Lancaster, Reading, and York) as well as Delaware, southern New Jersey, and the eastern shore of Maryland. Illicit drugs are also transported into the region along I-95 from Miami and Atlanta. Moreover, Interstates 76 and 276 (east-west) and I-476 (north-south) serve as significant drug transportation routes to and from the HIDTA region. Law enforcement reporting suggests that DTOs more commonly are using indirect routes, such as state routes and secondary roads, to transport drugs to the area in an effort to avoid law enforcement interdiction.

When transporting illicit drugs overland into the HIDTA region, traffickers commonly use private and commercial vehicles with hidden compartments. Mexican DTOs typically use crude methods of concealment in vehicles, including hidden compartments in oil pans, car manifolds, brake drums, drive shafts, radiators, and gas tanks. Dominican DTOs often construct sophisticated false compartments that are electronically operated.

A variety of other methods are used by traffickers to transport drugs into and throughout the HIDTA region; many traffickers use multiple methods to avoid detection and increase the likelihood of successful delivery. Philadelphia has an extensive intercity and regional passenger rail system that is often exploited by traffickers; the system provides numerous scheduled daily departures from Philadelphia's 30th Street Station to Baltimore, Maryland; New York City; and Washington, D.C., as well as return trips. Newark and Trenton-based street gangs in New Jersey routinely use commuter rail services to transport cocaine, currency, and members to Camden. This Trenton-to-Camden commuter rail service is sometimes described as the "crack line," according to law enforcement. Drug traffickers sometimes use the Philadelphia International Airport to smuggle drugs into the HIDTA region. The airport is attractive to transporters because of its direct connection to many foreign and domestic locations, its high volume of travelers and cargo, and its proximity to major highways and interstates, including I-95. Some traffickers use numerous couriers on flights with several connections in a "relay" style, in which one courier hands off the package to another at a midway stop. The consolidated Port of Philadelphia—which consists of the waterfront area of Philadelphia, Camden, and Wilmington, Delaware—is one of the busiest ports on the Atlantic Coast and enables traffickers to capitalize on the volume of goods passing through the port to smuggle illicit drugs into the PC HIDTA region. Cargo unloaded at the port is stored in one of the many private warehouses located nearby or is transported to destinations throughout the United States and Canada in commercial trucks or on one of the three major railroads that serve the port. Vessels arrive in the port from numerous foreign countries, including high-risk drug source and transit countries such as Colombia, the Dominican Republic, Jamaica, and Venezuela. In addition, many cruise ships travel between Philadelphia and various Caribbean island nations, many of which are drug transit countries. Passengers, crew members, and stevedores on cruise ships have reportedly smuggled illicit drugs into the PC HIDTA region from these locations.

Package delivery services are being used more often by drug traffickers in the region. Many drug traffickers prefer to use package delivery services because they can monitor the shipments on the Internet. If a shipment is delayed, they assume law enforcement has intercepted the parcel, and they refuse delivery to avoid arrest. Drug traffickers use a variety of techniques to conceal drugs shipped in parcels, such as concealing them in book bindings, ceramic statues, candles, and other items. Traffickers also ship drugs, such as cocaine, in flat, commercial "letter envelopes," in an attempt to elude law enforcement or package handlers who are adept at discovering contraband shipped in larger boxes.

## **Distribution**

Various DTOs, criminal groups, gangs, and independent dealers of differing nationalities and ethnicities/races sell illicit drugs at the wholesale level, midlevel, and retail level in the PC HIDTA region. (See Table 1 on page 8.)

Colombian and Dominican DTOs based in New York City are the principal wholesale distributors of cocaine and SA heroin in the PC HIDTA region. They supply midlevel and retail quantities of these drugs to African American, Caucasian, Dominican, Jamaican, and Puerto Rican DTOs as well as to independent dealers, street gangs, imprisoned gang members, and OMGs. Law enforcement officials report that many wholesale heroin distributors in the region, particularly Dominican DTOs, also supply smaller cities in eastern Pennsylvania, such as Allentown, Bethlehem, Easton, and Reading, and suburban and rural areas, such as Hazelton, Sunbury, and the Pocono Mountains. These traffickers are expanding their distribution activities into these areas largely because of the higher profits that can be generated in smaller cities, where competition is lower.

Mexican DTOs are increasingly distributing wholesale quantities of cocaine in the HIDTA region. They also distribute most of the commercial-grade marijuana available in the region as well as significant quantities of powder and ice methamphetamine. Mexican DTOs use their well-established

national-level transportation networks to supply these drugs to African American, Dominican, Jamaican, and Puerto Rican midlevel and retail distributors. Additionally, some Mexican DTOs are using Atlanta as a distribution center for cocaine and methamphetamine destined for the region.

Vietnamese criminal groups with ties to Asian DTOs operating in Canada are emerging as major distributors of MDMA and Canadian high-potency marijuana in the HIDTA region. According to law enforcement reporting, these criminal groups have developed a significant market for high-potency marijuana in the HIDTA region, particularly in more affluent areas, where abusers are willing to pay higher prices for higher-quality marijuana. Additionally, Vietnamese criminal groups in the region have begun to sell retail quantities of high-purity ice methamphetamine.

Neighborhood-based African American and Hispanic street gangs control retail drug distribution in the PC HIDTA region; they commonly distribute crack cocaine, heroin, and other illicit drugs in open-air drug markets. Various OMGs also serve as retail-level drug distributors. According to law enforcement officials, OMGs commonly use bars in the region as distribution sites for methamphetamine, crack cocaine, and marijuana.

Retail drug distribution typically occurs in open-air markets. Many of these markets are “owned” or controlled by a particular gang or criminal group that either sells drugs at that location or collects a percentage of the profits from drug sales conducted by another group. Gangs and criminal groups generally establish ownership of open-air markets through long-term drug sales in a particular area by taking control through violence or threats of violence or by purchasing the right to sell drugs in a particular open-air market, often at a high price.

Despite the prevalence of open-air markets in the region, pharmaceutical drugs are often diverted by abusers through a variety of other methods. Abusers in the PC HIDTA region, particularly

teenagers and young adults, are increasingly using the Internet to obtain pharmaceutical drugs. These individuals reportedly place orders with online pharmacies or distributors located in other parts of the country through the Internet. They often discuss transactions and place orders on web logs (“blogs”) and bulletin boards, in chat rooms, or through e-mail and electronic messaging. This situation poses a particular challenge to law enforcement officials because individuals can exchange information and consummate Internet sales quickly and with relative anonymity. Abusers also divert pharmaceutical drugs through theft (from pharmacies and family members), prescription forgeries, doctor-shopping, and pharmacy diversion. Some unscrupulous doctors and pharmacists in the region sell prescriptions for a profit without determining legitimate medical need or order controlled substances for their own use. In addition, office staff members who are authorized to call in legitimate prescriptions sometimes use the authorizations to obtain fraudulent prescriptions, which they then sell to abusers. Pharmacy employees in the region sometimes divert pharmaceuticals by stealing small amounts of a drug while filling legitimate prescriptions. Unscrupulous pharmacists also add fraudulent refill information to legitimate prescriptions or prepare fraudulent “call-in” prescriptions.

Retail distributors in the region are becoming more technologically sophisticated in their operations. Distributors increasingly are using cell phones and PDAs (personal digital assistants) to coordinate drug transactions, making detection by law enforcement more problematic. The more sophisticated distributors often use prepaid cellular telephones, discontinue using cellular telephones after short periods, or use prepaid calling cards to thwart law enforcement’s efforts to monitor drug-related communications.

## **Drug-Related Crime**

Violence associated with criminal organizations that distribute, individually or in combinations, cocaine, heroin, marijuana, methamphetamine, and MDMA is a significant drug-related crime problem in the PC HIDTA region. In 2006 the number of homicides in Philadelphia reached the highest level

**Table 1. Drug Distribution Activities in the Philadelphia/Camden High Intensity Drug Trafficking Area, 2007**

Group	Wholesale Distribution		Retail Distribution
	Upper Level	Midlevel	
<b>African American</b>	Powder cocaine and marijuana	Powder cocaine, crack cocaine, heroin, and marijuana	Powder cocaine, crack cocaine, heroin, and marijuana
<b>Asian</b>	Marijuana and MDMA	Marijuana, MDMA, and ice methamphetamine	Marijuana, MDMA, and ice methamphetamine
<b>Caucasian</b>	Powder cocaine, marijuana, and diverted pharmaceuticals	Powder cocaine, crack cocaine, heroin, marijuana, methamphetamine, MDMA, and diverted pharmaceuticals	Powder cocaine, crack cocaine, heroin, marijuana, methamphetamine, MDMA, and diverted pharmaceuticals
<b>Colombian</b>	Powder cocaine and heroin	Powder cocaine and heroin	Powder cocaine and heroin
<b>Dominican</b>	Powder cocaine	Powder cocaine, crack cocaine, and heroin	Powder cocaine, crack cocaine, and heroin
<b>Israeli</b>	MDMA	MDMA	MDMA
<b>Jamaican</b>	Powder cocaine and marijuana	Powder cocaine, crack cocaine, and marijuana	Powder cocaine, crack cocaine, and marijuana
<b>Mexican</b>	Powder cocaine, marijuana, and powder and ice methamphetamine	Powder cocaine, marijuana, and powder and ice methamphetamine	Powder cocaine and marijuana
<b>Puerto Rican</b>	Powder cocaine and heroin	Powder cocaine, crack cocaine, and heroin	Powder cocaine, crack cocaine, heroin, and marijuana
<b>Street Gangs</b>	None	Powder cocaine, crack cocaine, heroin, marijuana, and PCP	Powder cocaine, crack cocaine, heroin, marijuana, MDMA, and PCP

in over a decade; according to law enforcement officials, many of these homicides were drug-related. During 2006, 406 homicides occurred, an increase from 377 in 2005 and 330 in 2004. Additionally, as of April 22, 2007 law enforcement officials in Philadelphia reported 128 homicides, a 17 percent increase from the same period in 2006. The use of firearms by street gang members is one of the most significant contributing factors to the high homicide rate. Street gang members often use firearms to command respect, defend their turf, or acquire new distribution territories. The use of firearms in other areas of the region also contributes to high levels of violent crime. For example, high levels of violence

in Camden are attributed to attempts by Camden Bloods street gang members to take control of drug markets from smaller, less organized neighborhood gangs. They have been responsible for many homicides, shootings, aggravated assaults, and kidnappings. Additionally, members of Camden Bloods often threaten and commit violent acts against witnesses and informants to protect themselves from prosecution, and they have targeted police officers at their homes. Asian street gangs have increased their presence in Philadelphia and various suburban communities of the PC HIDTA region, contributing to the overall level of drug-related violent crime in the region. Asian street gang members typically are

young, and many of them possess violent tendencies; many have been involved in assaults, drive-by shootings, extortions, homicides, robberies, and thefts in the area. Additionally, Asian gang members in the PC HIDTA region have committed armed home invasions of the residences of Asian businessmen who, they believed, had large amounts of cash in their homes because of a distrust of traditional financial institutions.

## Abuse

Cocaine, heroin, and marijuana are abused at high levels in the PC HIDTA region. Cocaine, especially crack, is the primary cause of drug-related deaths, emergency department visits, and treatment admissions to publicly funded facilities in Philadelphia. Heroin abuse is rising in the HIDTA region. Declining heroin purity has contributed to local abusers' alternative methods of abuse such as injecting greater doses, injecting more frequently, or abusing heroin in combination with other drugs such as fentanyl, a synthetic opioid significantly more potent than heroin. From late April through August 2006, clandestinely produced fentanyl was linked to approximately 500 overdoses and 200 deaths in the tristate area (southeastern Pennsylvania, southern New Jersey, and northern Delaware). Most of these incidents occurred in Philadelphia; officials report approximately 300 overdoses and 170 deaths. Clandestinely produced fentanyl powder, heroin/fentanyl combinations, and cocaine/fentanyl combinations have been periodically distributed throughout the region; however, the availability of fentanyl and fentanyl combinations appears to have decreased since the fall of 2006. Compounding the heroin problem in the region, the drug is gaining popularity among teens and young adults, who initially inhale the drug but progress to injection as addiction sets in. Marijuana is the most widely available and commonly abused illicit drug in the region. Additionally, the availability of high-potency marijuana, both Canadian and locally produced, is increasing, drawing new users to the drug.

Methadone abuse is a developing problem. In the Philadelphia metropolitan area, the availability of diverted methadone is due, in part, to patients in opioid treatment programs selling their take-home

doses of the drug. According to treatment providers, many methadone abusers are using the drug in combination with benzodiazepines in an attempt to achieve a heroin-like effect. Many methadone abusers are acquiring benzodiazepines from treatment patients who obtain the drugs by prescription, keep some for themselves, and sell the rest at or near treatment sites.

The abuse of benzodiazepines is an increasing problem in the PC HIDTA region. As a group, benzodiazepines are the second most frequently detected drugs (after cocaine) in drug-related deaths in Philadelphia. The two most frequently abused benzodiazepines in Philadelphia are alprazolam (marketed as Xanax and Niravan) and diazepam (marketed as Valium), although others are also abused. The abuse of prescription opiates such as oxycodone and hydrocodone also is increasing in the region, especially among adolescents and young adults. These abusers typically initiate opiate abuse with prescription drugs, rather than heroin, to avoid the stigma associated with heroin; however, once addicted to prescription drugs, they often switch to heroin because of the drug's higher availability and lower price.

Diverted pharmaceutical abuse among teenagers and young adults is rising in the region. Such abuse often occurs in social settings such as "pharming parties," which typically involve teenagers taking medications from their relatives or those prescribed for them, mixing them in a bowl with pharmaceutical drugs obtained by other teenagers, and then ingesting several drugs that they indiscriminately retrieve from the bowl. This trend is especially dangerous for young girls whose lower body weight exacerbates the effects of the combined drugs. An increasing percentage of teens do not regard pharmaceutical drug abuse as dangerous; they believe that drugs prescribed by doctors are less harmful than illegal drugs such as cocaine, heroin, and methamphetamine.

Ice methamphetamine abuse may be rising in the HIDTA region. According to law enforcement officials and treatment providers, ice methamphetamine abuse typically has been concentrated within the homosexual male population, but it now may

be spreading beyond this community to young rural and suburban users. Some officials also report an increase in ice methamphetamine abuse in the downtown Philadelphia nightclub scene.

## Illicit Finance

Drug traffickers in the PC HIDTA region launder illicit funds generated by drug sales through a variety of methods, including smuggling bulk cash, conducting electronic wire transfers, structuring bank deposits and money order purchases below reporting requirements, commingling drug proceeds with funds generated through legitimate businesses, purchasing real estate and vehicles, operating front businesses, and using smart cards, automated teller machines, and prepaid stored value cards. However, law enforcement reporting indicates a decrease in the use of traditional financial institutions by traffickers to launder illicit drug proceeds because the traffickers have become aware that banking officials are readily identifying illicit financial activity by filing Currency Transaction Reports (CTRs) and Suspicious Activity Reports (SARs).

Colombian, Dominican, and Mexican DTOs and criminal groups transport drug proceeds primarily in bulk from the PC HIDTA region to New York City, the Southwest Border area, Mexico, or other drug source locations. Bulk quantities of cash are often concealed in hidden compartments of vehicles or in shipments of commodities such as furniture, car parts, electronics, or produce. These traffickers also use freight transportation companies and shipping containers to transport bulk currency.

Colombian DTOs are increasingly using prepaid credit cards as a method of laundering drug proceeds in the HIDTA region. They use illicit funds to purchase prepaid credit cards in amounts up to \$1,000. The cards are then redeemed in Colombia for pesos. Some of the DTOs consider this method to be preferable to the Black Market Peso Exchange (BMPE)<sup>1</sup> because it allows for a higher rate of profit.

Many DTOs in the HIDTA region, particularly Dominican and Asian organizations, transport drug proceeds to Atlantic City, New Jersey, where they launder the funds through casinos. Some DTOs are beginning to transport drug proceeds to casinos in Pennsylvania as well. These DTOs exchange large amounts of drug proceeds for chips, pass some time in the casino, and then exchange their chips for cash. They also use the wire transfer services of casinos to transfer funds to offshore bank accounts or to other casinos.

Some traffickers in the region, particularly Asian DTOs and criminal groups, use cash-intensive front businesses, such as auto repair shops, beauty and nail salons, car washes, construction companies, tattoo parlors, and travel agencies, to launder illicit drug proceeds in the region. They also structure the purchase of money orders, which are then mailed to Canada and deposited in bank accounts to be transferred to source countries. These groups also use bank deposit structuring, bulk cash smuggling, and real estate fraud to move and conceal drug proceeds.

Many retail-level drug dealers in the PC HIDTA region launder drug proceeds through the purchase of consumer goods, such as expensive jewelry and luxury vehicles, and through the purchase of real estate, including low-income HUD/Section-8 (U.S. Department of Housing and Urban Development) housing.

## Outlook

Drug distribution, and its associated violence, in the PC HIDTA region will most likely intensify over the next year. As Bloods street gang members attempt to increase their dominance of the Camden drug market, territorial disputes will develop. In addition, because Asian street gangs may become more entrenched in Philadelphia, gang-related violence, particularly violence related to high-potency marijuana and ice methamphetamine distribution operations, will rise.

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1. The Black Market Peso Exchange (BMPE) is a system in which Colombian traffickers receive Colombian pesos in Colombia in exchange for U.S. dollars located in the United States. Peso brokers facilitate this process by selling Colombian trafficker-owned U.S. dollars located in the United States at a discount to Colombian merchants, who use the funds to purchase U.S. goods.

Relationships between Mexican DTOs and Colombian and Dominican DTOs in the PC HIDTA region will quite likely strengthen in the coming years. Colombian and Dominican DTOs have already forged business relationships with Mexican DTOs to transport large quantities of cocaine and heroin to various domestic locations, including markets in the PC HIDTA region. This arrangement enables Colombian and Dominican traffickers to insulate themselves from high-risk smuggling activities and gives Mexican DTOs a larger role in the high-profit drug trade. Stronger relationships between Mexican DTOs and Colombian and Dominican traffickers will most likely lead to increased availability of cocaine and heroin in the region, a development that might result in marginally lower prices and increased demand.

The availability of Mexican ice methamphetamine is likely to rise in the HIDTA region in the next year and result in a corresponding increase in abuse. The region has an established population of stimulant abusers who might be enticed to switch to methamphetamine if the drug were to become more available and prices were to decrease. Mexican DTOs, which are gaining prominence in the region and have ready access to large quantities of high-potency ice, are very likely to transport more methamphetamine to the area to create a new market for the drug. An increase in the number of abusers

addicted to ice methamphetamine could severely compromise the ability of treatment agencies in the PC HIDTA region to provide adequate care, not only because they are already overtaxed as a result of the large number of cocaine and heroin abusers, but also because the highly addictive nature of methamphetamine often leads to high rates of recidivism.

Diverted pharmaceutical abuse in the PC HIDTA region is likely to increase over the next year and will be driven by the growing popularity of these drugs among young adults and adolescents and their wide availability through Internet pharmacies and personal networks. This situation could lead to increased levels of heroin, cocaine, and methamphetamine abuse because some pharmaceutical drug abusers will inevitably advance to using such major drugs of abuse.

Drug money laundering through casinos is most likely to become more of a problem in the PC HIDTA region in the next year. Many DTOs in the region already transport drug proceeds to Atlantic City, where they launder the funds through existing casinos; however, recent and anticipated casino openings and the addition of slot machines at horse racing tracks in Pennsylvania will quite likely increase the frequency of casino-related money laundering.

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## Sources

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### State and Local

#### New Jersey

Camden Police Department  
New Jersey State Police  
State Attorney General's Office  
    Camden County Prosecutor's Office

#### Pennsylvania

City of Philadelphia  
    Drug and Alcohol Abuse Program  
Pennsylvania Attorney General's Office  
Pennsylvania Department of Health  
Pennsylvania State Police  
Philadelphia Medical Examiner's Office  
Philadelphia Police Department

### Regional

Middle Atlantic–Great Lakes Organized Crime Law Enforcement Network

### Federal

Executive Office of the President  
    Office of National Drug Control Policy  
        High Intensity Drug Trafficking Area  
        Philadelphia/Camden  
U.S. Department of Commerce  
    U.S. Census Bureau  
U.S. Department of Health and Human Services  
    Centers for Disease Control and Prevention  
        National Institutes of Health  
        National Institute on Drug Abuse  
            Community Epidemiology Work Group  
    Substance Abuse and Mental Health Services Administration  
        Drug Abuse Warning Network  
        Treatment Episode Data Set  
U.S. Department of Homeland Security  
    U.S. Coast Guard  
    U.S. Immigration and Customs Enforcement

U.S. Department of Justice

Drug Enforcement Administration

Domestic Monitor Program

El Paso Intelligence Center

National Clandestine Laboratory Seizure System

New Jersey Field Division

Philadelphia Field Division

Federal Bureau of Investigation

Philadelphia Office

National Institute of Justice

Arrestee Drug Abuse Monitoring Program

U.S. Attorney's Offices

District of New Jersey

Eastern District of Pennsylvania

U.S. Department of the Treasury

Internal Revenue Service

U.S. Department of Transportation

Federal Aviation Administration

Federal Highway Administration

U.S. Sentencing Commission

**Other**

Associated Press

*Northeast Times*

*The Philadelphia Inquirer*

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