



**U.S. Department of Justice  
National Drug Intelligence Center**



# **Arizona High Intensity Drug Trafficking Area**



## **Drug Market Analysis 2010**

ARCHIVED



**U.S. Department of Justice  
National Drug Intelligence Center**



2010-R0813-002

July 2010

# **Arizona High Intensity Drug Trafficking Area**



## **Drug Market Analysis 2010**

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.



# Table of Contents

<b>Strategic Drug Threat Developments</b> . . . . .	1
<b>HIDTA Overview</b> . . . . .	2
<b>Drug Threat Overview</b> . . . . .	3
<b>Drug Trafficking Organizations</b> . . . . .	5
<b>Production</b> . . . . .	6
<b>Transportation</b> . . . . .	6
<b>Distribution</b> . . . . .	7
<b>Drug-Related Crime</b> . . . . .	7
<b>Abuse</b> . . . . .	9
<b>Illicit Finance</b> . . . . .	9
<b>Outlook</b> . . . . .	10
<b>Appendix</b> . . . . .	11
<b>Sources</b> . . . . .	13





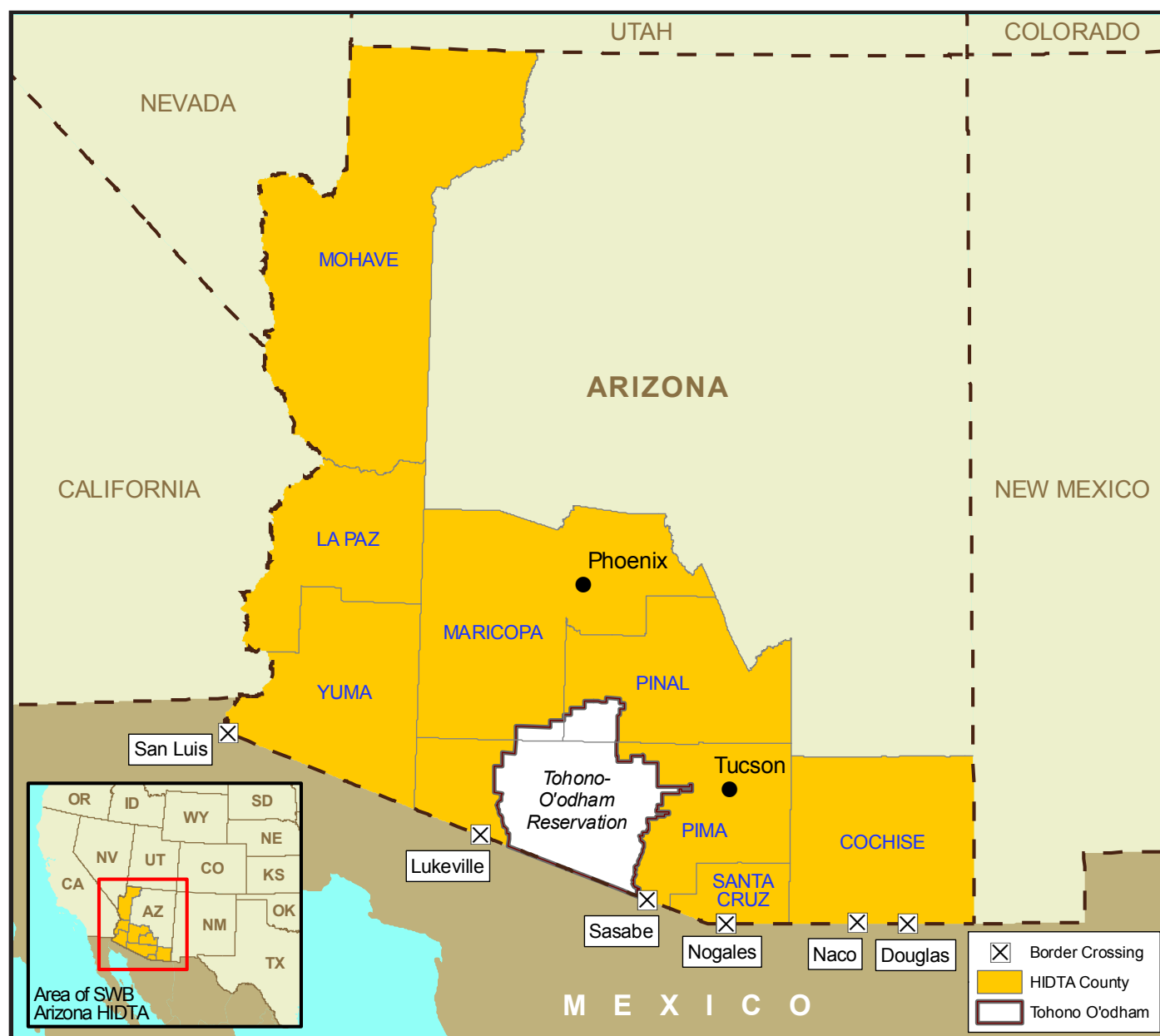
## Strategic Drug Threat Developments

The Arizona High Intensity Drug Trafficking Area (HIDTA) region is a major arrival zone for multiton quantities of marijuana, methamphetamine and, to a lesser extent, cocaine and heroin entering the United States from Mexico. Mexican drug trafficking organizations (DTOs) that control this activity and the smuggling of hundreds of millions of dollars in bulk cash drug proceeds annually from Arizona into Mexico pose the greatest organizational threat in the region. Violent street gangs that distribute illicit drugs at the wholesale and retail levels in the region pose a major public safety concern. The trafficking and abuse of methamphetamine, followed by marijuana, controlled prescription drugs (CPDs), and heroin, are the primary drug threats to the Arizona HIDTA region.

The following are significant strategic drug threat developments in the Arizona HIDTA region:

- Forty-two percent of all marijuana seizures along the entire Southwest Border in 2009 took place in the Arizona HIDTA region, making it one of the primary arrival zones for marijuana entering the United States from Mexico.
- Marijuana seizures of 1,000 pounds or more decreased in the region by nearly 20 percent from 2008 to 2009, while seizures of smaller quantities ranging from 200 to 500 pounds increased by nearly 29 percent in the same period, indicating that Mexican DTOs are smuggling smaller loads in an effort to avoid detection and minimize losses.
- The Tohono O'odham Reservation, which straddles the Arizona–Mexico border, is a primary entry point and transit zone for illicit drugs and related criminal activity in the HIDTA region. Vast stretches of remote and sparsely populated desert on the reservation are mostly unprotected and difficult for law enforcement to adequately patrol. As such, it is expected that Mexican DTOs will expand their use of tribal lands to facilitate cross-border drug smuggling operations.
- Mexican DTOs increasingly use subterranean tunnels to smuggle illicit drugs from Mexico into the United States. The majority of smuggling tunnels along the U.S.–Mexico border have been discovered in Arizona, primarily in Nogales.
- Mexican DTOs increasingly use ultralight aircraft to transport marijuana from Mexico into Arizona. These aircraft are difficult to detect and interdict, and it is expected that DTOs will begin to transport other drugs across the border using this method.
- Gangs in Arizona are moving some of their operations from urban to rural areas. Law enforcement successes in cities have forced gang members into more isolated areas, where police are less familiar with gang presence.
- Through criminal investigations and trace data analysis, the Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF) has identified that Mexican DTOs are using Arizona as a primary source in the United States for acquiring firearms, which are taken to Mexico to facilitate violence and to maintain control of their organizations.
- Statewide discharge and emergency room data indicate increasing treatment admissions and emergency room visits for opiates than for amphetamines or cocaine, signaling the increasing abuse of heroin and controlled prescription opioids among Arizona residents. ([See Table 3 on page 9.](#))

Figure 1. Arizona High Intensity Drug Trafficking Area



## HIDTA Overview

The Arizona HIDTA region encompasses the western and southern counties of Cochise, La Paz, Maricopa, Mohave, Pima, Pinal, Santa Cruz, and Yuma and includes the entire U.S.–Mexico border in Arizona.<sup>a</sup> (See Figure 1.) The HIDTA region also contains a number of federal lands controlled by the U.S. Department of Defense, U.S. Forest Service, National Park Service, and Bureau of Indian Affairs. The proximity to the U.S.–Mexico border itself, with a remote, largely underprotected border area between Arizona's ports of entry (POEs), combined with access to infrastructure such as the highways that connect major Arizona cities with major illicit drug source areas in Mexico, makes the HIDTA region an attractive area for traffickers.

While 323 miles of the 376-mile Arizona–Mexico border have some type of fencing, few physical barriers exist elsewhere along the border between POEs to impede drug traffickers, particularly in the West Desert area of the U.S. Border Patrol (USBP) Tucson Sector. In addition, traffickers are able to easily conceal drug shipments among the high

a. The total population residing within Arizona HIDTA counties accounts for approximately 90 percent of the total Arizona population. Population numbers are based on U.S. Census annual estimates of population for counties as of July 1, 2009.



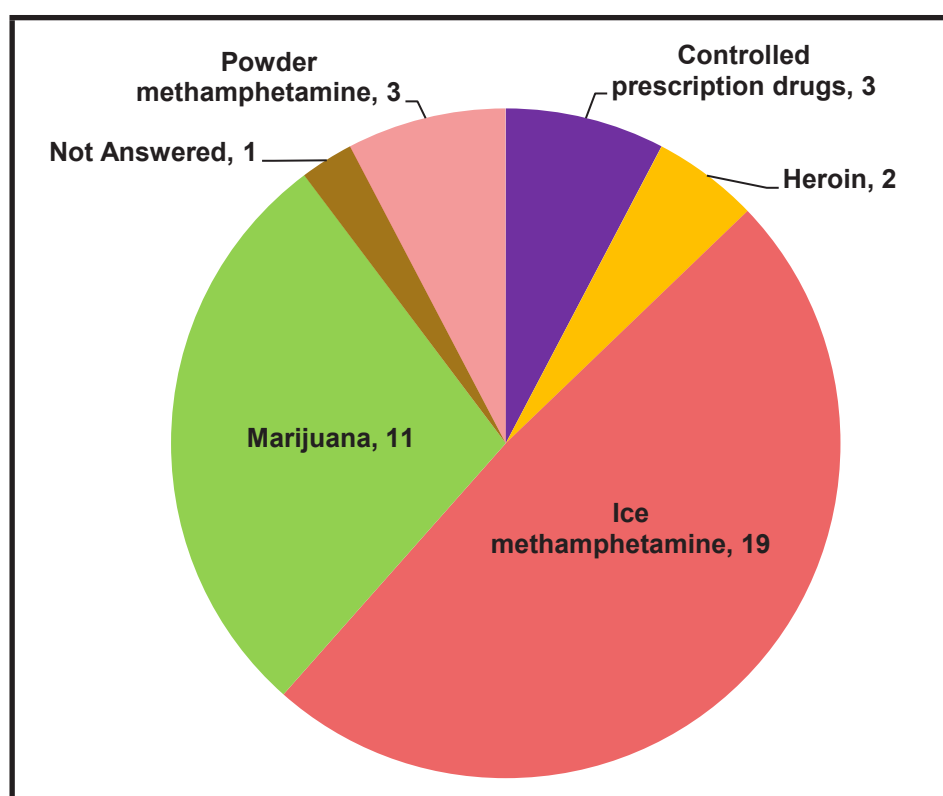
volume of legitimate cross-border traffic at the region's POEs, creating significant challenges for law enforcement officers. Thousands of private vehicles, commercial tractor-trailers, and pedestrians that cross the U.S.–Mexico border daily provide ideal cover for drug and bulk cash smuggling operations.

The Arizona HIDTA region's position along the U.S.–Mexico border also makes it an attractive location for other illicit operations. Drug traffickers and other criminal groups engage in activities such as firearms trafficking and alien smuggling along the U.S.–Mexico border in Arizona. Alien smuggling is a growing concern to law enforcement officials in the Arizona HIDTA region. Criminal organizations smuggle aliens, some of whom are members of gangs such as Mara Salvatrucha (MS 13), into the United States. These individuals typically have extensive criminal records and pose a threat, not only to the Arizona HIDTA region, but also to communities throughout the United States.

## Drug Threat Overview

The trafficking and abuse of ice methamphetamine are the greatest drug threat to the Arizona HIDTA region. According to the National Drug Intelligence Center (NDIC) 2010 National Drug Threat Survey<sup>b</sup> (NDTS), 22 of 39 respondents in the Arizona HIDTA region report that ice and powder methamphetamine are the greatest drug threat to their jurisdictions; a significant number (11) report the same for marijuana. (See Figure 2.)

**Figure 2. Greatest Drug Threat in the Arizona HIDTA Region as Reported by State and Local Law Enforcement Agencies by Number of Respondents**



Source: National Drug Threat Survey 2010.

The availability of Mexican methamphetamine is increasing in the Arizona HIDTA region as a result of rising production in Mexico. (See text box on page 4.) Increased seizures of, and lower prices for, methamphetamine also indicate that the availability of the drug is significantly higher than in previous years. Methamphetamine seizures in Arizona increased

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

### Mexican Methamphetamine Availability

In 2005, the government of Mexico (GOM) began implementing progressively increasing restrictions on the importation of ephedrine and pseudoephedrine to address widespread use of these chemicals in illicit methamphetamine production. By 2007, the GOM had announced a prohibition on importing these chemicals into Mexico in 2008 and a ban on the use of both chemicals, beginning in 2009. These precursor restrictions disrupted methamphetamine production, resulting in a more than 50 percent decrease in the amount of methamphetamine seized along the Southwest Border from 2005 to 2007. However, the GOM reported a dramatic increase in methamphetamine laboratory seizures from 2008 (47) through November 2009 (178), and according to U.S. Customs and Border Protection (CBP), the amount of methamphetamine seized along the Southwest Border in 2009 was the highest annual seizure amount since 2005. Increased laboratory seizures in Mexico and border seizures of methamphetamine are indicative of rising Mexican methamphetamine production since 2007 as a result of Mexican producers using alternative production methods or finding foreign sources for illicit ephedrine and pseudoephedrine.

Source: U.S. Customs and Border Protection; Drug Enforcement Administration.

by 93 percent in 2009 over 2008. (See Table 1 on page 5.) Prices also fell from \$26,000 per kilogram in 2008 to \$16,000 per kilogram in 2009, indicating that the supply was unaffected by the increased seizures.

Forty-two percent of all marijuana seizures along the entire Southwest Border in 2009 took place in the Arizona HIDTA region, making it one of the primary arrival zones for marijuana entering the United States from Mexico. Seizures of large shipments of 1,000 pounds or more fell from 351,156 pounds (30% of total marijuana seizures) in 2008 to 281,078 pounds (16% of the total) in 2009. Conversely, midsize seizures, ranging from 200 pounds to 500 pounds, increased from 464,389 pounds (41% of total marijuana seizures) in 2008, to 829,696 pounds (49% of the total) in 2009. The number of incidents shows an even greater disparity. In 2008, there were 185 seizures of 1,000 pounds or more; large seizures fell by 21 percent to 146 in 2009. The number of midsize seizures, however, jumped from 1,555 in 2008 to 2,744 in 2009, a 76 percent increase. This shift indicates that traffickers are smuggling smaller loads across the border in order to minimize losses suffered from law enforcement seizures of marijuana. Marijuana prices were stable from 2008 to 2009 at \$1,100 per kilogram, indicating a ready supply of the drug in the region.

Heroin and cocaine seizures also increased in the region in 2009. Wholesale prices for heroin remained steady in 2009 at approximately \$33,000 per kilogram, indicating that despite increased seizures, availability remained unchanged. However, increased seizures of cocaine affected the drug's availability, since wholesale prices for cocaine rose from \$15,000 per kilogram in 2008 to \$22,000 per kilogram in 2009.

CPD abuse is an increasing concern in the Arizona HIDTA region. The Arizona Arrestee Reporting Information Network (AARIN) reports that the number of Maricopa County arrestees testing positive for opiates<sup>c</sup> jumped from approximately 2 percent of arrestees in the fourth quarter of 2008 to more than 20 percent of arrestees in the fourth quarter of 2009. These data are indicative of the growing problem of prescription opioid and heroin abuse.

The vast majority of CPDs distributed and abused in the Arizona HIDTA region are obtained through fraudulent means, such as doctor-shopping, prescription fraud, and treatment in pain clinics throughout Arizona. In addition, there have been reported armed robberies in the Phoenix metropolitan area that involved OxyContin/oxycodone products. Also, law enforcement authorities in Graham and Greenlee Counties, which are not HIDTA-funded counties in Arizona, report that CPD abuse has increased significantly in those counties.

c. Opiates include heroin and prescription pain relievers such as hydrocodone, oxycodone, codeine, meperidine, and propoxyphene.

**Table 1. Drugs Seized in Arizona HIDTA Counties, in Kilograms, 2005–2009**

Year	Cocaine	Heroin	Marijuana	Methamphetamine
2005	3,522	44	309,234	709
2006	2,560	69	411,454	583
2007	2,394	71	616,976	467
2008	1,989	131	474,286	391
2009	2,800	235	722,601	755
<b>Change from 2008 through 2009</b>	<b>41%</b>	<b>79%</b>	<b>52%</b>	<b>93%</b>

Source: National Seizure System data as of April 1, 2010.

## Drug Trafficking Organizations

Mexican traffickers, principally associated with the Sinaloa Cartel and, to a lesser extent, the Beltrán-Leyva Organization, dominate drug trafficking in the Arizona HIDTA region. These traffickers regularly smuggle ton quantities of marijuana and multikilogram quantities of ice methamphetamine, cocaine, and heroin from Mexico into the HIDTA region. Mexican DTOs operate within complex drug transportation and distribution networks reaching from the Arizona–Mexico border to much of the United States, including to the New England, New York/New Jersey, Southeast, and West Central Regions of the country. Many of the Mexican DTOs operating in the HIDTA region either produce drugs in Mexico or obtain precursors from producers in Mexico or Colombia, ensuring a steady flow of illicit drugs to markets within and outside the HIDTA region.

According to the Arizona HIDTA, Mexican nationals continue to use the Indian reservations as a safe haven to establish drug distribution networks. Mexican nationals sometimes romance or marry Native Americans to gain acceptance on the reservation and residency. Often these individuals provide free samples of methamphetamine to members of the tribe and have targeted youth. The Mexican nationals also recruit Native Americans to deal methamphetamine on the reservations. Two methamphetamine investigations in 2009 on two different Arizona Indian reservations resulted in multiple arrests of tribal members. These investigations revealed that the methamphetamine came from Mexican sources off the reservation.

The Arizona New Mexican Mafia prison-based gang is also a major transporter and distributor of wholesale quantities of marijuana, supplying Hispanic street gangs in Arizona Department of Corrections facilities and on the streets in the Arizona HIDTA region.<sup>d</sup> The Barrio Hollywood street gang also transports ton quantities of marijuana into Tucson and Phoenix for distribution throughout the area.

Street gangs in Arizona are moving some of their operations from urban to rural areas. Gangs such as Crips are increasingly operating in more isolated areas where police are less familiar with gang activity. Moreover, law enforcement reporting reveals that numerous Bloods and Crips sets distribute wholesale quantities of marijuana throughout the HIDTA region. More out-of-state gangs are appearing in Arizona; Chicago-based Latin Kings and Spanish Gangster Disciples and Barrio Aztecas from Texas have been identified in Cochise County as well. The Arizona Department of Public Safety (DPS) also reports that gang members are displaying fewer gang-related tattoos and colors and trying to maintain lower profiles to avoid attracting law enforcement attention. Additionally, the number of California-based gangs, including various Sureños sets and West Side 18th Street members, in Arizona is increasing as members seek to avoid California’s “three strikes” rule for violators. The border city of Douglas, Arizona, has attracted members of the East Side Torrance and South Side Harbor City gangs from Los Angeles, who have moved closer to the border to facilitate their drug distribution operations.

d. Prison gangs frequently control drug distribution within correctional institutions and in some neighborhoods. Particularly in the Southwest, prison gangs rely on connections to Mexican DTOs for a ready supply of illicit drugs, which they then distribute through their organizations in prisons or to associated street gangs.

## Production

Most methamphetamine production that occurs in the HIDTA region is limited to small-scale laboratories that generate personal use quantities. The number of methamphetamine laboratory seizures in the Arizona HIDTA region has fallen over the past several years as a result of legislation regulating the sale of precursor chemicals and the wide availability of Mexican ice methamphetamine. Local methamphetamine producers typically obtain precursor chemicals through smurfing<sup>e</sup> activity, which they conduct in the counties where they reside; however, some producers travel throughout the state to avoid law enforcement detection.

Some marijuana is produced locally from cannabis cultivated on public lands in and around the Arizona HIDTA region. Many of these grow sites are located within the Tonto, Coconino, and Prescott National Forests. According to the Drug Enforcement Administration (DEA) Domestic Cannabis Eradication/Suppression Program, 10,204 cannabis plants were eradicated in Arizona in 2009; the plants were confiscated from 22 outdoor and 69 indoor grow sites.

## Transportation

The Nogales corridor is the most active corridor for marijuana smuggling activity into and throughout Arizona. While much of this activity was previously centered in an area from Lukeville to Tucson, traffickers have shifted their smuggling activity west from Lukeville to Yuma. Drug smuggling activity has also increased through the eastern portions of the region from the New Mexico state line to Naco, Arizona. Large quantities of marijuana are also smuggled through the Tohono O'odham Reservation, which covers more than 2.8 million acres in southern Arizona between Lukeville and Sasabe and straddles the border with Mexico for 75 miles. Much of the border area is open to allow unimpeded travel for residents on the reservation. These vast stretches of remote and sparsely populated desert are mostly unprotected and difficult for law enforcement to adequately patrol. Seizure statistics indicate that drug traffickers have historically smuggled far greater quantities of marijuana through the Tohono O'odham Reservation than through the nearby Lukeville and Sasabe POEs on either side of the reservation. For example, more than 416,000 kilograms of marijuana were seized on the Tohono O'odham Reservation from 2004 through 2008, while less than 19,000 kilograms were seized at the Lukeville POE and less than 2,000 kilograms at the Sasabe POE during that same period.

According to the Arizona HIDTA, Mexican nationals carrying backpack loads up to 100 pounds smuggle most drugs, particularly marijuana, across the Arizona–Mexico border. The backpackers hike to remote, predetermined locations and either transfer the backpacks to a waiting trafficker or hide them for later retrieval. This activity frequently takes place at night or during periods of limited visibility. DTO scouts or individuals who reside on either side of the border monitor USBP and CBP patrol patterns to determine the best times to conduct drug smuggling operations.

### Operation Los Tusa Takes Down Major Marijuana Trafficking Organization

In October 2009, DEA and Pinal County officials announced Operation Los Tusa, which resulted in the dismantling of a cross-border marijuana trafficking organization. Investigators believe that the organization had operated for at least 3 years and was responsible for smuggling hundreds of thousands of pounds of marijuana, which were distributed nationwide from local stash houses. The investigation revealed that the organization brought marijuana across the border through the Tohono O'odham Reservation, using a network of backpackers and load vehicles. Backpackers walked bundles of 50 to 100 pounds of marijuana across the border to southern Pinal County, where vehicles met them to pick up and transport the drugs to stash houses in the area for later distribution.

Source: Drug Enforcement Administration.

Mexican DTOs use ultralight<sup>f</sup> aircraft as alternative modes for transporting marijuana into Arizona. Many of the flights take place late at night, when radar and other law enforcement surveillance are limited. Often, the radar tracking is incomplete; many incidents are logged as “fades,” or images that suddenly drop off the radar. Many of these images represent ultralight flights.

- e. Pseudoephedrine smurfing is a method used by some methamphetamine traffickers to acquire large quantities of precursor chemicals. Traffickers using this method make numerous small-quantity purchases of cold tablets from multiple retail locations and extract pseudoephedrine or ephedrine from the tablets.
- f. Ultralights are relatively inexpensive, hard to detect using radar, and capable of transporting relatively small amounts of cargo per trip.

### Border Patrol Agents Seize Scuba Gear, Marijuana in Sewer System

In February 2010, Douglas, Arizona, Border Patrol agents observed several individuals illegally crossing the border fence near a sewer outlet. One individual appeared to be carrying bundles. As officers approached, the individuals fled toward Mexico. As the agents neared the sewer outlet, they observed an individual in the drain, wearing a wet suit and scuba gear and carrying the bundles. Upon discovering the agents, the individual dropped the bundles and scuba gear, and fled toward Mexico. The agents recovered an oxygen tank, a scuba mask, and 55 pounds of marijuana.

Source: U.S. Customs and Border Protection.

Mexican traffickers also use subterranean tunnels in their smuggling operations within the HIDTA region, particularly in the Nogales metropolitan area. The number of tunnels discovered in Arizona is higher than in any other Southwest Border state. During the first 10 months of fiscal year (FY) 2009, 22 tunnels were discovered by the USBP; all but two were discovered in the Nogales area, an increase from FY2008, when 15 tunnels were discovered in Arizona, all but one in the Nogales area. Many tunnels discovered in Nogales used existing underground drainage tunnels and sewage and irrigation systems.

Mexican DTOs often use cloned<sup>g</sup> commercial or government vehicles to transport illicit drugs through the region. For example, in January 2010, Arizona DPS personnel seized over 700 pounds of marijuana from a cloned septic service tanker truck on Interstate 19 near Tubac. The vehicle appeared to be an innocuous commercial vehicle, but officers stopped the truck because of an invalid license plate. Further scrutiny revealed counterfeit Department of Transportation markings on the truck; an inspection yielded marijuana concealed in the tank.

According to the Arizona HIDTA, Mexican pharmacies, primarily those in the Nogales, Sonora, area are potentially significant sources for CPDs distributed in Arizona. CPD abusers and distributors in Arizona can readily purchase drugs from the large number of pharmacies located in Mexican communities just across the border from Arizona. Once CPDs have been purchased in Mexico, they are smuggled into Arizona for further distribution within the state.

## Distribution

Mexican DTOs dominate the wholesale distribution of illicit drugs within the Arizona HIDTA region. They use Tucson and Phoenix as transshipment hubs for drugs supplied in the region and throughout much of the country. Mexican DTOs frequently use stash locations within the HIDTA region to store and consolidate shipments prior to forwarding them to the final destination. Within the Arizona HIDTA region, Hispanic street gangs, most often subsets or associates of Hispanic prison gangs such as Mexican Mafia, are the principal retail-level distributors of illicit drugs, primarily marijuana. However, other criminal groups, including outlaw motorcycle gangs, and African American, Caucasian, and Native American gangs distribute retail quantities of marijuana, methamphetamine, cocaine, and heroin in the region.

## Drug-Related Crime

Violence directed against law enforcement officials has increased over the past year along the Arizona–Mexico border and appears to be the result of heightened counterdrug operations. U.S. law enforcement personnel at the border areas of the HIDTA region have experienced assaults by “rockings,” gunfire, vehicular assaults, and physical assaults. (See Table 2 on page 8.) These incidents are often intended to deter agents from seizing illicit drug shipments or as a diversion to smuggle drug shipments.

g. Cloned vehicles are those disguised to look like official government or commercial vehicles to deflect law enforcement attention.



**Table 2. Border Violence by County, in Arizona, 2009**

Type of Violence	Pima	Pinal	Santa Cruz	Cochise	Yuma	Maricopa	Total
Rockings	11	1	236	38	0	0	286
Shots Fired	3	0	3	2	0	0	8
Physical Assaults	15	4	22	11	0	0	52
Vehicle Assaults/Ramming	2	4	2	2	0	0	10
Shootings	0	0	3	1	0	0	4
Weapons Possession	1	0	0	1	0	0	2
<b>Total</b>	<b>32</b>	<b>9</b>	<b>266</b>	<b>55</b>	<b>0</b>	<b>0</b>	<b>362</b>

Source: Arizona High Intensity Drug Trafficking Area.

Kidnappings, often involving associates of drug or alien smuggling groups who owe drug debts or border-crossing fees, have increased in Phoenix over the past few years. From 2007 through 2009, authorities in Phoenix received reports of 826 kidnappings (267 in 2009). The actual number of kidnappings is likely greater, since some victims do not report the incidents because they fear retribution from smugglers or arrest by law enforcement. Drug traffickers sometimes kidnap or murder alien smugglers to deter them from using established drug smuggling routes. In response, alien smugglers, as well as the individuals they are escorting, carry weapons for protection, increasing the potential for violent incidents. Additionally, home invasion robberies are a growing concern in the region. Like kidnappings, home invasions often involve individuals or groups who owe drug debts or border-crossing fees. In September 2009, Operation Gideon, a joint effort by the ATF and the Phoenix Police Department, led to the arrests of 70 members of home invasion robbery crews in the area. Charges included firearms and drug trafficking violations.

Compounding the problems posed to the region by drug-related violence, criminals commonly referred to as border bandits, or *bajadores*, conduct armed assaults of both drug and alien smugglers. Border banditry is increasing in the West Desert area, which includes the Tohono O'odham Reservation. Frequently, *bajadores* or other "rip-off crews" dress in dark clothing and police-style raid gear, with the intention of appearing to both targets and observers as law enforcement.

The Arizona HIDTA is also a source area for weapons smuggled into Mexico. Mexican DTOs frequently obtain firearms from Federal Firearms Licensees at U.S. gun shows or pawnshops. They often employ individuals to make "straw purchases" of firearms to insulate themselves from the transactions. Street gangs, for example, use young women as straw purchasers at gun shows. Operation Trident, in August 2009, resulted in the indictment of more than 100 members of multiple South Phoenix street gangs on various drug and weapons trafficking charges. Traffickers also obtain weapons by way of thefts from private residences and gun stores or from private individuals at gun shows who are legally permitted to sell personal weapons collections with no requirement for a license or to conduct criminal record checks or file paperwork to document the transaction.

### Project Gunrunner

Project Gunrunner is the comprehensive strategy of the ATF to combat firearms-related violence by the cartels along the Southwest Border. The strategy aims to reduce firearms- and explosives-related violent crime associated with Mexican DTOs operating in Mexico and along the U.S.-Mexico border by preventing these organizations from acquiring and trafficking firearms and explosives. ATF accomplishes this goal through an integrated approach that makes use of all appropriate agency capabilities and by working collaboratively with a variety of domestic and international partners.

In FY2009, ATF seized a total of 2,589 firearms and 265,500 rounds of ammunition destined for the Southwest Border and investigated 179 Southwest Border firearms trafficking cases nationwide. In those cases, ATF obtained evidence that 4,964 firearms were trafficked to Mexico. In addition, ATF referred 355 cases and 686 defendants for prosecution under Project Gunrunner.

In the first quarter of FY2010, ATF referred 42 cases and 113 defendants for prosecution under Project Gunrunner. ATF also obtained evidence that 323 firearms were trafficked to Mexico and seized a total of 280 firearms and 243,841 rounds of ammunition.

## Abuse

Despite successful antimethamphetamine programs that have discouraged youth from abusing the drug, methamphetamine abuse continues to be a serious concern because of the drug's widespread availability and highly addictive nature. According to the 2008 Arizona Youth Survey, methamphetamine abuse among high school students decreased by 2.6 percent from 2006 to 2008 (the latest available data). The same study, however, revealed that the abuse of other widely available drugs such as heroin and marijuana by twelfth graders increased, as did abuse of MDMA (3,4-methylenedioxymethamphetamine, also known as ecstasy), hallucinogens, and prescription drugs. Statewide discharge and emergency room data from 2008 (the latest available data) indicate a greater number of inpatient discharges and emergency room visits for opiates than for amphetamines or cocaine. Data for 2007, on the other hand, indicate far more inpatient discharges and emergency room visits for cocaine and amphetamines. This shift reflects the increasing abuse of heroin and controlled prescription opioids among Arizona residents (see Table 3).

Prescription drug diversion and abuse are becoming more prevalent throughout Arizona. According to the most recent Arizona Youth Survey conducted by the Arizona Criminal Commission, the number of youth abusing prescription drugs has increased significantly. Approximately one out of every four eighth, tenth, and twelfth grade students (24%) has abused a prescription drug to get high. The rate of abuse for Native American students was even higher at approximately 26.9 percent.

**Table 3. Total Drug-Related Inpatient Discharges and Emergency Room Visits by Type of Drug, Arizona Residents, 2007–2008\***

Selected Types of Drug	2007	2008
<b>Amphetamines and other psychostimulants, all mentions</b>	11,038	9,194
<b>Cocaine, all mentions</b>	12,153	9,530
<b>Opiates, all mentions**</b>	10,303	11,508

Source: Arizona Department of Health Services.

\*Drug-related discharges refer to all mentions (all occurrences) of the diagnosis regardless of the order on the medical record. More than one diagnostic category can be used on a discharge record, and the sum of all mentions of drug dependence, drug psychoses, and nondependent abuse of drugs is greater than the number of discharges for drug dependence and drug abuse.

\*\*Opiates include heroin and prescription pain relievers such as hydrocodone, oxycodone, codeine, meperidine, and propoxyphene.

## Illicit Finance

Bulk cash smuggling is the most common method of moving illicit funds through the Arizona HIDTA region into Mexico. Mexican DTOs consolidate illicit proceeds generated in the region at central locations, combine them with funds generated in other regions of the country, and transport the proceeds in bulk to Mexico. Frequently, the bulk cash is secreted in hidden compartments in private and commercial vehicles and driven through POEs (see text box at top of page 10). Mexican DTOs also smuggle bulk currency in commercial and private aircraft, by couriers on passenger bus lines, and through the use of package delivery services. U.S. law enforcement has increased screening of vehicles headed toward Mexico, and cash seizures have risen dramatically. During FY2009, CBP officers in Arizona seized nearly \$4.9 million in southbound currency, more than quadrupling the \$1.1 million seized in 2008.

### Southbound CBP Bulk Currency Seizures

- On December 13, 2009, CBP inspectors in Douglas selected a pickup truck for screening. The resulting examination revealed \$70,000 hidden in the vehicle's spare tire.
- On December 14, 2009, CBP inspectors at the Mariposa POE in Nogales discovered more than \$300,000 in undeclared currency hidden in a suitcase in a pickup truck attempting to enter Mexico. The driver and passenger were Mexican nationals.
- On February 6, 2010, CBP inspectors and a canine team at the DeConcini POE in Nogales discovered \$235,000 hidden in the tailgate of a pickup truck driven by a female U.S. citizen.

Source: U.S. Customs and Border Protection.

Greater regulation of money transmitters and increased law enforcement scrutiny of wire transfers into the Southwest Border area have caused money transporters to find alternative methods of sending their illicit proceeds to Mexico ([see text box below](#)). DTOs outside the region that previously would wire illicit funds to banks in the Arizona HIDTA region are now bypassing the region and wiring funds directly to banks or *casas de cambio*<sup>h</sup> in Mexico.

### Western Union to Contribute to Anti-Money Laundering Initiative

In February 2010, Arizona Attorney General Terry Goddard announced a settlement with Western Union Financial Services, Inc., which provided \$94 million in funding for anti-money laundering initiatives in Arizona, New Mexico, Texas, and California. Arizona alone will receive \$21 million from Western Union to reimburse the state for the cost of investigating the company's anti-money laundering procedures. Among the provisions of the settlement was the establishment of an independent monitor in the Maricopa County Superior Court to "oversee Western Union's anti-money laundering efforts in the Southwest Border area."

Source: Arizona Attorney General.

DTOs, gangs, and independent dealers operating in the Arizona HIDTA region also launder illicit proceeds through a variety of other methods. A common technique features the combining of illicit funds with proceeds from legitimate, cash-based businesses such as automobile dealerships, retail stores, and restaurants. These groups or individuals also purchase high-value assets such as residences and luxury vehicles.

## Outlook

NDIC analysts expect that the Arizona HIDTA region will maintain its position as the principal U.S. arrival zone for Mexican marijuana, with Mexican traffickers increasing their use of tribal and public lands to conduct smuggling operations. Mexican DTOs' use of tunnels and ultralight aircraft to bring marijuana and other drugs across the border into the Arizona HIDTA region is also expected to increase. The trend toward a "shotgun approach" of dispersing drug loads among many smaller drug shipments, rather than in one or two large loads, is also expected to increase. As a result, marijuana is expected to remain plentiful, and prices will remain steady. Methamphetamine availability is expected to increase and prices to fall as Mexican DTOs increase production of the drug in Mexico. With increasing heroin production in Mexico and the ready availability of CPDs, particularly opioids, abuse of opiates will increase in the Arizona HIDTA region. Street gangs are expected to continue to move into less populated areas, where law enforcement is unprepared or unable to deal with a growing gang presence. Drug trafficking and related crime will increase as the gangs expand their criminal operations into these vulnerable areas.

h. *Casas de cambio* located in Mexico are nonbank financial institutions (currency exchangers) that provide a variety of financial services and are highly regulated by the Mexican Government.



## Appendix

### Phoenix and Tucson Market Areas

The two major drug market areas in the Arizona HIDTA region, the Phoenix and Tucson metropolitan areas, serve as staging areas and transshipment centers for cocaine, heroin, marijuana, and methamphetamine smuggled into the United States from Mexico. Moreover, they are the most noteworthy areas for illicit drug trafficking and abuse in the HIDTA region.

#### Phoenix

Phoenix is a regional- and national-level transportation and distribution center for methamphetamine and marijuana and a regional distribution center for cocaine and Mexican black tar heroin. The area's well-developed highway system facilitates the shipment of illicit drugs from Mexico to Phoenix for local distribution and transshipment to drug markets throughout the country.

Mexican DTOs dominate wholesale drug distribution in and around Phoenix; however, local street gangs are increasingly distributing illicit drugs, primarily marijuana, at the wholesale level and midlevel. The prison-based gang Arizona New Mexican Mafia and the Tucson street gang Barrio Hollywood distribute large quantities of marijuana in both Phoenix and Tucson. Various Bloods and Crips sets also distribute up to 100-pound quantities of marijuana throughout the Phoenix area. Operation CRIPpled Blues, a joint Arizona DPS and Phoenix-area police department action in early February 2010, resulted in the arrests of 148 individuals and the seizure of over 700 pounds of marijuana and more than 10 weapons from Crips-affiliated gang members operating in South Phoenix. Former rival street gangs now cooperate with each other to transport and distribute marijuana in Phoenix and increase profits. Authorities estimate that there are more than 10,000 gang members in the Phoenix metropolitan area. Much of the violent crime and property crime in Phoenix is drug- and/or gang-related. Phoenix law enforcement indicates that most home invasion robberies are criminal-on-criminal, aimed at ripping off drug loads or recently garnered profits from narcotics sales. Likewise, many kidnappings are retaliatory or are attempts to recover the cost of lost drug loads or to obtain money for payment of outstanding debts.

#### Tucson

Tucson is a regional- and national-level distribution center for illicit drugs, particularly marijuana. Mexican DTOs exploit the area because of its proximity to Mexico and its location near vast tracts of remote land commonly used by Mexican DTOs to transport illicit drugs into and through Arizona, such as the Tohono O'odham Indian Reservation, Coronado National Forest, and Organ Pipe Cactus National Monument.

A significant amount of marijuana is transported from Mexico to Arizona through public lands, such as tribal reservations and national parks. National Park Service officials report that in 2009, more than 6,300 pounds of marijuana were seized on the grounds of the Organ Pipe Cactus National Monument and more than 4,000 pounds were seized in the Coronado National Forest. Much of the marijuana is carried by backpackers to predetermined locations, where the loads are assembled and picked up by other traffickers. Park Service workers have also recovered increasing numbers of abandoned weapons, sometimes left with stashed drug loads.

Mexican DTOs dominate wholesale drug distribution in and around Tucson; however, gangs in Tucson also are increasingly involved in all levels of drug distribution, primarily marijuana distribution. Law enforcement in the Tucson area reports that Arizona street gangs and Mexican DTOs are cooperating to further the distribution of illicit drugs in the area. According to the Gang and Immigration Intelligence Team Enforcement Mission (GIITEM), the largest street gang in Tucson, Barrio Hollywood, and the Arizona New Mexican Mafia work together to transport large amounts of marijuana from the U.S.–Mexico border to Tucson for distribution within the city. Gangs based on tribal lands also are involved in drug transportation and distribution on the reservations. According to the Arizona HIDTA, at least 28 gangs operate on the Tohono O'odham Reservation alone.

Authorities in Tucson estimate the gang presence in the city to be approximately 5,200 gang members and 100 gangs. Drug-related crime associated with these gangs poses a considerable threat to Tucson. African American street gangs such as Bloods and Crips sets conduct home invasion robberies in the Tucson area, a type of crime previously conducted primarily by Hispanic street gangs. Additionally, gang-on-gang violence in Tucson is increasing. Given the proximity of Tucson to the border, it is expected that gang activity and drug-related crime will become an increasing problem for law enforcement in the area.



## Sources

### Local, State, and Regional

Arizona Arrestee Reporting Information Network  
 Arizona Attorney General's Office  
 Arizona Counter Narcotics Alliance  
 Maricopa County Sheriff's Office  
 Phoenix Police Department  
 State of Arizona  
     Arizona Criminal Justice Commission  
     Department of Public Safety  
         Gang and Immigration Intelligence Team Enforcement Mission  
         Gang Interdiction Unit  
         Joint Drug Intelligence Group  
 Tucson Police Department

### Federal

Executive Office of the President  
     Office of National Drug Control Policy  
         High Intensity Drug Trafficking Area  
         Southwest Border  
         Arizona High Intensity Drug Trafficking Area  
         Investigative Support Center  
 U.S. Department of Agriculture  
     Forest Service  
 U.S. Department of Commerce  
     U.S. Census Bureau  
 U.S. Department of Homeland Security  
     U.S. Customs and Border Protection  
     U.S. Border Patrol  
         Border Patrol Field Intelligence Center  
     U.S. Immigration and Customs Enforcement  
 U.S. Department of Justice  
     Bureau of Alcohol, Tobacco, Firearms and Explosives  
     Criminal Division  
         Organized Crime Drug Enforcement Task Force  
     Drug Enforcement Administration  
         Domestic Cannabis Eradication/Suppression Program  
         El Paso Intelligence Center  
         National Seizure System  
         Phoenix Field Division  
     Federal Bureau of Investigation  
 U.S. Department of State  
 U.S. Department of the Interior  
     Bureau of Indian Affairs  
     National Parks Service  
 U.S. Department of the Treasury

### Other

*Arizona Daily Star*  
*The Arizona Republic*  
 KVOA-TV  
 Partners Against Narcotics Trafficking Task Force  
 San Diego University  
     Trans-Border Institute  
*Sierra Vista Herald*  
*The Washington Times*

Questions and comments may be directed to  
Southwest Unit, Regional Threat Analysis Branch

**National Drug Intelligence Center**

319 Washington Street 5th Floor, Johnstown, PA 15901-1622 • (814) 532-4601

NDIC publications are available on the following web sites:

INTERNET [www.justice.gov/ndic](http://www.justice.gov/ndic)    ADNET <http://ndicosa.adnet.sgov.gov>    RISS [ndic.riss.net](http://ndic.riss.net)  
LEO <https://www.leo.gov/http://leowcs.leopriv.gov/lesig/ndic/index.htm>

**080510**