



**Drug Market Analysis**

**2008**

# **Northern California**

## **High Intensity Drug Trafficking Area**



**NATIONAL DRUG INTELLIGENCE CENTER**  
**U.S. DEPARTMENT OF JUSTICE**







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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.



# National Drug Intelligence Center

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# PREFACE

This assessment provides a strategic overview of the illicit drug situation in the Northern California High Intensity Drug Trafficking Area (HIDTA), 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 Northern California HIDTA.



Figure 1. Northern California High Intensity Drug Trafficking Area.



### STRATEGIC DRUG THREAT DEVELOPMENTS

- Outdoor cannabis cultivation has increased significantly in the Northern California HIDTA region. More than 900,000 cannabis plants were eradicated in 2007 from outdoor grow sites in the region—a 28.85 percent increase from 2006.
- Successful law enforcement cannabis eradication efforts during previous growing seasons have caused Mexican drug trafficking organizations (DTOs) to begin outdoor cultivation operations earlier in the season. Early cultivation allows growers to replant a site if it is eradicated by law enforcement officials—according to law enforcement officials, many Mexican traffickers believe that law enforcement agencies do not have the resources to revisit previously cleared areas.
- HIDTA officials report that in an attempt to circumvent state precursor chemical restrictions, some methamphetamine producers in northern California employ numerous individuals to purchase or “smurf”<sup>1</sup> cold medications containing pseudoephedrine from local retailers.
- Successful law enforcement efforts against methamphetamine trafficking and distribution, public awareness campaigns targeting methamphetamine abuse, and recent price and purity fluctuations have caused some methamphetamine abusers in the region to switch to powder cocaine.
- During the first 6 months of 2007, HIDTA officials noted a decrease in powder cocaine availability, a drop in purity levels, and an increase in prices as a result of a rise in the cocaine user population and successful

1. Methamphetamine producers employ numerous individuals to make multiple purchases of pseudoephedrine at or below the legal limits from various locations, sometimes within numerous jurisdictions. This practice is known as smurfing.

law enforcement efforts. However, cocaine availability rebounded in the last 6 months of 2007.

### 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 1.) 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 hub 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, including markets in the Pacific Northwest, the Midwest, and Hawaii.

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. 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, New York. U.S. Highway 101, a north-south corridor, provides direct access to the region from Mexico and Canada. 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 twentieth-busiest in the United States and the twenty-sixth-busiest airport in the world in the number of passengers processed. The Port of Oakland is the fourth-busiest container port in the United States and the ninth-busiest waterborne

freight gateway for international merchandise trade by value of shipments. China, Japan, Taiwan, and Hong Kong are the port's leading origin countries for imports.

## **DRUG THREAT OVERVIEW**

Methamphetamine, particularly ice, poses the most significant drug threat in the Northern California HIDTA region. Sixty-six of the 70 state and local law enforcement agencies in the region that responded to the National Drug Intelligence Center (NDIC) National Drug Threat Survey (NDTS) 2007 identified methamphetamine as the greatest drug threat in their jurisdictions. These respondents also indicated that the majority of incidents involving violent crime and property crime perpetrated in their jurisdictions involved methamphetamine trafficking and abuse. (See Table 2 on page 13.) Most of the ice methamphetamine available in the area is produced by Mexican DTOs in Mexico and, to a lesser extent, in central and southern California. While methamphetamine is the principal drug threat in most areas of the region, according to NDTS data, many law enforcement officials report that the availability of methamphetamine in their areas decreased during 2007, particularly at the midlevel and retail level. Officials attribute decreased methamphetamine availability to decreased production in Mexico in 2007 occasioned by restrictions on precursor chemical importation recently implemented by the government of Mexico as well as several seizures of large-scale production laboratories and shipments of pseudoephedrine destined for Mexico. Decreased methamphetamine availability may also be related to a decline in local production over the past several years, largely as a result of federal and state precursor control legislation, effective law enforcement initiatives, and public awareness campaigns. According to law enforcement officials, decreased availability of ice methamphetamine in the region has resulted in lower purity, particularly at the midlevel and retail level; distributors have reportedly cut the drug to stretch supplies. Wholesale metham-

phetamine prices have risen in the HIDTA region as well. For example, in San Francisco the price of methamphetamine rose from \$8,000 to \$12,000 per pound in 2006 to \$10,000 to \$20,000 per pound in 2007.

Cannabis cultivation and marijuana production operations are extensive and are increasing in magnitude throughout the HIDTA region, making northern California one of the most significant cannabis cultivation areas in the nation. According to law enforcement officials, this situation has resulted from high levels of abuse, increased availability of high-potency marijuana, and exploitation of California Proposition 215<sup>2</sup> by illegal cannabis cultivators and drug traffickers. Additionally, many federal, state, and local law enforcement agencies and task forces report an increase in the number of illegal outdoor and indoor cannabis grow sites in their jurisdictions as well as an increase in violent confrontations between law enforcement officers and cultivators who aggressively protect their grow sites—particularly during the September and October harvest season.

Powder and crack cocaine are widely available and frequently abused in the region. Many law enforcement officials and treatment providers report an increase in powder cocaine abuse in the region. They attribute the increase, in part, to some methamphetamine abusers, primarily middle- and upper-income Caucasian adults and high school students, switching to powder cocaine as their drug of choice because of media campaigns warning of the dangers associated with methamphetamine abuse, declining methamphetamine availability,

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2. California Proposition 215 allows patients and primary caregivers to possess marijuana or cultivate cannabis for medical treatment that is recommended by a physician, exempting them from state criminal laws that otherwise prohibit possession or cultivation of cannabis. Legal protections are also provided to physicians who recommend the use of marijuana for medical treatment. Under this proposition, no prescription is needed to obtain the drug for medicinal use. A doctor makes a recommendation either in writing or verbally. The allowable quantity of processed marijuana and cannabis plants per patient is 8 ounces and 6 mature or 12 immature plants. Additionally, State Bill 420 allows local communities to set higher thresholds.



declining methamphetamine purity levels, and a belief among some abusers that cocaine is safer to use because it is “organic.” During the first 6 months of 2007, law enforcement officials noted a decrease in powder cocaine availability, a drop in purity levels, and an increase in prices resulting from a rise in the cocaine user population and successful law enforcement efforts, such as Operation Imperial Emperor.<sup>3</sup> However, cocaine availability rebounded in the last 6 months of 2007. Moreover, law enforcement officials in most large urban areas within the HIDTA region report very high levels of crack cocaine abuse; crack cocaine generally is the most abused illicit drug in urban areas of the region.

Heroin also causes significant concern to law enforcement officials in the Northern California HIDTA region. Mexican black tar heroin is the most readily available and abused form of the drug. However, HIDTA officials reported an increase in Mexican brown powder heroin seizures during 2007. Mexican DTOs transport wholesale quantities of black tar heroin and, to a lesser extent, brown powder heroin from Michoacán through the Southwest region for distribution within the HIDTA region.

The abuse of other dangerous drugs (ODDs), particularly MDMA (3,4-methylenedioxymethamphetamine, also known as ecstasy), and diverted pharmaceuticals occurs to varying degrees throughout the Northern California HIDTA region. MDMA is distributed primarily in nightclubs by Asian criminal groups and street gangs. For example, agents from the Drug Enforcement Administration (DEA) San Francisco Division arrested two Asian males and seized approximately 5,000

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3. Operation Imperial Emperor was a multijurisdictional investigation led by the Drug Enforcement Administration (DEA). It targeted an international Mexican drug trafficking and money laundering organization that had ties to the San Francisco Bay area, in addition to other areas of California, and to Arizona, Illinois, and New York. This organization maintained distribution cells in northern California that transported drugs from Mexico across the U.S.–Mexico border to San Francisco for further distribution in the city and to cities throughout the United States.

### Federal and Local Task Force Dismantles Huge Heroin Ring

In October 2007 the U. S. Attorney for the Northern District of California announced the indictment of 24 individuals involved in the distribution of Mexican black tar heroin. In 2005 federal and local law enforcement agents began investigating allegations of a Mexican black tar heroin trafficking organization operating from the Central Valley of California; its distribution cells operated in the San Francisco Bay area, primarily in Oakland. Investigators believe the organization could have distributed 50 to 100 pounds of heroin per month. During the course of the investigation, law enforcement officers seized over 3 kilograms of Mexican black tar heroin with a street value of \$600,000 as well as 2 pounds of marijuana, 1 ounce of ice methamphetamine, 1 ounce of powder cocaine, 1 ounce of crack cocaine, \$11,800 in drug proceeds, two automobiles, one motorcycle, and 21 firearms, including handguns, shotguns, rifles, and assault rifles.

Source: U.S. Attorney Northern District of California, press release dated October 24, 2007.

MDMA tablets and 70 vials of ketamine<sup>4</sup> in June 2007. HIDTA law enforcement officers and treatment providers have noted that some Asian traffickers are selling a combination of MDMA and methamphetamine known as “Juiced E” or “E Plus.” The traffickers are marketing the drug primarily to teenagers and young adults. Many individuals who have been admitted to treatment facilities in the region for abuse of this combination have stated that they did not know that the pills they were taking contained methamphetamine. Pharmaceutical abuse across all age groups is occurring at high levels in the region.

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4. Ketamine is a tranquilizer most commonly used on animals. The liquid form is odorless and colorless and can be injected, consumed in drinks, or added to smokable materials. Ketamine is also known as “Special K,” “Super K,” “jet,” and “super acid,” among other names. Ketamine use can cause delirium, amnesia, depression, and long-term memory and cognitive difficulties. As a result of its dissociative effects, it is sometimes used as a date-rape drug.

Benzodiazepines, hydrocodone, oxycodone, and synthetic opiates are the most frequently abused pharmaceutical drugs.

## **DRUG TRAFFICKING ORGANIZATIONS**

Mexican DTOs based in the Northern California HIDTA region are the principal illicit drug transporters, wholesale distributors, and producers in the area. Mexican DTOs typically smuggle cocaine, heroin, marijuana, and methamphetamine destined for the Northern California HIDTA region from Mexico through U.S. ports of entry (POEs) in Calexico, San Ysidro, and Otay Mesa, California. They also exploit well-established transportation routes for distribution from the area to drug markets throughout the United States. Moreover, Mexican DTOs operating in the Northern California HIDTA region control local cultivation of large quantities of cannabis and also control methamphetamine and marijuana production operations in the Central Valley of California. Mexican DTOs in the region are based largely on familial ties and typically consist of members who reside in California, Mexico, or various cities throughout the United States.

Asian DTOs and criminal groups are the principal suppliers of Canadian high-potency marijuana and MDMA. They are also expanding their indoor cannabis cultivation operations in the Northern California HIDTA region. The drug trafficking threat they pose to the area is increasing but is not as extensive as that posed by Mexican DTOs. Asian DTOs primarily transport high-potency marijuana, commonly known as BC Bud, and MDMA (including MDMA combined with methamphetamine) from Canada for distribution in the Northern California HIDTA region. They are also the primary MDMA distributors in many areas throughout the region. Asian drug traffickers are increasingly cultivating cannabis at indoor grow sites that are typically located at residences in new communities within the HIDTA region. Such residences are often procured 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 distribute illicit drugs at the midlevel and retail level in the area; Vietnamese groups are predominant.

### **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 level and midlevel.

**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.

Hispanic, African American, and Asian street gangs; Hispanic and African American prison gangs; and outlaw motorcycle gangs (OMGs) are of particular concern to law enforcement officials in the Northern California HIDTA region. These gangs are extremely violent in establishing or maintaining control of their drug trafficking activities. Hispanic street gangs, primarily affiliates of the Sureños and Norteños gangs, are involved in midlevel and retail-level distribution of methamphetamine, marijuana, cocaine, and heroin. According to law enforcement officials throughout the North Bay Area, there has been a dramatic increase in the number of Sureños gang members relocating to their jurisdictions in an attempt to overtake traditionally held Norteños territories. 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

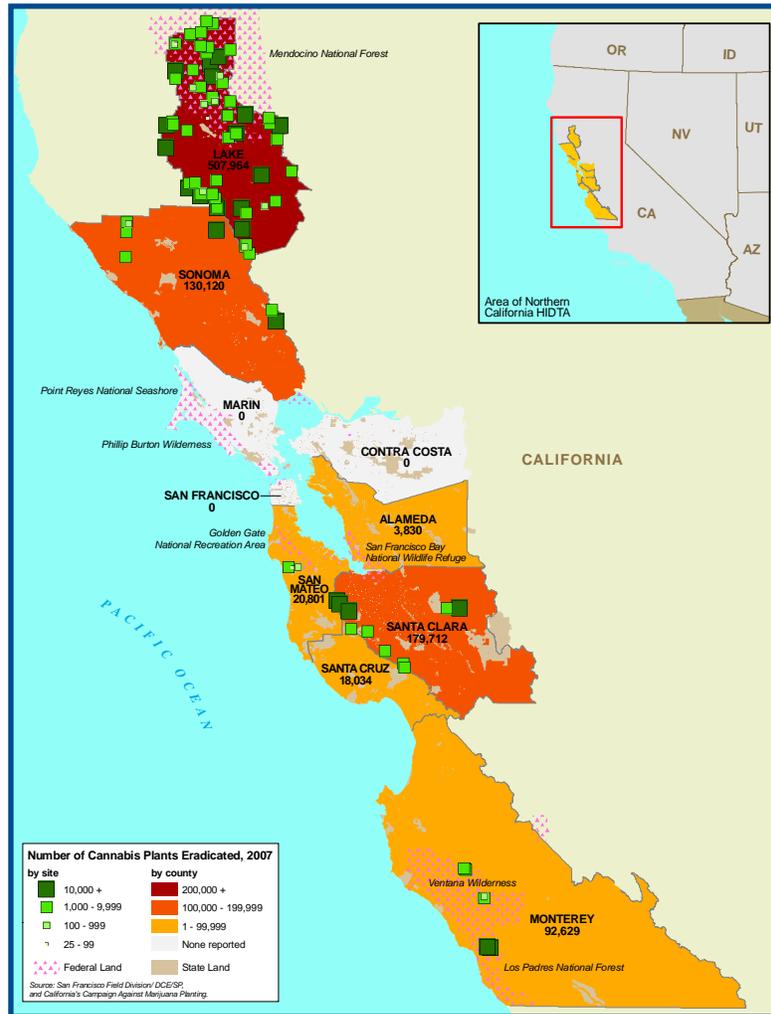


Figure 2. Cannabis plants eradicated by HIDTA county in 2007.

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 midlevel and retail-level 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. Members of the various street and prison gangs in the region typically compete with each other over drug distribution. However, law enforcement officials report that some second- and third-generation African American and Hispanic

gang members, motivated primarily by profit, are now working together to supply and distribute ice methamphetamine, heroin, and crack cocaine.

## PRODUCTION

Methamphetamine production in the Northern California HIDTA region has declined significantly since 2004, largely as a result of successful law enforcement operations and regulatory efforts in the United States and Mexico to control precursor chemicals. According to the National Seizure System (NSS), only 11 methamphetamine laboratories

**Table 1. Cannabis Plants Seized in the Northern California HIDTA Region, 2004–2007**

County	Outdoor Plants				Indoor Plants			
	2004	2005	2006	2007	2004	2005	2006	2007
Alameda	0	0	0	1,655	0	0	29,428	2,175
Contra Costa	0	0	0	0	0	0	0	0
Lake	81,991	136,781	346,336	506,788	1,502	7,581	79	1,176
Marin	0	0	22,740	0	0	0	0	0
Monterey	11,077	23,498	49,893	91,817	521	157	1,451	812
San Francisco	0	0	0	0	0	0	12,745*	0
San Mateo	3,196	167	5,850	11,120	941	479	9,278	9,681
Santa Clara	6,026	82,106	125,690	178,878	0	0	383	834
Santa Cruz	1,627	11,449	42,836	12,219	525	3,521	1,038	5,815
Sonoma	19,884	107,631	124,395	122,350	2,195	11,049	9,740	7,770
<b>Total</b>	<b>123,801</b>	<b>361,632</b>	<b>717,740</b>	<b>924,827</b>	<b>5,684</b>	<b>22,787</b>	<b>64,142*</b>	<b>28,263</b>

Source: Domestic Cannabis Eradication/Suppression Program.

\*In 2006 federal prosecution in San Francisco of several indoor marijuana grow cases from Elk Grove, California, contributed to this anomalous increase.

were seized in the HIDTA region in 2007, a decrease from 24 laboratories in 2006, 36 in 2005, and 55 in 2004. While the seizure of laboratories is decreasing, HIDTA officials note an increase in methamphetamine conversion laboratories in which powder methamphetamine is converted to ice and ice methamphetamine of poor quality is “cleaned.” Three conversion laboratories capable of producing multipound quantities of ice methamphetamine were seized in Santa Clara County in 2007.

HIDTA officials have noted that some Mexican DTOs are attempting to circumvent California state precursor chemical restrictions by employing large groups of individuals to purchase or “smurf” cold medications containing pseudoephedrine from local retailers across the HIDTA region. Ephedrine and pseudoephedrine smurfing is a method used by some methamphetamine traffickers to acquire large quantities of precursor chemicals that are used in the production of methamphetamine.

Cannabis cultivation is prevalent throughout the Northern California HIDTA region. In some areas cultivation is increasing. As a result, the

region has emerged as one of the most significant cannabis cultivation areas in the nation. According to Domestic Cannabis Eradication/Suppression Program (DCE/SP) data, nearly 5 million cannabis plants were eradicated in California in 2007 from outdoor and indoor grow sites.<sup>5</sup> This figure represents a 28 percent increase from the 3.8 million plants seized in 2006. DCE/SP data also show that the number of plants seized at both outdoor and indoor grow sites in the HIDTA region increased overall during the last 4 years. The number of outdoor plants seized increased each year from 123,801 in 2004 to 924,827 in 2007, while the number of indoor plants seized increased overall from 5,684 in 2004 to 28,263 in 2007. (See Table 1.)

5. Data were received from the DEA Domestic Cannabis Eradication/Suppression Program (DCE/SP). DCE/SP statistics include eradication efforts by the U.S. Department of the Interior, the U.S. Department of Agriculture Forest Service, and California’s Campaign Against Marijuana Planting (CAMP).



Figure 3. Outdoor marijuana grow encampment.



Figure 4. Barriers used to contain a red diesel fuel spill from an outdoor generator into a natural waterway.



Figure 5. Large cannabis plants seized from an outdoor grow site.

DEA, San Francisco.

Outdoor cannabis cultivation is increasing significantly in the HIDTA region. Mexican DTOs operate a majority of the large outdoor grow sites in the region; they generally establish such grow sites in counties that encompass extensive remote locations, public lands, and rural areas such as Lake, Sonoma, and Santa Clara Counties. These counties rank among the top 10 counties in the state for cannabis cultivation. Mexican DTOs typically employ illegal aliens to tend crop sites, provide protection from intruders (including law enforcement officers), and harvest the cannabis. According to law enforcement officials, many of the illegal aliens working for Mexican DTOs are doing so as payment for their entry into the United States. Law enforcement officials report that approximately 60 percent of the outdoor cannabis cultivation operations discovered during 2007 involved Mexican illegal aliens tending grow sites on federal public lands. Additionally, law enforcement reporting reveals that some Mexican DTOs are beginning to plant their crop earlier in the season to allow time for replanting in the event of eradication by law enforcement officials. In addition, the DTOs are attempting to complete the growth cycle and harvest prior to the commencement of marijuana eradication efforts. Law enforcement reporting further reveals that most traffickers believe that law enforcement officials will not revisit a previously eradicated grow site in the same season.

The environmental damage caused by outdoor cannabis cultivation, particularly on public lands, is extensive. (See Figures 3 and 4.) According to the National Forest System and California's Campaign Against Marijuana Planting (CAMP), law enforcement officers are encountering increasing numbers of dumpsites containing highly toxic insecticides, chemical repellants, and other poisons. These toxic chemicals enter and contaminate ground water, pollute watersheds, kill fish and other wildlife, and eventually enter residential water supplies. Redirecting natural water sources leads to erosion and impacts native vegetation.

Law enforcement officials are also encountering an increasing number of large cannabis plants, some of which are more than 8 feet tall and require a chainsaw to cut them down. According to the officials, such plants produce approximately 8 pounds of processed marijuana. In August 2007 federal law enforcement officials in Santa Rosa seized 330 plants from an outdoor grow site; the plants averaged 8 to 10 feet tall and weighed a total of 7,000 pounds. Approximately \$470,000 (concealed in guano buckets) and 32 firearms were also seized at the site. (See Figure 5.)

Indoor cannabis cultivators typically establish grow sites in multiple residences, often using hydroponics technology, sophisticated lighting, and irrigation systems. Indoor growers prefer the controlled environment because they can avoid intensified

outdoor eradication efforts while achieving higher profits because of the year-round cultivation season; a new crop of higher-potency marijuana can be turned out every 90 days. Cannabis cultivators who operate large-scale indoor grows often modify electrical circuitry in the houses or bypass meters, creating hazardous conditions that can result in electrical shock or fire. In addition, they often use exhaust systems that are insufficient to vent the carbon dioxide and carbon monoxide generated from cultivation activities. Moreover, as a result of the prolonged high humidity at indoor grow sites, the buildings that contain them can be rendered uninhabitable as a result of the growth of toxic molds. Additionally, grow sites are often booby-trapped to ward off thieves and law enforcement officers.

Caucasian criminal groups and independent dealers are the predominant indoor cannabis cultivators in the HIDTA region and are also the primary producers of high-grade marijuana. Asian DTOs and criminal groups are becoming more involved with large-scale indoor cannabis cultivation and are beginning to produce significant quantities of high-grade marijuana in the region; many of these traffickers commenced cannabis cultivation operations in the region over the past few years by establishing small indoor grow sites with limited marijuana production capabilities.

According to law enforcement officials, some cannabis cultivators use California Proposition 215 as a pretext for conducting indoor grow operations in which high-grade marijuana is produced for distribution through cannabis clubs. Additionally, some cannabis cultivators are adding marijuana and cannabis derivatives such as hashish and hash oil to baked goods, candy, soda, and other food items in order to attract customers who may want an alternative to smoking marijuana. This practice poses a particular danger for young people who may consume marijuana- or hashish-laced items in the belief that the product is harmless because of its legitimate appearance. Treatment providers report that marijuana/cannabis-laced products often contain a high THC (delta-9-tetrahydrocannabinol) content, increasing the possibility of marijuana-related addiction

and adverse physiological effects from marijuana abuse, including arrested brain and central nervous system development.

### **Search Warrant Served at Marijuana Candy Factory**

In September 2007 DEA San Francisco announced the service of multiple federal search and arrest warrants in an investigation relating to Tainted Inc., a manufacturer of marijuana-laced candies, beverages, and food items. Federal authorities seized hundreds of marijuana-laced products, approximately 460 cannabis plants, one handgun, and drug proceeds. The marijuana-laced products seized included chocolate candy bars in multiple flavors, cookies, ice cream, peanut butter, jelly, barbecue sauce, chocolate syrup, flavored energy drinks, granola bars, moon pies, brownies, chocolate-covered pretzels, and rice cereal/marshmallow treats.

According to the criminal complaint, Tainted Inc. began in Oakland as a small operation that cooked marijuana leaves in butter and made chocolate truffles. Tainted Inc. allegedly expanded into making marijuana-laced candies and supplied cannabis clubs in the San Francisco area as well as in Seattle, Washington; Vancouver, Canada; and Amsterdam markets. Tainted Inc. is also allegedly connected to multiple cannabis clubs operating in the Los Angeles area.

## **TRANSPORTATION**

The extensive transportation infrastructure in northern California (which has connections to other regions of the country), particularly the interstate highway system, is routinely exploited by drug traffickers to transport drugs into and throughout the HIDTA region. (See Figure 6 on page 10). Several major highways provide traffickers with direct access to several routes to drug sources located in other areas of California as well as in Mexico and Canada. Additionally, this



Figure 6. Northern California transportation network.

highway system enables traffickers to modify transportation routes, adapt to changes in source areas, and counteract law enforcement interdiction operations with limited interruption to supply.

Traffickers transport illicit drug shipments on I-5, I-80, and other major highways that allow high-speed access to the north, south, and east. Mexican DTOs transport wholesale quantities of illicit drugs into the Northern California HIDTA region using private and commercial vehicles, often equipped with hidden compartments. Local law enforcement has identified several businesses that specialize in the modification of private and commercial delivery vehicles that transport illicit drugs throughout the HIDTA region. For example, in April 2008 law enforcement officers arrested four

members of a Mexican DTO who used their local trucking business in Cotati (Sonoma County), California, as a cover for transporting and distributing drugs throughout California. Officers also seized approximately 29 pounds of ice methamphetamine, 1 ounce of cocaine, 1 pound of marijuana, three assault rifles, two shotguns, and three handguns. The estimated street value of the methamphetamine was approximately \$1.3 million.

Traffickers also transport a variety of illicit drugs and drug proceeds into and through the HIDTA region through package delivery services and the mail system, particularly from foreign sources. One of only 13 Customs International Mail Branches in the country (and one of three in the western United States) is located in Oakland.

The high volume of packages transiting the area, particularly from Asia, makes detection and interdiction efforts at these facilities extremely challenging for U.S. Customs officials.

The use of the Internet to purchase illicit drugs, particularly from foreign suppliers in Europe or Mexico, has also increased transportation by package delivery services and the mail system. The Internet has enabled independent dealers, who historically traveled to Mexico to obtain pharmaceuticals, steroids, or ketamine, to purchase these drugs online. The large number of online suppliers makes tracking illicit purchases through the Internet difficult. In addition, illicit drugs purchased online are commonly paid through Internet pay accounts, which require only limited personal information, further hindering law enforcement efforts.

## **DISTRIBUTION**

### **DISTRIBUTION FROM THE HIDTA REGION**

The Northern California HIDTA region is a regional and national-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 drugs in the region, typically utilizing stash sites located at private residences, warehouses, and storage facilities in cities and towns throughout the region. Mexican DTOs and criminal groups use the area as a base of operations for illicit drug distribution to markets in the Pacific Northwest, the Midwest, Hawaii, Canada, and areas along the east coast. Traffickers primarily use private and commercial vehicles to transport drugs from the region, generally along Interstates 5, 15, 70, 80, and 84.

Street gangs, prison gangs, and OMGs operating in the HIDTA region distribute illicit drugs to their counterparts in cities located throughout the

country to capitalize on the higher profits that can be made in those cities. Various traffickers in the area, including Caucasian criminal groups and independent dealers and Asian DTOs, distribute marijuana produced in northern California and, to a lesser extent, BC Bud to other areas of the country in order to meet the demand for high-potency marijuana. ODDs such as MDMA and GHB (gamma-hydroxybutyrate), diverted pharmaceuticals, and other illicit drugs such as opium and khat that are abused within certain ethnic communities are distributed from the area largely because of the significant quantities of these drugs that are transported from foreign sources into the U.S. Customs International Mail Branch located in Oakland.

### **DISTRIBUTION WITHIN THE HIDTA REGION**

Mexican DTOs and criminal groups dominate wholesale distribution in the Northern California HIDTA region, supplying wholesale quantities primarily to other criminal groups as well as to street gangs, prison gangs, and OMGs. These groups then supply midlevel quantities to retail distributors—primarily smaller street gangs and independent dealers. In midsize and large metropolitan areas, street and prison gangs dominate retail distribution, while in small towns and rural areas, independent dealers are the primary retail distributors. Drug sales in metropolitan areas generally are conducted in open-air markets (located on streets and in parking lots) and in clubs and bars; distributors sell to both new, unfamiliar customers and well-known, repeat customers. Drug sales in rural areas usually take place at prearranged locations, typically between a dealer and known or referred customers.

Traffickers commonly use cell phones to facilitate drug sales in the HIDTA region, particularly to negotiate transactions and prearrange meetings with customers. They prefer to conduct business conversations on phones with point-to-point capabilities, believing that these communications are difficult for law enforcement to intercept. Traffickers generally use cell phones for a limited time (often no more than 30 days) before switching to



a new phone and number to further reduce the possibility of having calls monitored. Traffickers also use text messaging to communicate, arrange meetings and coordinate deliveries.

### Two Brothers Indicted as Part of Marijuana Investigation

In October 2007 the U. S. Attorney for the Northern District of California announced the indictment of two brothers for conspiracy to distribute more than 100 kilograms of marijuana, distribution of marijuana, maintaining drug-involved premises, conspiracy to launder money, and money laundering. The investigation began in late 2006, when it was reported that these two individuals were operating large-scale marijuana distribution centers in Hayward and Alameda Counties under the guise of being compassionate caregivers. The brothers allegedly employed an armored car service to transport the marijuana sales proceeds from the marijuana distribution center to a bank, while armed guards were employed at the business location. The indictment further alleged that the distribution center generated substantial sales and profits, which increased annually from \$74,000 in 2004 to more than \$26 million by June 2007. In addition, the indictment alleges that the brothers used proceeds derived from the sale of marijuana to purchase high-value luxury automobiles and motorcycles; a residence in Lafayette, California; and a commercial building in Albany, California, as well as two individual retirement accounts (IRAs).

Source: U.S. Attorney Northern District of California press release dated October 30, 2007.

California Proposition 215 has changed marijuana distribution patterns in the Northern California HIDTA region. According to law enforcement officials, some traffickers use cannabis clubs established under Proposition 215 to acquire marijuana for distribution. Law enforcement officials further report that a significant portion of the high-grade marijuana available in the area is distributed through these clubs and that the clubs generate millions of dollars in proceeds annually. Many marijuana distributors, some of whom hold state

medical marijuana cards, reportedly use cannabis clubs as their primary source of supply, while others, who produce marijuana, purchase the drug from cannabis clubs when they deplete their own supplies. Marijuana abusers also purchase the drug at cannabis clubs for personal use. As a result of the proliferation of cannabis clubs and the resulting public complaints, the San Francisco Bay area has instituted a moratorium on the opening of additional cannabis clubs.

Drug distribution over the Internet has expanded in the Northern California HIDTA region. Traffickers and abusers often post messages on web sites containing advertisements to sell or purchase illicit drugs. Distributors sell marijuana, cannabis derivatives (hashish and hash oil), methamphetamine, MDMA, and diverted pharmaceuticals through the Internet because of the anonymity it provides and the minimal risk of law enforcement detection. Traffickers initiate contact with customers over the Internet and either ship illicit drugs by package delivery services or arrange to have the drugs delivered to a designated location, with payment made through an Internet pay account or in cash upon delivery.

## DRUG-RELATED CRIME

Methamphetamine trafficking and abuse significantly impact crime in the Northern California HIDTA region. Of the 70 state and local law enforcement officials responding to the NDTs 2007, the majority reported that methamphetamine was the greatest drug threat in their respective jurisdictions as well as the drug that most contributes to violent crime and property crime. (See [Table 2 on page 13.](#)) Law enforcement officials also report that most incidents of assault, burglary, domestic violence, and homicide that occur 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.

**Table 2. Northern California Law Enforcement Responses to the National Drug Threat Survey 2007**

Drug	Greatest Drug Threat	Most Contributes to Violent Crime	Most Contributes to Property Crime
Methamphetamine	66	57	63
Crack cocaine	3	10	6
Marijuana	1	3	0
Heroin	0	0	1

Total respondents: 70

Marijuana-related violence is escalating in the HIDTA region, particularly violence perpetrated by cannabis cultivators. According to law enforcement officials, an increasing number of armed individuals are protecting cannabis crops because of their high value, the competition with other outdoor growers, and previous successful eradication efforts by law enforcement. Additionally, many crop tenders are illegal aliens who must tend a grow site through a successful harvest to pay the Mexican traffickers who sponsored their entry into the country; such individuals have a strong incentive to 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 as well as unwitting visitors, hunters, and hikers.

Home invasion robberies of indoor cannabis operations are also increasing within the HIDTA region. According to law enforcement officials, burglaries of grow sites, including repeat burglaries, occurred periodically in the HIDTA region during 2007. Law enforcement officials also report an increase in the number of weapons seized at indoor grow sites, suggesting that cannabis cultivators are more frequently arming themselves to protect their operations. For example, the Santa Clara Sheriff's Department seized a cannabis grow house that contained 11 guns, including an AK-47. HIDTA officials have also noted seizures of .50-caliber ammunition and other assault weapons that are illegal in California. In addition, some indoor cannabis cultivators protect their grow sites with life-threatening booby traps.

## ABUSE

Illicit drug abuse levels in the Northern California HIDTA region, particularly those for ice methamphetamine, are high. Data from the Substance Abuse and Mental Health Services Administration (SAMHSA) Treatment Episode Data Set (TEDS) reveal that methamphetamines/amphetamines were identified more often than any other drug, including alcohol, as the primary substance of abuse for admissions to publicly funded treatment facilities in California from 2002 through 2006 (the latest year for which data are available). High-potency marijuana, cocaine, crack, heroin, and ODDs are also commonly distributed and abused within the HIDTA region.

Abuse of diverted pharmaceuticals is an increasing problem within the region, especially for teenagers and young adults. According to treatment providers, the most sought-after and abused pharmaceuticals are benzodiazepines, hydrocodones, oxycodones, synthetic opiates, and Schedule IV diet drugs. Distributors and abusers commonly divert pharmaceutical drugs through doctor-shopping, drug thefts, prescription forgery, and Internet purchases. The fraudulent and illegal sale of prescription drugs over the Internet is a particular concern to law enforcement officials and treatment providers in the region.

According to law enforcement reporting, Internet pharmacies, physicians, web providers, and credit card processors involved in the illegal dispensing of pharmaceuticals have increased their activity in the region over the past several



years. As such, they have come under increased law enforcement scrutiny. For instance, in January 2007 DEA San Francisco announced the indictment of three executives of an east coast Internet pharmacy that had been operating across the United States, including in the Bay Area. According to the indictment, the pharmacy had allegedly been using the Internet to distribute and dispense controlled substances to customers without requiring a face-to-face meeting or consultation with a physician. The pharmacy had allegedly required customers to fill out an online questionnaire, which received little or no consideration by a physician before being approved.

### ILLICIT FINANCE

Traffickers use a variety of methods to launder illegal drug proceeds in the HIDTA region. Mexican DTOs transport illicit drug proceeds primarily in bulk from the region to locations at or near the U.S.–Mexico border. These proceeds are generally commingled with illicit drug proceeds generated in other areas and smuggled into Mexico for eventual repatriation. Asian traffickers also use bulk transport to launder drug proceeds, but to a lesser extent. They smuggle bulk currency to Canada in private and commercial vehicles or to Asian countries in aircraft, maritime conveyances, and package delivery services.

Mexican and Asian traffickers also launder drug proceeds through money transmittal businesses located in their own ethnic communities. Moreover, they use businesses such as import/export companies for wire remittances. Traffickers, particularly Asian criminal groups, also launder money through informal value transfer systems (IVTSs) such as *hawalas*, *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.

### OUTLOOK

Ice methamphetamine will continue to be the most significant drug threat in the Northern California HIDTA region. The region may experience an increase in methamphetamine production as Mexican DTOs use organized smurfing groups to circumvent point-of-sale restrictions at local retailers to purchase large quantities of cold medications containing pseudoephedrine.

Major trafficking organizations involved in illicit cannabis grow operations will continue to expand their operations by increasing the number and size of indoor grows sites to meet the rising demand for high-potency marijuana and to capitalize on the high profit margins associated with higher-potency marijuana.

In response to law enforcement marijuana eradication operations, outdoor cannabis cultivators have changed their mode of operations via the timing of their planting/cultivation and harvesting cycles. More outdoor cultivators will shift to earlier planting and harvesting cycles, often using cannabis strains with short maturation cycles, as they attempt to desynchronize periods of crop harvesting with the surge in law enforcement eradication operations. This method of cultivation also enables growers to compensate with additional planting should their grow site be compromised during the season. Public lands in remote areas of the region will increasingly be used for outdoor cultivation, and it is likely that cannabis cultivators will increasingly use weapons to protect their grow sites, including high-caliber assault rifles.

Although some methamphetamine users have switched to cocaine, the demand for ice methamphetamine will remain high. Information pertaining to abusers switching from ice methamphetamine to cocaine and the reasons behind this action is incomplete. More data, primarily from healthcare providers, will need to be obtained in order to determine if this phenomenon is an anomaly based on market fluctuations or an indication of an emerging trend.

## SOURCES

### Local, State, and Regional

Alameda County Narcotics Task Force  
Alameda County Sheriff's Office  
Alameda Police Department  
Berkeley Police Department  
California Department of Justice  
    Bureau of Narcotics Enforcement  
    Campaign Against Marijuana Planting  
Contra Costa County Narcotic Enforcement Team  
Contra Costa County Sheriff's Office  
Hayward Police Department  
Marin County Major Crimes Task Force  
Monterey County Adult Probation Department  
Monterey County Sheriff's Office  
Oakland Police Department  
San Francisco County Sheriff's Office  
San Francisco Mayor's Office  
San Francisco Police Department  
San Jose Police Department  
San Mateo County Narcotics Task Force  
San Mateo Police Department  
San Pablo Police Department  
San Rafael Police Department  
Santa Clara County Specialized Enforcement Team  
Santa Cruz County Narcotic Enforcement Team  
Santa Cruz County Sheriff's Office  
Santa Cruz Police Department  
Sausalito Police Department  
Sonoma County Narcotics Task Force  
South Bay Metropolitan Task Force  
Southern Alameda County Gang Violence Suppression Task Force  
Southern Alameda County Narcotics Enforcement Team  
State of California  
    Department of Justice  
    Department of Public Health  
    Department of Substances Control  
Watsonville Police Department

### Federal

Executive Office of the President  
    Office of National Drug Control Policy  
        High Intensity Drug Trafficking Area  
        Northern California  
U.S. Department of Agriculture  
U.S. Forest Service  
    National Forest System  
U.S. Department of Commerce  
U.S. Census Bureau  
U.S. Department of Health and Human Services  
    Substance Abuse and Mental Health Services Administration  
    Office of Applied Studies  
    Drug Abuse Warning Network  
    Treatment Episode Data Set  
U.S. Department of Homeland Security  
U.S. Customs and Border Protection  
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  
    San Francisco Division  
Federal Bureau of Investigation  
U.S. Attorneys Office  
    Northern District of California  
U.S. Department of the Treasury  
    Financial Crimes Enforcement Network  
    San Francisco High Intensity Money Laundering and Related Financial Crime Area  
U.S. Postal Service

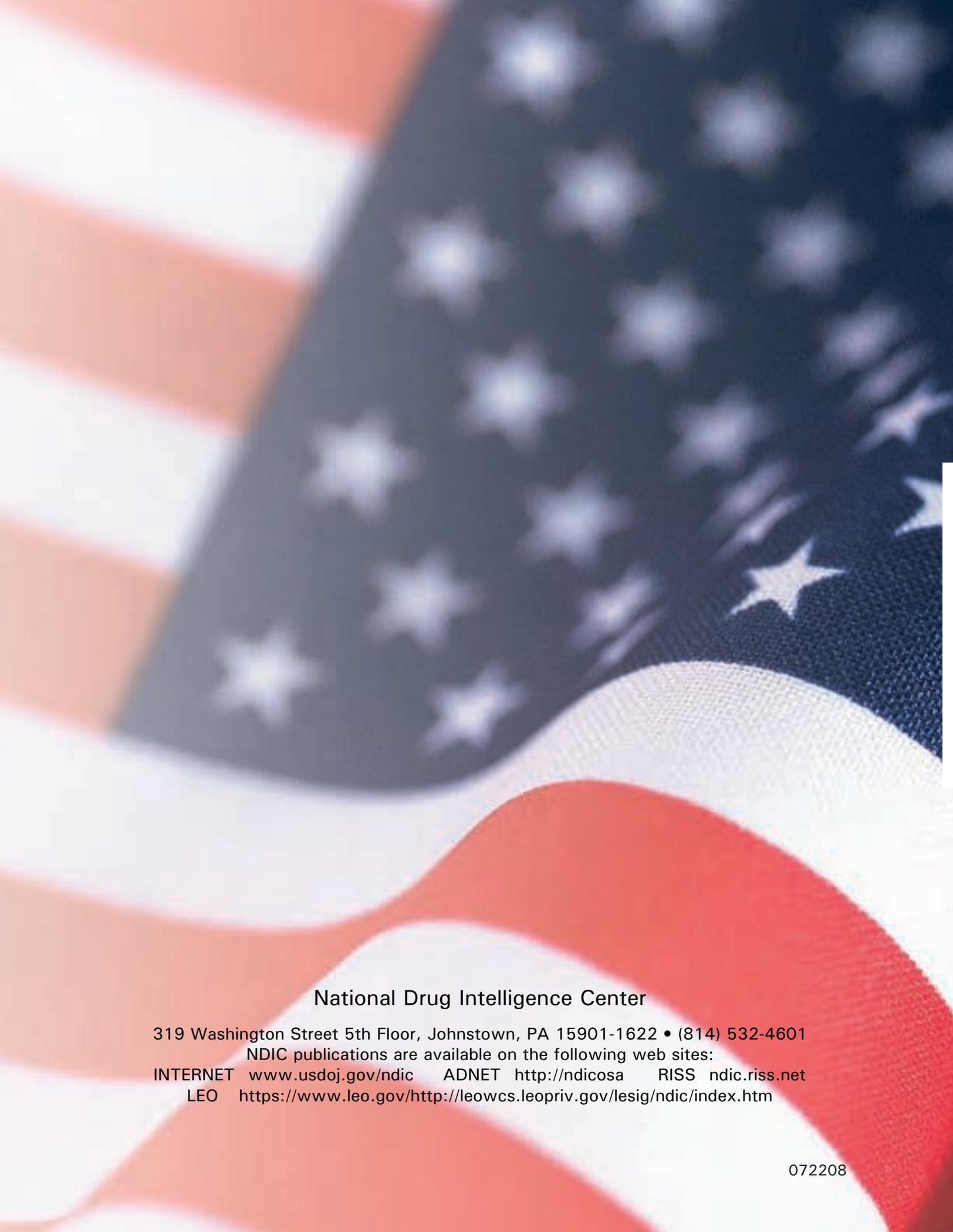
### Other

New Leaf Treatment Center, Lafayette, California



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