



Drug Market Analysis

2008

Philadelphia/Camden 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.



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TABLE OF CONTENTS

Preface 1

Strategic Drug Threat Developments 2

HIDTA Overview 2

Drug Threat Overview 3

Drug Trafficking Organizations 4

Production 5

Transportation 6

Distribution 8

Drug-Related Crime 10

Abuse 11

Illicit Finance 12

Outlook 13

Sources 14



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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 policymakers, resource planners, and law enforcement officials with a focused discussion of key drug issues and developments facing the HIDTA.

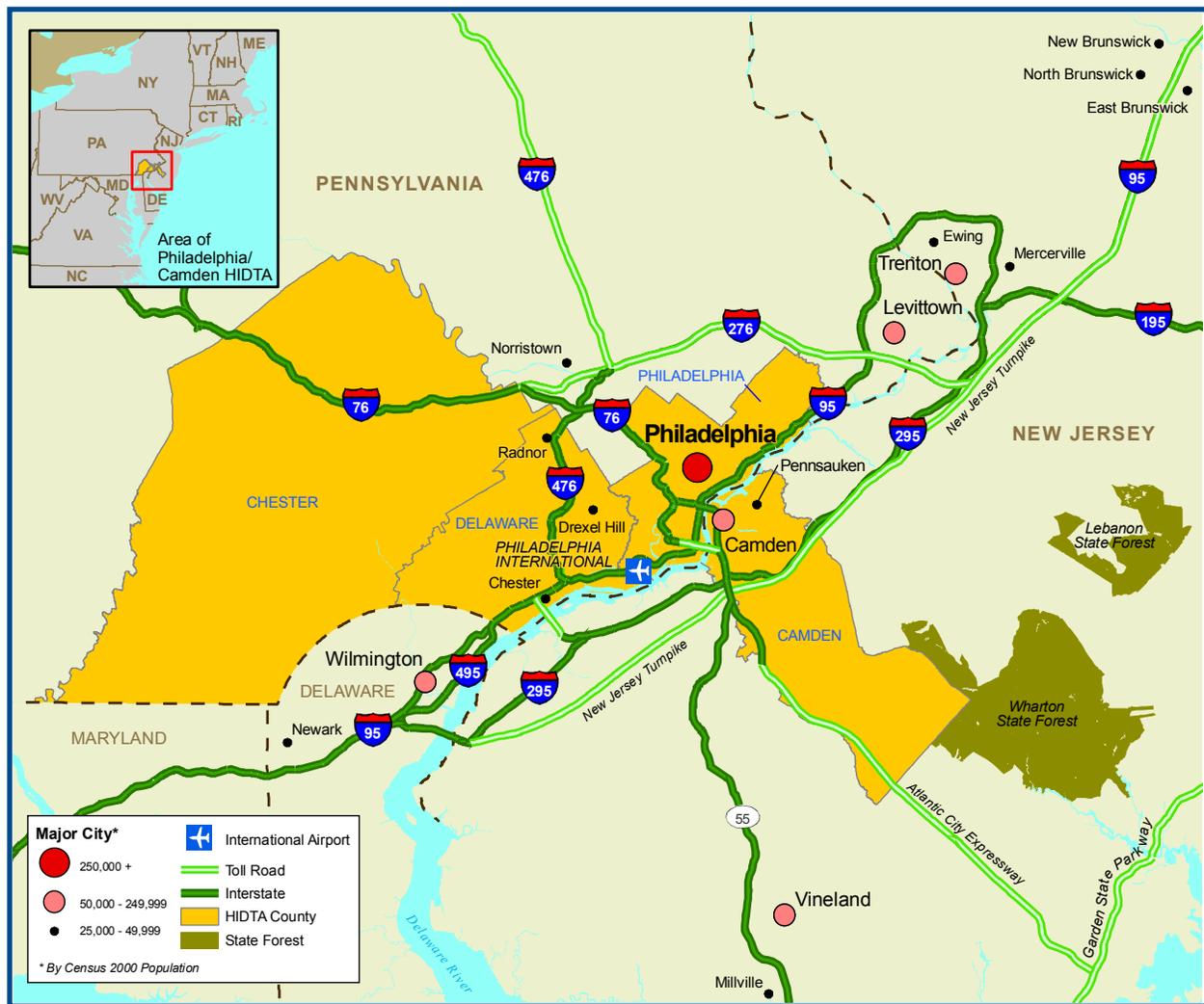


Figure 1. Philadelphia/Camden High Intensity Drug Trafficking Area.



STRATEGIC DRUG THREAT DEVELOPMENTS

- Cocaine availability decreased in the PC HIDTA region during the first half of 2007 because of a combination of factors including large seizures of cocaine in transit to the United States, successful law enforcement efforts against prominent Mexican drug trafficking organizations (DTOs), violent conflicts between competing Mexican DTOs, and increased competition from non-U.S. markets. As of August 2007 some law enforcement officials in the region reported that cocaine availability was returning to levels observed before the shortage was noted.
- Heroin is frequently abused in the HIDTA region, and its abuse is spreading to new and younger user populations. Additionally, deaths related to the abuse of heroin and fentanyl in combination, which spiked to 170 in Philadelphia in 2006, decreased sharply to 18 in the first 6 months of 2007 (the latest available information).
- The abuse of diverted pharmaceuticals is rising in the region, particularly among teenagers and young adults. Diverted pharmaceutical abuse appears to be emerging as a gateway to the abuse of other drugs such as heroin, cocaine, and methamphetamine among adolescents and young adults.
- Methadone abuse is an increasing threat to the HIDTA region. In the Philadelphia metropolitan area the availability of diverted methadone on the street is due, in large part, to patients in opioid treatment programs selling portions of their take-home doses of the drug.
- Mexican DTOs are becoming more involved in the illicit drug trade in the PC HIDTA region, particularly the transportation of cocaine and heroin into the area on behalf of Colombian and Dominican DTOs.
- Canada-based Asian DTOs are a significant and growing concern to law enforcement in the HIDTA region. They are producing increasing amounts of high-potency marijuana at indoor sites in Philadelphia residential neighborhoods. Moreover, Vietnamese DTOs based in Canada have emerged as significant producers, transporters, and distributors of MDMA (3,4-methylenedioxymethamphetamine, also known as ecstasy) available in the region.
- Street gang activity is increasing in the PC HIDTA region, particularly in Camden and South Philadelphia; street gang activity also is expanding into surrounding communities such as Bensalem and Bristol, Pennsylvania. Many Bloods gang members are moving into these areas from northern New Jersey to recruit members and take over established drug markets.

HIDTA OVERVIEW

The PC HIDTA region encompasses Chester, Delaware,¹ and Philadelphia Counties in Pennsylvania and Camden County in New Jersey. 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 and Montgomery Counties in Pennsylvania and Burlington and Gloucester Counties in New Jersey) compose the Philadelphia metropolitan area, which has an estimated population of more than 5.1 million.

1. In February 2008 the PC HIDTA expanded to include Chester and Delaware Counties in eastern Pennsylvania. These counties were added to the HIDTA region because of their proximity to Philadelphia and Camden and because they were surfacing as key distribution points for illicit drugs in the region.

As such, the Philadelphia metropolitan area is the fifth-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, providing many distributors and abusers ready access to illicit drugs distributed in the HIDTA region.

The PC HIDTA region is ethnically diverse and is home to more than 166,000 foreign-born residents. This factor helps many drug traffickers assimilate in communities and mask their illicit activities. Philadelphia has the second-largest Jamaican population and the fourth-largest African American population in the nation. In recent years, the Hispanic and Asian American (Chinese, Korean, and Vietnamese) populations have significantly increased. Hispanics, mostly Puerto Ricans, have settled throughout the city, especially around El Centro de Oro, an area in the east side of North Philadelphia. Philadelphia now has the third-largest Puerto Rican population in the continental United States. The Asian population, once concentrated in Philadelphia's thriving Chinatown, is expanding throughout the region. The majority of Camden residents are African American; however, the local Hispanic population is rapidly increasing, especially in the East Camden section of the city.

The HIDTA region has a well-developed transportation infrastructure (including interstate highways, passenger rail and bus services, 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 by traffickers to transport drugs to the area; they generally use this interstate to supply illicit drugs to the region from New York, New York; Atlanta, Georgia; and Miami, Florida. Traffickers also transport illicit drugs to the region from the West Coast, Southwest Border states, and Canada, using virtually every roadway leading to the area. Drug shipments arriving in the PC HIDTA region typically are broken down into smaller quantities for local distribution within the region or transportation to other cities throughout Pennsylvania, New Jersey, and Delaware.

DRUG THREAT OVERVIEW

Cocaine (particularly crack), heroin, marijuana, and pharmaceutical drugs pose significant drug threats in the HIDTA region. Violent crime associated with the trafficking of crack cocaine and the social and health consequences associated with cocaine and heroin abuse are greatly straining law enforcement and public health resources in the region. Cocaine, especially crack, is the primary drug-related cause of deaths, emergency department visits, and treatment admissions to publicly funded facilities in Philadelphia. Powder cocaine availability decreased in the region during the first half of 2007, most likely as a result of large seizures of cocaine in transit to the United States as well as successful law enforcement efforts against prominent Mexican DTOs, violent conflicts between competing Mexican DTOs, and increased competition from non-U.S. markets. Law enforcement officials in the PC HIDTA region—first in the nation to identify sustained cocaine shortages—reported in August 2007 that cocaine availability was returning to levels observed before the shortage was noted. Heroin is frequently abused in the HIDTA region, and its abuse is spreading to new and younger populations. Distributors are targeting customers in smaller towns and rural areas to gain market share. The purity 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 seeking alternative methods of abuse, such as injecting larger doses or injecting more frequently. Commercial-grade Mexican marijuana is the most widely available and abused illicit drug in the region; increasing availability of high-potency marijuana, both Canadian and locally produced, is drawing new users to the drug. The abuse of diverted pharmaceuticals is increasing among teenagers and young adults in the region. Many teens believe that drugs prescribed by a doctor are not as harmful as illegal drugs such as cocaine, heroin, and methamphetamine and, therefore, are not as dangerous. Methadone abuse is an increasing threat to the HIDTA region. Some methadone



patients in the Philadelphia region sell a portion of the drug prescribed to them for money or trade it for other drugs.

Other illicit drugs pose varying threats to the PC HIDTA region. The threat from methamphetamine production and abuse is low in the area; however, an increase in methamphetamine availability is a growing concern for law enforcement and public health officials. This increase is being driven by the slowly rising local production of powder methamphetamine and by an influx of high-purity ice methamphetamine transported into the region by Mexican and, more recently, Canada-based Asian DTOs. Other dangerous drugs (ODDs) such as MDMA, 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 much of the smuggling and 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. Additionally, Colombian and Dominican DTOs are increasingly employing Mexican DTOs to transport cocaine and heroin to the region on their behalf.

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.

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, including the PC HIDTA region. Mexican DTOs and criminal groups transport and distribute most of the marijuana available in the region; they also transport significant quantities of cocaine and large quantities of methamphetamine, including high-purity ice methamphetamine, to the area. Mexican DTOs transport these drugs from Mexico, Southwest Border states and, increasingly, Atlanta. Mexican DTOs supply a majority of the drugs they transport to the area to midlevel and retail-level distribution groups of various races and ethnicities, including Asian, African American, Dominican, Jamaican, and Puerto Rican DTOs and street gangs. They also supply illicit drugs to imprisoned gang members and outlaw motorcycle gangs (OMGs).

Asian DTOs, primarily Chinese and Vietnamese, based in Canada have emerged as significant producers, transporters, and distributors of MDMA and high-potency marijuana in the region. Law enforcement reporting indicates that Chinese

and Vietnamese DTOs are transporting large quantities of MDMA and high-potency marijuana to the region from Canada in order to supply markets throughout the area and gain a wider customer base.

African American, Asian, and Hispanic street gangs (Bloods, Crips, Asian Boyz, Latin Kings, Netas, and Sureños) are the predominant retail drug distributors in the PC HIDTA region. Most street gangs are polydrug dealers, selling more than one type of drug at a time. Street gangs primarily distribute cocaine (powder and crack), heroin, and commercial-grade marijuana; however, they also distribute PCP, ice methamphetamine, MDMA, and high-potency marijuana. Although most gangs are polydrug distributors, some concentrate their efforts on certain drugs. For instance, Bloods, Crips, and Latin Kings predominantly distribute crack cocaine throughout the PC HIDTA region.

According to law enforcement reporting, the Bloods street gang is strengthening and growing in the HIDTA region. Many Bloods street gang members have moved into Camden and South Philadelphia from northern New Jersey in order to expand their drug distribution territories; street gang activity also is expanding into surrounding communities such as Bensalem and Bristol, Pennsylvania. Bloods members have taken over distribution areas formerly controlled by local street gangs, a situation that has led to increased violence in the region. The Bloods gang recruits anyone involved in the drug trade as well as those of any age, race, ethnicity, and background in order to increase membership and strengthen the gang. Power is in numbers and Bloods members are well aware of it, as the gang is constantly recruiting to increase its membership. Law enforcement reporting indicates that Bloods members recruit heavily within public and private schools. Impressionable school children, often looking to fit in, are regularly persuaded by members to join the gang. The gang also recruits heavily in correctional facilities throughout the region. There are 18 federal prisons located in the northeast region—half of which (nine) are located

in Pennsylvania. Three federal prisons are located in the PC HIDTA region (Federal Detention Center Philadelphia, Federal Correctional Institution (FCI) Fort Dix (NJ), and FCI Fairton (NJ)). Additionally, there are numerous state, county, and local correctional facilities in the PC HIDTA region, which give gangs such as the Bloods ample opportunity to recruit new members. The promises of protection and status within the prison often induce individuals to join the gang. Upon being released or paroled from prison, many of the individuals who were recruited within the prison continue their allegiance to the gang.

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 smuggle these drugs from Canada to New York City prior to transporting them to the Philadelphia area for distribution. They 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 their distribution operations.

PRODUCTION

Crack cocaine conversion occurs in the HIDTA region, particularly in urban areas; limited methamphetamine production also takes place in or near the region, mainly in rural areas. 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 but slowly rising problem in the PC HIDTA region. Seizure data indicate that only a few methamphetamine laboratories have been seized over the past several years in the region; however, law enforcement intelligence and investigative



information suggest that methamphetamine production is slowly increasing, particularly in rural areas adjacent to the HIDTA region, such as the Pocono Mountains in northeastern Pennsylvania. Most clandestine methamphetamine laboratories in and near the PC HIDTA region are operated by OMGs, particularly Pagan's and Warlocks, that typically produce only retail quantities of the drug; local independent Caucasian producers also produce limited amounts of methamphetamine, mostly for personal use.

Indoor cannabis cultivation appears to be increasing in the HIDTA region as marijuana traffickers attempt to attain higher profits through production of high-potency marijuana. Asian DTOs and criminal groups, primarily Vietnamese, are expanding and establishing an increasing number of indoor cultivation operations in the HIDTA region. These DTOs purchase high-priced houses in residential neighborhoods—with no money down—to use as grow sites. The houses are gutted, and all space is used for growing cannabis. Utility meters are bypassed to avoid detection through high utility usage. In order to mask growing operations, some growers put out trash cans regularly and hire gardeners to tend the property. From March 2006 to January 2008, 20 grow houses were seized in Philadelphia. The houses contained approximately 300 to 700 cannabis plants worth an estimated \$1 million per house as well as hydroponic equipment, watering systems, fertilizer, and industrial fans.

Production of other drugs such as GHB (gamma-hydroxybutyrate) and MDMA is at low levels and not considered to be a formidable threat by law enforcement officials.

TRANSPORTATION

The PC HIDTA region's expansive transportation infrastructure is often exploited by DTOs to transport drugs into and throughout the region. Most illicit drugs available in the HIDTA region are transported from New York City in private vehicles 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. Traffickers also transport illicit drugs into the region along I-95 from Miami and Atlanta. According to law enforcement reporting, Atlanta is increasingly being used as a major distribution center for cocaine, marijuana, and methamphetamine sold in the PC HIDTA. For example, Mexican DTOs are increasingly transporting drugs in tractor-trailers from Atlanta to the PC HIDTA region. Additionally, Philadelphia-based African American street gang members are increasingly traveling to Atlanta to pick up drugs for distribution in the region. Traffickers also are increasing their use of parcel delivery services to smuggle drugs from Atlanta to Philadelphia.

Interstates 76, 276, and 476 also are significant drug transportation routes to and from the HIDTA region. Traffickers typically use these routes when transporting illicit drugs by vehicle to the region from the West Coast, Southwest Border states, and Canada. Law enforcement reporting suggests that, in addition to interstate highways, traffickers are increasingly using indirect routes such as state routes and secondary roads to transport drugs to the area. In doing so, traffickers generally use readily available GPS (geographic positioning system) technology to navigate indirect routes.

Traffickers also transport drugs into and throughout the HIDTA region using rail, air, and maritime conveyances. They exploit Philadelphia's extensive intercity and regional passenger rail systems, which provide numerous departures and arrivals from Philadelphia's 30th Street Station to Baltimore, Maryland; New York City; and Washington, D.C. Newark- and Trenton-based street gangs in New Jersey routinely use commuter rail services to transport cocaine, currency, and gang members to Camden. Drug traffickers sometimes use the Philadelphia International Airport to smuggle drugs into the HIDTA region. The airport is attractive to traffickers 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. Additionally, some traffickers have reportedly employed handicapped individuals, or persons posing as handicapped, to transport drugs aboard commercial flights in the belief that they may receive less scrutiny during security screening. Traffickers also use the Port of Philadelphia—which consists of the waterfront areas of Camden; Philadelphia; and Wilmington, Delaware—to smuggle drugs into the HIDTA region. Traffickers reportedly exploit maritime vessels that 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, cruise ship passengers, crew members, and stevedores have reportedly smuggled illicit drugs into the PC HIDTA region aboard cruise ships traveling between Philadelphia and various Caribbean island nations, many of which are drug transit countries.

Traffickers employ U.S. mail and package delivery services to ship illicit drugs into the region. Law enforcement officials in the PC HIDTA region report that traffickers are increasing their use of parcel delivery services to smuggle drugs from Atlanta to Philadelphia. Reporting also indicates an increase in the number of parcels containing cocaine arriving in the region from the Caribbean. This may be an indication that traffickers are attempting to create alternate cocaine supply routes because of disruptions to the traditional routes by law enforcement. Many drug traffickers prefer to use package delivery services because they can monitor the shipments on the Internet. According to law enforcement officials, when a shipment is delayed, some traffickers assume that the package has been intercepted by law enforcement and refuse delivery out of fear of arrest.

Traffickers use a variety of concealment methods when transporting drugs to avoid detection and increase the likelihood of successful delivery.

Drugs such as cocaine, heroin, marijuana, methamphetamine, and diverted pharmaceuticals that are transported overland in private and commercial vehicles are often concealed by traffickers in oil pans, manifolds, brake drums, drive shafts, radiators, and gas tanks. Additionally, many traffickers construct false compartments in vehicles, some of which are operated electronically. Traffickers also hide drugs in various items such as furniture, stuffed animals, blankets, women's undergarments, and baby diapers or commingle them among shipments of legitimate goods. Some traffickers transport heroin mixed with other substances, such as shampoo and soap, capitalizing on the unique chemical characteristics of the drug that enable it to be stored in solution—this requires the recipient to have some ability in chemistry to extract the drug. Traffickers who use package delivery services as a mode of transportation sometimes conceal illicit drugs in laptop computers, book bindings, ceramic statues, candles, candy bars, and other items. They also ship drugs such as cocaine, heroin, and methamphetamine 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.

PC HIDTA Interdiction Initiative Parcel Seizures Yield Disguised Contraband

Interdiction initiatives by the Philadelphia Police Department and the Pennsylvania State Police have resulted in seizures of parcels containing concealed illicit drugs at a Philadelphia shipping facility, including the following:

- In August 2007 a gift-wrapped parcel contained 128 grams of ice methamphetamine secreted in a radio-controlled toy car.
- In September 2007 a parcel contained two champagne bottles filled with 2 liters of liquid PCP.

Source: “The Pulse,” Newsletter of the PC HIDTA, Fall 2007.



DISTRIBUTION

Various DTOs, criminal groups, gangs, and independent dealers of differing nationalities and ethnicities sell illicit drugs at the wholesale level, midlevel, and retail level in the PC HIDTA region. (See Table 1 on page 10.)

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. 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.

Mexican DTOs distribute wholesale quantities of cocaine, most of the commercial-grade marijuana, and significant quantities of powder and ice methamphetamine in the HIDTA region. They use 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 use Atlanta as a distribution center for cocaine and methamphetamine destined for the region.

Vietnamese criminal groups distribute MDMA, high-potency marijuana, and methamphetamine in the region that they obtain from Canada-based Asian DTOs. These criminal groups supply high-potency marijuana to a specific customer base, particularly affluent individuals who are willing to pay more for higher-quality marijuana. Additionally, Vietnamese criminal groups in the region sell wholesale quantities of MDMA and 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 and marijuana.

Retail drug distribution typically occurs in open-air markets. Many of these markets are 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 from other gangs or criminal groups, often at a high price. Retail distributors use cell phones to facilitate drug sales in the HIDTA region. Distributors use pagers far less often than in the past and, instead, use cell phones to negotiate transactions and prearrange meetings with customers. Traffickers prefer to conduct business conversations on phones with point-to-point capabilities, believing that these communications are difficult for law enforcement to intercept. Distributors also use text messaging to communicate and arrange meetings. They typically use cell phones for a limited time before switching to a new phone with a new number to further reduce the possibility of having calls monitored.

Many street gang members store drugs in stash locations throughout the HIDTA region and then bring smaller amounts to open-air markets to facilitate distribution and to lower the risk of having large quantities of drugs seized. Many Bloods street gang members store cocaine in sparsely furnished rental properties separate from their residences.

Largest Cocaine Seizure in Philadelphia History

In April 2008 law enforcement officials with the Philadelphia Police Department Narcotics Bureau, Federal Bureau of Investigation (FBI), and U.S. Attorneys Office announced the arrests of two South Philadelphia men—a father and a son—and the seizure of 748 pounds of cocaine—the largest seizure of cocaine in Philadelphia history. Seven 55-gallon drums filled with cocaine, along with a pile of cocaine bricks, were uncovered in a stash house in the city. The sophisticated operation included a machine that adulterated, or “cut,” the cocaine with inert ingredients, and a hydraulic press that formed the cocaine into 1-kilogram bricks. Law enforcement reporting describes the father as “a big-time drug dealer in a family-run operation.” The case remains under investigation.

Source: Philadelphia Police Department.

nal groups and abusers in the region occasionally steal pharmaceutical drugs from delivery trucks that transport the drugs from manufacturers to wholesale or retail distributors. Additionally, abusers in the HIDTA region, particularly teenagers and young adults, increasingly are using the Internet to obtain pharmaceutical drugs. These individuals reportedly place orders with online pharmacies or distributors located throughout the United States or foreign countries. 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.

Pharmaceutical drugs often are diverted by abusers through a variety of methods. Abusers in the HIDTA region historically acquired prescription drugs through doctor-shopping, forged prescriptions, or unscrupulous physicians and pharmacists working alone or in association; however, many of these individuals have been dissuaded from using these methods because of prescription monitoring programs (PMPs)² and increased law enforcement scrutiny. As a result, abusers have shifted to other means of obtaining pharmaceuticals, such as theft, purchase from retail distributors, or acquisition through personal networks, such as friends or family. For example, law enforcement officials report that some crimi-

2. Prescription monitoring programs (PMPs) are systems in which controlled substance prescription data are collected in a centralized database and administered by an authorized state agency to facilitate the early detection of trends in diversion and abuse.



Table 1. Drug Distribution Activities in the Philadelphia/Camden High Intensity Drug Trafficking Area, 2008

Group	Wholesale Distribution		Retail Distribution
	Upper Level	Midlevel	
African American	Powder cocaine and marijuana	Powder cocaine, crack cocaine, heroin, and marijuana	Powder cocaine, crack cocaine, heroin, and marijuana
Asian	Marijuana and MDMA	Marijuana, MDMA, and ice methamphetamine	Marijuana, MDMA, and ice methamphetamine
Caucasian	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
Colombian	Powder cocaine and heroin	Powder cocaine and heroin	Powder cocaine and heroin
Dominican	Powder cocaine	Powder cocaine, crack cocaine, and heroin	Powder cocaine, crack cocaine, and heroin
Jamaican	Powder cocaine and marijuana	Powder cocaine, crack cocaine, and marijuana	Powder cocaine, crack cocaine, and marijuana
Mexican	Powder cocaine, marijuana, and powder and ice methamphetamine	Powder cocaine, marijuana, and powder and ice methamphetamine	Powder cocaine and marijuana
Puerto Rican	Powder cocaine and heroin	Powder cocaine, crack cocaine, and heroin	Powder cocaine, crack cocaine, heroin, and marijuana
Street gangs	None	Powder cocaine, crack cocaine, heroin, marijuana, and PCP	Powder cocaine, crack cocaine, heroin, marijuana, MDMA, and PCP
Outlaw Motorcycle Gangs	None	Cocaine and methamphetamine	Cocaine and methamphetamine

Source: Philadelphia/Camden High Intensity Drug Trafficking Area.

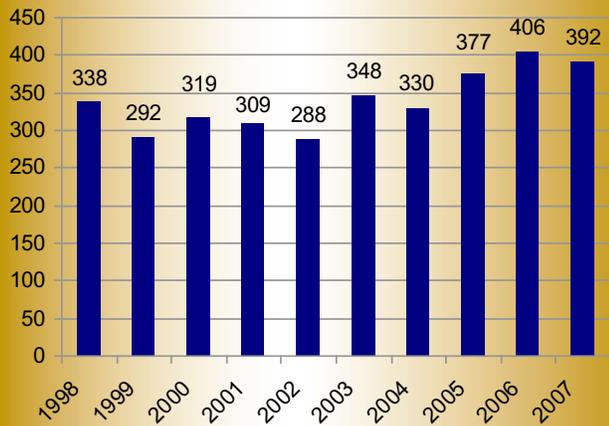
DRUG-RELATED CRIME

Violent crime, including drug-related violent crime, is a significant threat in the PC HIDTA region. Street gang members often use firearms to demand respect, defend their turf, or acquire new distribution territories. Moreover, law enforcement officials in Camden attribute high levels of violence to attempts by the Camden Bloods street gang to take control of drug markets from smaller, less organized neighborhood gangs. Asian street

gang members are increasing their presence in the PC HIDTA region. They often commit armed home invasions of Asian businessmen who, as a result of their distrust of traditional financial institutions, often have large amounts of cash in their homes.

Many of the homicides in Philadelphia involve individuals with a history of drug use and/or arrests; however, most of the homicides are the result of interpersonal disputes. Homicides in Philadelphia rose to a 9-year high of 406 in 2006 and decreased slightly to 392 in 2007 (see Figure 2 on page 11). However, despite the decrease,

Figure 2. Number of Homicides, Philadelphia, 1998–2007



Source: Philadelphia Police Department, 2008.

Philadelphia's homicide rate is one of the highest homicide rates among the nation's 10 largest cities. Violence against law enforcement officers is also a major concern to officials in the region. In November 2007 six Philadelphia police officers (including two Philadelphia Police Department Narcotics officers) were shot; one died.

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 increasing in the HIDTA region; declining purity has caused some abusers to seek alternative methods of abuse, such as injecting larger doses or injecting more frequently. The abuse of fentanyl in combination with heroin, which resulted in hundreds of drug-induced deaths in 2006, decreased sharply in Philadelphia from 170 in 2006 to 18 in the first 6 months of 2007 (the latest available information.) During the 2006 outbreak, some distributors mixed fentanyl with heroin and sold the combination, often to

unsuspecting heroin users. 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. The availability of high-potency marijuana, both Canadian and locally produced, is increasingly enticing new users.

A rising number of teenagers and young adults are abusing diverted pharmaceuticals in the PC HIDTA region. Such abuse often occurs in social settings in which party attendees bring a number of pharmaceuticals—such as opioids, stimulants, or depressants—and exchange them for pharmaceuticals that other partygoers bring. This activity is commonly known as pharming. Many teens believe that drugs prescribed by a doctor are not as harmful as illegal drugs such as cocaine, heroin, and methamphetamine and, therefore, are not as dangerous. However, treatment providers indicate that the abuse of diverted pharmaceuticals often serves as a gateway for adolescents and young adults to abuse other drugs, such as heroin, cocaine, and methamphetamine. Once addicted to prescription narcotics, abusers often switch to heroin because of the drug's higher availability and lower price. Similarly, abusers of prescription stimulants sometimes "graduate" to crack cocaine abuse; treatment providers believe that some abusers of prescription amphetamines, such as Ritalin (methylphenidate) or Adderall (amphetamine), may begin to abuse methamphetamine once that drug becomes more widely available.

Methadone abuse is increasing in the PC HIDTA region. Availability of the drug for illicit use results, in large part, from patients in opioid treatment programs who sell portions of 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 acquire benzodiazepines from patients who obtain the drugs by prescription, keep some for themselves, and then sell the rest.



ILLICIT FINANCE

DTOs in the PC HIDTA use various money laundering methods to conceal and move illicit funds. Common methods employed by traffickers to launder their illicit proceeds include smuggling bulk cash; using money services businesses (MSBs); conducting electronic wire transfers; structuring bank deposits and money order purchases; commingling drug proceeds with funds generated through legitimate businesses; purchasing real estate and vehicles; operating front businesses; and using smart cards, automated teller machines (ATMs), and prepaid stored value cards. Bulk cash smuggling is the money laundering method most often cited by law enforcement in the PC HIDTA. 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 through Currency Transaction Reports (CTRs) and Suspicious Activity Reports (SARs). Additionally, some DTOs are beginning to launder drug proceeds through newly established casinos in Pennsylvania.

Colombian, Dominican, and Mexican DTOs and criminal groups typically transport drug proceeds in bulk from the PC HIDTA region to New York City, the Southwest Border area, Mexico, or other drug source locations. They often conceal bulk quantities of cash 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, motor carriers, and shipping containers to transport bulk currency.

Colombian, Dominican, and Mexican DTOs also use U.S.-based MSBs—particularly money transmittal and check-cashing businesses—to launder proceeds, frequently in conjunction with bulk cash smuggling. Mexican DTOs often wire structured amounts to collection points along the Southwest Border, where the electronic wires are cashed and the money is smuggled to Mexico.

These DTOs also send significant amounts of money through MSBs to Colombia, the Dominican Republic, and various locations in Central and South America.

Colombian DTOs use prepaid credit cards to launder drug proceeds in the HIDTA region. They use illicit funds to purchase prepaid credit cards that are generally redeemed in Colombia for pesos. Some DTOs consider this method to be preferable to the Black Market Peso Exchange (BMPE)³ because it involves a lower exchange rate.

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 increasingly transporting drug proceeds to Pennsylvania's new casinos in Bensalem and Chester. These DTOs purchase betting chips with large amounts of drug proceeds, pass some time in the casino, and then exchange their chips for cash.

Some traffickers in the region, particularly Asian DTOs and criminal groups, also use cash-intensive businesses to launder illicit drug proceeds in the region. Businesses such as auto repair shops, beauty and nail salons, car washes, construction companies, tattoo parlors, and travel agencies are used by traffickers to conceal illicit drug funds among seemingly legitimate daily cash transactions.

Retail-level drug dealers in the PC HIDTA region often launder drug proceeds through the purchase of consumer goods, such as expensive jewelry and luxury vehicles, and through the purchase of real estate.

3. The Black Market Peso Exchange (BMPE) is a system in which Colombian traffickers receive Colombian pesos in Colombia in exchange for U.S. dollars 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.

OUTLOOK

Mexican DTOs operating in the PC HIDTA will most likely increase their drug transportation activities in the coming year. These DTOs have expanded and strengthened their networks throughout the region, particularly those with Colombian and Dominican DTOs, which rely heavily upon them to carry out transportation and distribution tasks. Mexican DTOs are well-positioned to increase their influence over drug distribution in the HIDTA region because they have established highly efficient and reliable nationwide networks through which they can readily obtain illicit drugs for distribution in the region.

Mexican DTOs and African American gangs in the PC HIDTA will strengthen their connections to drug sources in Atlanta. As such, Atlanta's role in cocaine, marijuana, and methamphetamine trafficking within the region will further solidify.

Asian DTOs will be of growing concern to law enforcement in the PC HIDTA in the coming year. Canada-based Asian DTOs are increasingly producing high-potency marijuana at indoor sites in the region, and they are becoming principal suppliers of MDMA and ice methamphetamine in the HIDTA.

Violence associated with drug distribution in the PC HIDTA region will most likely intensify over the next year. As Bloods street gang members attempt to increase their dominance throughout the region, territorial disputes may result in increased violence. Moreover, Asian street gangs will become more entrenched in Philadelphia, and they may engage in violent criminal activity to protect their high-potency marijuana and ice methamphetamine distribution operations from intrusion by other trafficking groups.

Disruptions to traditional cocaine supply routes from Mexico may induce some drug traffickers to use alternative routes, specifically through the Caribbean, in order to deliver cocaine to local distributors. Moreover, local Dominican, Jamaican, and Puerto Rican drug traffickers are the predominant cocaine suppliers in the PC HIDTA and may look toward "home" for cocaine rather than relying on established Mexican sources. Current Caribbean suppliers also may take advantage of disruptions to conventional cocaine supply routes by attempting to increase their market shares in the region.

The availability of imported or locally produced high-potency marijuana will rise to meet increasing demand for the drug in the PC HIDTA region. Competition among local distributors to meet this demand will spur an increase in year-round production of high-potency marijuana in the region.

Diverted pharmaceutical availability and abuse in the PC HIDTA region will most likely increase over the next year, driven by the growing popularity of these drugs among young adults and adolescents.

Technologies including online and mobile payment systems will provide drug traffickers with additional means to launder illicit proceeds. Online payment systems, including digital currencies, offer anonymity, versatility, and convenience and will continue to gain in popularity with drug money launderers because such systems have a global reach and reduce issues linked to fluctuating exchange rates.



SOURCES

State and Local

New Jersey

Camden Police Department
New Jersey National Guard
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 Bureau of Narcotics Investigation and
Drug Control
Pennsylvania Department of Health
Pennsylvania National Guard
Pennsylvania State Police
Philadelphia Medical Examiner's Office
Philadelphia Police Department
Narcotics Bureau
University of Pennsylvania 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 Institute on Drug Abuse
National Institutes of Health
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
Bureau of Alcohol, Tobacco, Firearms and
Explosives
Drug Enforcement Administration
Domestic Monitor Program
El Paso Intelligence Center
National 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. Attorneys Offices
District of New Jersey
Eastern District of Pennsylvania
U.S. Marshals Service
U.S. Department of the Treasury
Internal Revenue Service
U.S. Department of Transportation
Federal Aviation Administration
Federal Highway Administration
U.S. Postal Inspection Service
U.S. Sentencing Commission

Other

Associated Press
Northeast Times
The Philadelphia Inquirer

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