Los Angeles High Intensity Drug Trafficking Area

Drug Market Analysis 2010
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This assessment is an outgrowth of a partnership between the NDIC and HIDTA Program for preparation of annual assessments depicting drug trafficking trends and developments in HIDTA Program areas. The report has been coordinated with the HIDTA, is limited in scope to HIDTA jurisdictional boundaries, and draws upon a wide variety of sources within those boundaries.

This document may contain dated information. It has been made available to provide access to historical materials.
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Strategic Drug Threat Developments

The Los Angeles High Intensity Drug Trafficking Area (HIDTA) region is a national-level transportation and distribution center for multiton quantities of cocaine, methamphetamine, and marijuana and lesser quantities of heroin, PCP (phencyclidine), and MDMA (3,4-methylenedioxymethamphetamine, also known as ecstasy). Mexican drug trafficking organizations (DTOs) that dominate wholesale illicit drug distribution pose the greatest organizational threat in the region. Violent street gangs are the primary retail-level distributors in the region and pose a major public safety concern to law enforcement. Nearly half of the 700 murders committed in Los Angeles in 2008 and 2009 were reportedly gang-involved.

The distribution and abuse of methamphetamine, followed by cocaine, marijuana, and heroin, are the primary drug threats in the Los Angeles HIDTA region. Additionally, traffickers transport illicit drug proceeds generated throughout the rest of the United States to the region for consolidation. The proceeds are then physically or electronically sent to Mexico to be laundered.

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

- Mexican ice methamphetamine availability in the region has increased as a result of rising production in Mexico in 2009. Increased methamphetamine availability in the Los Angeles HIDTA region led to lower wholesale prices and a decline in local methamphetamine production. Methamphetamine availability in the HIDTA region is expected to further increase if Mexican producers can continue to circumvent restrictions on precursor chemicals required for methamphetamine production by smuggling ephedrine and pseudoephedrine into Mexico from Asian and South American countries.

- Wholesale cocaine availability has increased significantly in the region, easing the shortages that traffickers experienced in 2007 and 2008. Higher cocaine availability is expected to translate into lower wholesale cocaine prices in the near term.

- The number of seized indoor cannabis plants that yield high-potency marijuana increased 703 percent from 2008 to 2009. During the same time period, outdoor cannabis plant seizures decreased by 64 percent. The availability of commercial-grade Mexican marijuana and locally produced high-potency marijuana is expected to remain at high levels in the region.

- Mexican black tar heroin and brown powder heroin availability increased significantly in 2009, as indicated by lower wholesale prices and a 137 percent increase in heroin seizures from 2008 to 2009. Rising heroin availability in the Los Angeles HIDTA region is expected to result in increased heroin treatment admissions and overdoses.
HIDTA Overview

The Los Angeles HIDTA region—composed of Los Angeles, Orange, Riverside, and San Bernardino Counties—is one of the most populous areas in the country, with almost 17 million residents in more than 32,000 square miles of territory. (See Figure 1 on page 2.) It is a principal production, transportation, and distribution center for illicit drugs available in the region and in many other U.S. drug markets.

The region is one of the most significant gateways for illicit drugs available in the United States, because illicit drugs that are smuggled across the California–Mexico border for distribution in and outside the area typically pass through drug markets located in the region. Most of the bulk cash and monetary instruments generated by drug traffickers and other criminals in the region, and a significant portion of the drug proceeds generated in many other U.S. locations, are smuggled overland from the area into Mexico for many of the same reasons that traffickers use the region as a base for drug smuggling activities.

Drug traffickers also exploit the region’s geographic composition for illicit drug production—typically methamphetamine production, cannabis cultivation, and PCP production. The Inland Empire, which encompasses San Bernardino and Riverside Counties, is made up of metropolitan as well as rural areas. (See Figure 1 on page 2.) San Bernardino is the largest county by area in the United States, and Riverside ranks fourth, which makes detection of methamphetamine laboratories and cannabis fields difficult. Climate conditions also are ideal for traffickers who maintain robust cannabis crops. Additionally, Asian (particularly Vietnamese) DTOs and criminal groups cultivate significant and increasing quantities of high-potency cannabis indoors, particularly in upscale suburban neighborhoods, where most residents have little interaction with their neighbors. African American and Hispanic criminal groups and street gangs produce PCP in inner-city neighborhoods and in the high desert areas of San Bernardino County.

![Figure 2. Greatest Drug Threat in the Los Angeles HIDTA Region as Reported by State and Local Law Enforcement Agencies by Number of Respondents](image)


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a. U.S. Census estimates indicate that approximately 46 percent of all California residents reside in the Los Angeles HIDTA region.
b. San Bernardino County is larger in area than each of the nine smallest states in the country.
c. NDTS data for 2010 cited in this report are as of March 3, 2010. NDTS data cited are raw, unweighted responses from federal, state, and local law enforcement agencies solicited through either NDIC or the Office of National Drug Control Policy (ONDCP) HIDTA program. Data cited may include responses from agencies that are part of the NDTS 2010 national sample or agencies that are part of HIDTA solicitation lists.
Drug Threat Overview

The distribution and abuse of methamphetamine is the primary drug threat in the Los Angeles HIDTA region, followed by cocaine, marijuana, heroin, and controlled prescription drugs (CPDs). According to the National Drug Intelligence Center (NDIC) National Drug Threat Survey (NDTS) 2010, 28 of the 39 federal, state, and local law enforcement respondents in the Los Angeles HIDTA region identify methamphetamine as the drug that poses the greatest threat to their jurisdictions; 5 respondents identify cocaine; 3 identify marijuana; 2 identify heroin; and 1 identifies CPDs. (See Figure 2 on page 3.) In 2009, Los Angeles HIDTA initiatives reported the seizure of 957 kilograms of ice methamphetamine, 2,317 kilograms of cocaine, 1,114.1 kilograms of marijuana, and 149 kilograms of heroin. (See Table 1.) Heroin, ice methamphetamine, and MDMA seizures increased, whereas cocaine, marijuana, and PCP seizures decreased when compared with 2008 seizures.

Mexico-produced ice methamphetamine availability increased in the region in 2009. As a result, wholesale prices for the drug decreased from $17,500 to $19,500 per kilogram in December 2008 to $13,800 to $14,000 per kilogram in December 2009. The increase in ice methamphetamine availability is the result of increased methamphetamine production in Mexico. Mexican DTOs have adjusted to the government of Mexico (GOM) restrictions on precursor materials by smuggling ephedrine and pseudoephedrine from India, China, and South American countries such as Argentina and Bolivia. As a result, methamphetamine laboratory seizures in Mexico increased nearly 279 percent from 2008 (47) through November 2009 (178). Concurrently, as Mexican methamphetamine availability in the region increased, methamphetamine laboratory seizures in the region decreased 49 percent in 2009 (25 laboratories) when compared with 2008 (49 laboratories). (See Table 2 on page 5.)

Table 1. Illicit Drugs Seized in the Los Angeles HIDTA Region, in Kilograms, 2005–2009

<table>
<thead>
<tr>
<th>Drug Type</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>Percentage Change 2008 to 2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Marijuana</td>
<td>72,191</td>
<td>30,431</td>
<td>64,913</td>
<td>202,991</td>
<td>111,141</td>
<td>-45%</td>
</tr>
<tr>
<td>Cocaine</td>
<td>4,062</td>
<td>4,461</td>
<td>2,367</td>
<td>6,042</td>
<td>2,317</td>
<td>-62%</td>
</tr>
<tr>
<td>Powder</td>
<td>4,024</td>
<td>4,310</td>
<td>2,241</td>
<td>5,970</td>
<td>2,317</td>
<td>-62%</td>
</tr>
<tr>
<td>Crack</td>
<td>38</td>
<td>151</td>
<td>126</td>
<td>72</td>
<td>0</td>
<td>-100%</td>
</tr>
<tr>
<td>Methamphetamine</td>
<td>2,229</td>
<td>733</td>
<td>465</td>
<td>2,059</td>
<td>957</td>
<td>-54%</td>
</tr>
<tr>
<td>Powder</td>
<td>1,943</td>
<td>257</td>
<td>94</td>
<td>1,513</td>
<td>0</td>
<td>-100%</td>
</tr>
<tr>
<td>Ice</td>
<td>286</td>
<td>476</td>
<td>368</td>
<td>546</td>
<td>957</td>
<td>+76%</td>
</tr>
<tr>
<td>PCP (liquid gallons)</td>
<td>23</td>
<td>314</td>
<td>75</td>
<td>69</td>
<td>37</td>
<td>-46%</td>
</tr>
<tr>
<td>Heroin</td>
<td>15</td>
<td>83</td>
<td>56</td>
<td>63</td>
<td>149</td>
<td>+137%</td>
</tr>
<tr>
<td>MDMA (dosage units)</td>
<td>46</td>
<td>144</td>
<td>176,030</td>
<td>46,892</td>
<td>207,796</td>
<td>+343%</td>
</tr>
</tbody>
</table>

Source: Los Angeles High Intensity Drug Trafficking Area.

Wholesale cocaine quantities were widely available in 2009, compared with shortages reported in the region in 2007 and 2008. Consequently, wholesale prices for cocaine decreased from $22,000 to $26,000 per kilogram in December 2008 to $19,500 to $21,000 per kilogram in December 2009. Despite reported increases in cocaine availability, Los Angeles HIDTA initiatives report a 62 percent decrease in cocaine seizures in 2009 (2,317 kg) when compared with 2008 (6,042 kg). (See Table 1.) Law enforcement in the region reports that lower seizure numbers are the result of traffickers transporting smaller loads to minimize the potential loss, and a law enforcement focus on long-term investigations targeting methamphetamine traffickers.
Table 2. Small, Major, and Super Methamphetamine Laboratory Seizures in the Los Angeles HIDTA Region, 2006–2009*

<table>
<thead>
<tr>
<th>HIDTA Total</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Small</td>
<td>86</td>
<td>37</td>
<td>36</td>
<td>14</td>
</tr>
<tr>
<td>Major</td>
<td>7</td>
<td>5</td>
<td>6</td>
<td>5</td>
</tr>
<tr>
<td>Super</td>
<td>5</td>
<td>3</td>
<td>7</td>
<td>6</td>
</tr>
<tr>
<td>Total Seized</td>
<td>98</td>
<td>45</td>
<td>49</td>
<td>25</td>
</tr>
</tbody>
</table>

Source: Los Angeles High Intensity Drug Trafficking Area.

*Small laboratories are capable of producing less than 2 pounds of methamphetamine per production cycle. Major laboratories are capable of producing 2 to 9 pounds of methamphetamine per production cycle. Superlabs are capable of producing over 10 pounds of methamphetamine per production cycle.

Marijuana availability in the Los Angeles HIDTA region remains high despite a 45 percent decrease in HIDTA initiative marijuana seizures from 2008 to 2009. (See Table 1 on page 4.) Stable prices indicate that marijuana availability remained at high levels from 2008 through 2009. The decrease in seizures is partly the result of Mexican DTOs shipping smaller loads to minimize potential loss to seizure by law enforcement and the diversion of investigative resources to other priorities, such as Mexican methamphetamine trafficking organizations.

Heroin trafficking is increasing in the Los Angeles HIDTA region. Heroin seizures increased 137 percent from December 2008 (63 kg) to December 2009 (149 kg) (see Table 1 on page 4); wholesale prices for heroin also have decreased. Increased heroin availability is filling the higher demand for the drug by OxyContin abusers who are switching to heroin because of lower prices. Mexican black tar heroin is the most available, although other types, such as South American heroin and Mexican brown powder heroin, are also available in the region. Although uncommon, law enforcement reported a seizure of China White heroin\(^d\) and raw opium in 2009.

MDMA is increasingly available within the region. HIDTA initiatives resulted in a 343 percent increase in MDMA seizures from 2008 to 2009 (see Table 1 on page 4); wholesale prices for MDMA remained stable from 2008 to 2009. Asian and Vietnamese gangs that acquire the drug from Vancouver, British Columbia, Canada, control the distribution of MDMA, primarily in the Orange County area.

Los Angeles HIDTA initiative seizures of PCP declined in 2009 (see Table 1 on page 4). Wholesale prices decreased in 2009, indicating that PCP is still readily available in the region.

Drug Trafficking Organizations

Mexican DTOs and criminal groups pose the most formidable organizational drug threat to the Los Angeles HIDTA region. Los Angeles-based Mexican DTOs and criminal groups are closely aligned with the most significant drug cartels in western Mexico, principally the Tijuana and Sinaloa Cartels (see text box on page 6), and they successfully use these relationships to maintain control over the smuggling and wholesale distribution of illicit drugs into the region. Mexican DTOs and criminal groups in the region often exploit the region’s large Mexican illegal alien population for the riskier aspects of drug trafficking, typically using them to smuggle illicit drugs from Mexico or to tend cannabis grow sites or methamphetamine production operations. These well-integrated networks also forge relationships with members of other DTOs, criminal groups, street gangs, prison gangs, and outlaw motorcycle gangs (OMGs) that distribute significant quantities of illicit drugs at the retail level. In 2009, law enforcement officials supporting Los Angeles HIDTA initiatives disrupted 317 DTOs, up significantly from 305 DTOs in 2008 and 262 in 2007.

The number of street gangs, prison gangs, and OMGs that distribute illicit drugs at the retail level in the Los Angeles HIDTA region is among the largest in the United States. There are approximately 250 gangs with a combined membership of over 26,000 active in the city of Los Angeles alone. Most Hispanic street gangs in the region are affiliated with or controlled by the Mexican Mafia (La Eme) prison gang, which has well-documented ties to Mexican drug cartels. The

\(^d\) White powder heroin is generically and collectively referred to as China White. The generic use of the term “China White” has inadvertently contributed to the misperception that the term refers to heroin produced in Asia when, in fact, it refers only to the color of the heroin and not whether it was produced in Asia, Mexico, or South America.
larger, more powerful Hispanic street gangs affiliated with La Eme, such as Avenues, 18th Street, Florencia 13, and Varrio Hawaiian Gardens, also have established direct ties with Mexican DTO members to facilitate drug trafficking.

African American, Caucasian, Colombian, Dominican, Salvadoran, Canadian, Chinese, Jamaican, Vietnamese, and other Asian criminal groups and independent dealers also transport illicit drugs to the Los Angeles HIDTA region for distribution. However, the scope of their trafficking operations is minor in comparison with the operations of Mexican DTOs.

### The Tijuana Cartel’s Influence is Diminishing Within the LA HIDTA Region

The Tijuana Cartel has historically dominated the illicit drug trade in and through the Los Angeles HIDTA region. The organization smuggles cocaine, heroin, marijuana, and methamphetamine across the California–Mexico border into the LA HIDTA region for local distribution or transshipment throughout the United States. The arrests and/or deaths of key individuals have weakened the organization since 2003. The 2008 arrest of former cartel leader Eduardo Arellano-Félix precipitated an internal power struggle between cartel leader Fernando Sánchez-Arellano and recently apprehended Eduardo García-Simental, a former cartel lieutenant. This power struggle, combined with attempts by the Sinaloa Cartel\(^1\) to expand into the Tijuana area, has contributed to an escalation of violence in Tijuana and surrounding areas. The La Familia Michoacána DTO also recently aligned with the Sinaloa Cartel, adding to the rivalry against the Tijuana Cartel.

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1. The Sinaloa Cartel is made up of independent DTOs led by independent leaders Ismael Zambada-García, Ignacio Coronel-Villareal, and Juan José Esparragoza-Moreno, under the nominal leadership of Joaquín Guzmán Loera.

### Production

Increased methamphetamine production in Mexico and subsequent smuggling of the drug into the Los Angeles HIDTA region in 2009, reduced the need for local methamphetamine production. Data indicate that law enforcement officers seized fewer methamphetamine laboratories in the Los Angeles HIDTA region in 2009 (25) than in 2008 (49).\(^e\) (See Table 2 on page 5.) Most laboratories seized in the region are small-scale operations capable of producing less than 2 pounds of methamphetamine per production cycle. Seizures of major laboratories and superlabs decreased from 13 in 2008 to 11 in 2009 (See Table 2 on page 5.)

Los Angeles HIDTA initiatives report a 703 percent increase in the number of indoor cannabis plants seized in the region from 2008 to 2009. (See Table 3.) Asian DTOs and criminal groups are the principal operators of indoor cannabis grow operations that yield high-potency marijuana, often locating them in upscale homes in the region. Caucasian and Mexican DTOs and criminal groups also cultivate cannabis indoors in the region. The number of outdoor cannabis plants seized within the LA HIDTA region decreased 64 percent from 2008 to 2009. Mexican DTOs and criminal groups are the primary outdoor cannabis cultivators in the Los Angeles HIDTA region, usually operating grow sites on federal public lands in the San Bernardino, Cleveland, and Angeles National Forests.

Decreased PCP laboratory seizures in the Los Angeles HIDTA region indicate that PCP traffickers may have been producing the drug less frequently in 2009 than in 2008. (See Table 4 on page 7.) African American and Hispanic criminal groups and street gangs produce small amounts of PCP in the Los Angeles HIDTA region. They most often produce PCP in the Los Angeles, Compton, and North Long Beach areas of Los Angeles County for local and national-level distribution.

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### Table 3. Indoor and Outdoor Cannabis Plants Seized in the Los Angeles HIDTA Region, 2008–2009

<table>
<thead>
<tr>
<th>Plants seized</th>
<th>Indoor</th>
<th>Outdoor</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>641</td>
<td>173,016</td>
<td>173,657</td>
</tr>
<tr>
<td>2009</td>
<td>5,150</td>
<td>63,028</td>
<td>68,179</td>
</tr>
<tr>
<td>% Change</td>
<td>+703</td>
<td>-64</td>
<td>-61</td>
</tr>
</tbody>
</table>

Source: Los Angeles High Intensity Drug Trafficking Area.

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\(e\). These figures do not include the number of chemical, equipment, or dumpsite seizures, which are also associated with methamphetamine production.
Table 4. PCP Laboratory Seizures in the Los Angeles HIDTA Region by County, 2005–2009

<table>
<thead>
<tr>
<th>County</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Los Angeles</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>Orange</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Riverside</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>San Bernardino</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>2</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>5</strong></td>
<td><strong>3</strong></td>
<td><strong>2</strong></td>
<td><strong>3</strong></td>
<td><strong>2</strong></td>
</tr>
</tbody>
</table>


**Transportation**

Los Angeles-based Mexican DTOs and criminal groups use Mexican cartel-controlled plazas\(^f\) along the California–Mexico border to transport wholesale quantities of illicit drugs into the Los Angeles HIDTA region and to transport drug proceeds in the reverse direction. Once in southern California, these traffickers transport illicit drugs to and through the HIDTA region overland on Interstates 5 and 15. For example, on January 7, 2010, the North State Initiative California Multi-Jurisdictional Methamphetamine Enforcement Team seized 4 pounds of methamphetamine from a vehicle traveling north on I-5 through Shasta County, California. The drugs allegedly originated in Los Angeles and were being transported to Yakima, Washington.

According to data from the Los Angeles HIDTA Clearinghouse Domestic Highway Enforcement Unit (LA CLEAR), most of the drugs seized en route to or departing from the Los Angeles HIDTA region in 2009 were shipped in private vehicles (734), rental vehicles (205), and tractor-trailers (42). A significant number of these seizures (280) involved vehicles equipped with false compartments. Collectively, these highway seizures involved almost 70,261 pounds of marijuana (including some high-potency marijuana), 2,561 kilograms of cocaine, 1,037 pounds of methamphetamine, 78 kilograms of heroin, 1 gallon of PCP, and more than 1,143,527 MDMA tablets.\(^g\)

**Distribution**

Mexican DTOs and criminal groups control the wholesale distribution of illicit drugs in the Los Angeles HIDTA region. They supply illicit drugs to distributors within the region and in most other significant drug markets throughout the country, including those in Atlanta, Chicago, Cleveland, Denver, Las Vegas, Memphis, Miami, New York City, Omaha, Phoenix, Salt Lake City, Seattle, St. Louis, Tulsa, Yakima, and Washington, D.C. Mexican DTOs and criminal groups usually distribute their drug shipments quickly upon arrival in the Los Angeles HIDTA region; however, they may store drug shipments for up to a week in warehouses and other stash locations in and around the HIDTA region before repackaging the drugs for distribution. When their drug supplies cannot be immediately distributed, Mexican DTOs and criminal groups often store them in apartments, houses, and other secure locations in Mexico or in other areas outside the HIDTA region. Hispanic street gangs affiliated with Hispanic prison gangs are the primary retail distributors of powder and crack cocaine, Mexican black tar heroin, marijuana, ice methamphetamine, and PCP in the Los Angeles HIDTA region. African American and Caucasian criminal groups and independent dealers, prison gangs, OMGs, and various other criminal groups and independent dealers also distribute illicit drugs at the retail level in the region, albeit on a smaller scale.

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\(^f\) A plaza is a geographic area in which drug smuggling is controlled by a DTO.

\(^g\) Data include only those reported interdictions involving seizures submitted to LA CLEAR from agencies and HIDTAs throughout the United States that have a nexus to California.
Drug-Related Crime

Street gang drug-related crime poses a major public safety concern to law enforcement in the Los Angeles HIDTA region. Nearly half of the 700 murders in Los Angeles in 2008 and 2009 were reportedly gang-involved. Most street or prison gang-related crimes are attributed to turf battles over drug distribution territories. For example, the La Eme prison gang controls much of the Hispanic prison population as well as Hispanic street gang activities in metropolitan areas in the Los Angeles HIDTA region and in all of southern California. La Eme members and those who work on their behalf collect fees or taxes from Hispanic street gangs for the right to distribute drugs in specific neighborhoods. Hispanic street gang members also distribute illicit drugs, pay taxes to La Eme, and enforce La Eme rules through the use of threats and violence.

Abuse

Methamphetamine is the principal drug of abuse in the Los Angeles HIDTA region. Preliminary data from the California Outcomes Measurement System indicate that although the number of methamphetamine-related treatment admissions to publicly funded facilities in the HIDTA region decreased 32 percent from 2007 to 2009, admissions for methamphetamine were significantly higher than that for any other illicit drug. (See Table 5.) Marijuana was the second most popular drug of abuse during that same period. Although the number of heroin-related treatment admissions declined annually during this period, it is expected that such admissions will increase in the coming year as OxyContin abusers switch to cheaper and more readily available heroin. After remaining relatively stable for several years, the number of cocaine-related treatment admissions in the Los Angeles HIDTA region decreased 29 percent from 2007 to 2009.

<table>
<thead>
<tr>
<th>Drug</th>
<th>2007</th>
<th>2008</th>
<th>2009*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cocaine/crack</td>
<td>10,743</td>
<td>10,707</td>
<td>7,647</td>
</tr>
<tr>
<td>Heroin</td>
<td>15,220</td>
<td>15,395</td>
<td>13,417</td>
</tr>
<tr>
<td>Marijuana</td>
<td>14,776</td>
<td>16,070</td>
<td>15,195</td>
</tr>
<tr>
<td>Methamphetamine</td>
<td>29,113</td>
<td>24,563</td>
<td>19,685</td>
</tr>
</tbody>
</table>

Source: California Outcomes Measurement System.

*These are admission counts by drug type for the LA HIDTA region. These are preliminary 2009 data as of March 3, 2010.
Illicit Finance

Bulk cash smuggling is the primary method used by Mexican DTOs and other criminal groups to physically move drug proceeds into and from the Los Angeles HIDTA region. Bulk cash seizures in Southwest Border states that originated in the LA HIDTA region increased almost 24 percent in 2009 ($126,803,695) compared with 2008 ($102,633,167). Illicit drug proceeds generated throughout the rest of the United States also are subsequently transported to the region for consolidation by Mexican traffickers who either physically or electronically send them to Mexico to be laundered.

Mexican and Asian DTOs also exploit traditional financial institutions and money services businesses (MSBs) in the Los Angeles HIDTA region to electronically transfer drug proceeds to international locations, including Mexico and South America. These MSBs are located within the traffickers’ own communities throughout the HIDTA region. Some traffickers transfer funds using small, local businesses or commercial businesses such as Western Union; others maintain private transmittal businesses to further their criminal enterprises.

Some illicit funds are laundered through the Black Market Peso Exchange (BMPE). In a typical BMPE exchange, Colombian merchants purchase U.S. drug dollars in the United States from Colombian traffickers in Colombia. The merchants pay the traffickers with Colombian pesos. Agents or money brokers in the United States use the U.S. drug proceeds to pay for goods on behalf of the Colombian merchants. The goods are then transported to South America, where they are sold on the black market.

Outlook

NDIC analysts expect Mexican DTOs to continue their dominance over wholesale trafficking of cocaine, heroin, marijuana, and methamphetamine in the Los Angeles HIDTA region. Hispanic street gangs, closely affiliated with the La Eme prison gang, will maintain control over retail-level drug distribution throughout both urban and rural areas of the region. Drug-related crime in the region is expected to remain at high levels as street and prison gangs, DTOs, and criminal groups use violence to protect drug distribution operations and to intimidate competitors.

The availability of Mexican methamphetamine in the HIDTA region is expected to increase if Mexican producers can continue to circumvent restrictions on precursor chemicals required for methamphetamine production by smuggling ephedrine and pseudoephedrine into Mexico from Asian and South American countries. As such, methamphetamine prices will remain low, and the number of local methamphetamine laboratories needed to meet demand for the drug will continue to decrease. Higher cocaine availability is expected to translate into lower wholesale cocaine prices in the coming year. The availability of commercial-grade Mexican marijuana and locally produced, high-potency marijuana will remain at high levels, keeping prices stable. NDIC analysts expect the abuse of Mexican heroin to increase as more OxyContin abusers switch to cheaper and more available heroin.
Sources

Local, State, and Regional
California Crime Index
California Department of Justice
    Bureau of Narcotics Enforcement
    Criminal Intelligence Bureau
California Department of Toxic Substances
California Highway Patrol
California Methamphetamine Initiative
California Outcomes Measurement System
California Precursor Committee
California State Medical Board
California State Prison Board
Campaign Against Marijuana Planting
Los Angeles Police Department
    Asset Forfeiture Investigative Unit
    Los Angeles Interagency Metropolitan Police Apprehension Crime Task Force
Los Angeles Sheriff’s Department
Orange County Sheriff’s Department
Riverside County Probation Office
Riverside County Sheriff’s Office
Riverside District Attorney’s Office
Riverside Police Department
San Bernardino County Sheriff’s Office
San Diego Law Enforcement Coordination Center

Federal
Executive Office of the President
    Office of National Drug Control Policy
    High Intensity Drug Trafficking Area
    Los Angeles
        Investigative Support Center
        Inland Narcotics Clearing House
        Los Angeles Clearinghouse
        Domestic Highway Enforcement Unit
        Los Angeles Interagency Metropolitan Police Apprehension Crime Task Force
        Los Angeles Joint Drug Intelligence Group
        Los Angeles Regional Criminal Clearinghouse
        Los Angeles Regional Gang Information Network
Federal Trade Commission
    Identity Theft Victim Complaint Data
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
        Border Patrol Field Intelligence Center
    U.S. Immigration and Customs Enforcement
        San Diego
U.S. Department of Justice
    Drug Enforcement Administration
        El Paso Intelligence Center
        National Seizure System

Questions and comments may be directed to
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