U.S. Department of Justice
Drug Enforcement Administration

2017 NATIONAL DRUG THREAT ASSESSMENT

OCTOBER 2017
DEA-DCT-DIR-040-17

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Drug Enforcement Administration

2017 National Drug Threat Assessment

This product was prepared by the DEA Strategic Intelligence Section. Comments and questions may be addressed to the Chief, Analysis and Production Section, at DEAIntelPublications@usdoj.gov.

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Letter from the Acting Administrator

I am pleased to present the *2017 National Drug Threat Assessment (NDTA)*, a comprehensive strategic assessment of the threats posed to our communities by transnational criminal organizations and the illicit drugs they distribute throughout the United States.

Produced in partnership with local, state, tribal, and federal agencies, and intergrating the most recently available reporting from law enforcement, intelligence, and public health agencies, this annual assessment provides policy makers, law enforcement personnel, and prevention and treatment specialists with relevant strategic drug intelligence to assist in formulating counterdrug policies, establishing law enforcement priorities, and allocating resources.

My thanks to all participants agencies and organizations whose contributions continue to make possible this vital report. Your views and opinions are important and help us to best meet the needs of the law enforcement and intelligence communities. My colleagues at DEA look forward to collaborating on future high-priority strategic counterdrug initiatives that impact our national security interests, at home and abroad.

Respectfully,

Chuck Rosenberg
Acting Administrator
Drug Enforcement Administration

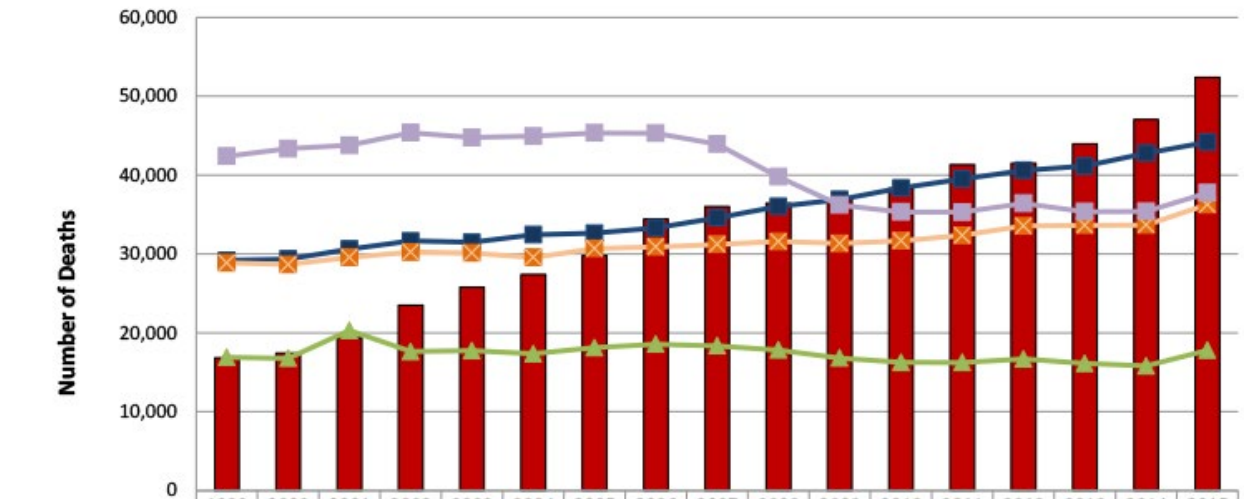

Drug Enforcement Administration
CORE VALUES
RULE OF LAW
Dedication to upholding the Constitution of the United States and the Rule of Law.
RESPECT & COMPASSION
Respect and compassion for those we protect and serve.
SERVICE
Faithful and effective service to our country and its citizens.
DEVOTION
Devotion to our core mission of enforcing the nation's drug laws and enhancing public health, safety, and national security.
INTEGRITY
Uncompromising personal, professional, and institutional integrity.
ACCOUNTABILITY
Accountability to ourselves, our agency, and those we serve.
LEADERSHIP & COURAGE
Leadership and courage in our profession, communities, and lives.
DIVERSITY
Commitment to diversity and excellence.

Executive Summary

The 2017 National Drug Threat Assessment (NDTA)[1] is a comprehensive strategic assessment of the threat posed to the United States by domestic and international drug trafficking and the abuse of illicit drugs. The report combines federal, state, local and tribal law enforcement reporting; public health data; open source reporting; and intelligence from other government agencies to determine which substances and criminal organizations represent the greatest threat to the United States.

Over the past 10 years, the drug landscape in the United States has shifted, with the opioid threat (controlled prescription drugs, synthetic opioids, and heroin) reaching epidemic levels, impacting significant portions of the United States. While the current opioid crisis has deservedly garnered significant attention, the methamphetamine threat has remained prevalent; the cocaine threat appears to be rebounding; new psychoactive substances (NPS) continue to be a challenge; and the focus of marijuana enforcement efforts continues to evolve. Drug poisoning deaths are the leading cause of injury death in the United States; they are currently at their highest ever recorded level and, every year since 2011, have outnumbered deaths by firearms, motor vehicle crashes, suicide and homicide. In 2015, approximately 140 people died every day from drug poisoning (see Figure 1).

Figure 1. Number of Injury Deaths by Drug Poisoning, Suicide, Homicide, Firearms, and Motor Vehicle Crashes in the United States, 1999 – 2015.[2]



	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Drug Poisoning	16,849	17,415	19,394	23,518	25,785	27,424	29,813	34,425	36,010	36,450	37,004	38,329	41,340	41,502	43,982	47,055	52,404
Suicide	29,199	29,350	30,622	31,655	31,484	32,439	32,637	33,300	34,598	36,035	36,909	38,364	39,518	40,600	41,149	42,773	44,193
Homicide	16,889	16,765	20,308	17,638	17,732	17,357	18,124	18,573	18,361	17,826	16,799	16,259	16,238	16,688	16,121	15,809	17,793
Firearms	28,874	28,663	29,573	30,242	30,136	29,569	30,694	30,896	31,224	31,593	31,347	31,672	32,351	33,563	33,636	33,674	36,252
MV Crashes	42,401	43,354	43,788	45,380	44,757	44,933	45,343	45,316	43,945	39,790	36,216	35,332	35,303	36,415	35,369	35,398	37,757

Source: Centers for Disease Control Prevention

[1] Analyst Note: The information in this report is current as of August 2017.

[2] Injury deaths may be counted multiple times due to categories overlapping.

Mexican Transnational Criminal Organizations (TCOs): Mexican TCOs remain the greatest criminal drug threat to the United States; no other group is currently positioned to challenge them. These TCOs maintain territorial influence over large regions in Mexico used for the cultivation, production, importation, and transportation of illicit drugs.

Colombian TCOs: Colombian TCOs maintain control over the production and supply of cocaine to Mexican TCOs. Smaller Colombian TCOs maintain direct cocaine and heroin pipelines into the United States through couriers and maritime trafficking, as well as air cargo on commercial flights. Some Colombian TCOs also maintain a U.S.-presence to assist in the laundering of illicit proceeds.

Dominican TCOs: Dominican TCOs are mainly active on the East Coast, where they work in collaboration with other TCOs, such as Mexican TCOs, to receive their wholesale illicit drug supply. Some U.S.-based Dominican TCOs receive direct supplies of cocaine and heroin, generally small quantities, from local TCOs in the Dominican Republic.

Asian TCOs: Asian TCOs are primarily active on the East Coast and West Coast of the United States, with distribution networks stretching across other parts of the country. Asian TCOs are involved with marijuana and 3,4-Methylenedioxymethamphetamine (MDMA, commonly known as ecstasy) drug trafficking operations.

Gangs: Regional and national-scale gang alliances, such as prison-based gangs, are closely associated with Mexican TCOs, and have expanded their control over the drug-trafficking conducted by criminal street gangs in their respective territories. National, transnational, and prison gangs now significantly impact the domestic distribution of illicit drugs throughout the United States. Street gangs' major source of income remains illegal drug trafficking, while the associated violence and drug addiction threaten community safety across the United States.

Controlled Prescription Drugs (CPDs): CPD-involved overdose deaths have outpaced those for cocaine and heroin since 2002. Although recent data suggests abuse of these drugs has lessened in some areas, more individuals report current abuse of CPDs than report the same for cocaine, heroin, methamphetamine, MDMA, and phencyclidine (PCP) combined.

Heroin: The population using heroin, the number of heroin seizures by law enforcement, and the number of heroin-related overdose deaths have increased as heroin availability has increased. Opium poppy cultivation and heroin production in Mexico, believed to be the primary source of heroin for the U.S. market, have continued to surge, providing traffickers a steady stream of high-purity, low-cost heroin to market throughout the United States.

Fentanyl and Other Synthetic Opioids: Illicit fentanyl and other synthetic opioids — primarily sourced from China and Mexico and shipped directly to the United States or trafficked overland via Mexico and Canada — are contributing factors in the current synthetic opioid overdose epidemic. Traffickers in the United States usually mix fentanyl into heroin products and sometimes other illicit drugs, or press it into counterfeit prescription pills, often without users' awareness, which leads to overdose incidents.

Methamphetamine: Methamphetamine remains a prevalent threat, with most of the methamphetamine available in the United States being produced in Mexico and smuggled across the Southwest Border (SWB). Domestic production continues to occur at much lower levels than in Mexico, and seizures of domestic methamphetamine laboratories have declined.

Cocaine: Cocaine availability and use in the United States are rebounding, with some domestic cocaine data sets reaching or surpassing 2007 benchmark levels. In addition, coca cultivation and cocaine production in Colombia, the primary source of supply for cocaine in the United States, continue to increase.

Marijuana: Marijuana production in the United States has increased. User demand for

concentrated forms of marijuana continues, and the national discussion surrounding marijuana enforcement efforts continues to evolve. Chemical explosions associated with illicit marijuana concentrate production continue to be a threat to innocent civilians and first responders.

New Psychoactive Substances (NPS): The NPS most commonly abused in the United States include synthetic cannabinoids and cathinones, which are available from China and packaged into a variety of forms domestically. Traffickers continue to modify NPS' chemical formulas to create new substances to circumvent controls and expand their market.

Illicit Finance: Primary methods for laundering illicit proceeds have remained the same over the past several years and include: bulk cash smuggling, trade-based money laundering, money value transfer systems, and laundering through the formal banking sector. Emerging as a money laundering threat, virtual currencies, such as Bitcoin, enable TCOs to easily transfer illicit proceeds internationally.

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TRANSNATIONAL CRIMINAL ORGANIZATIONS

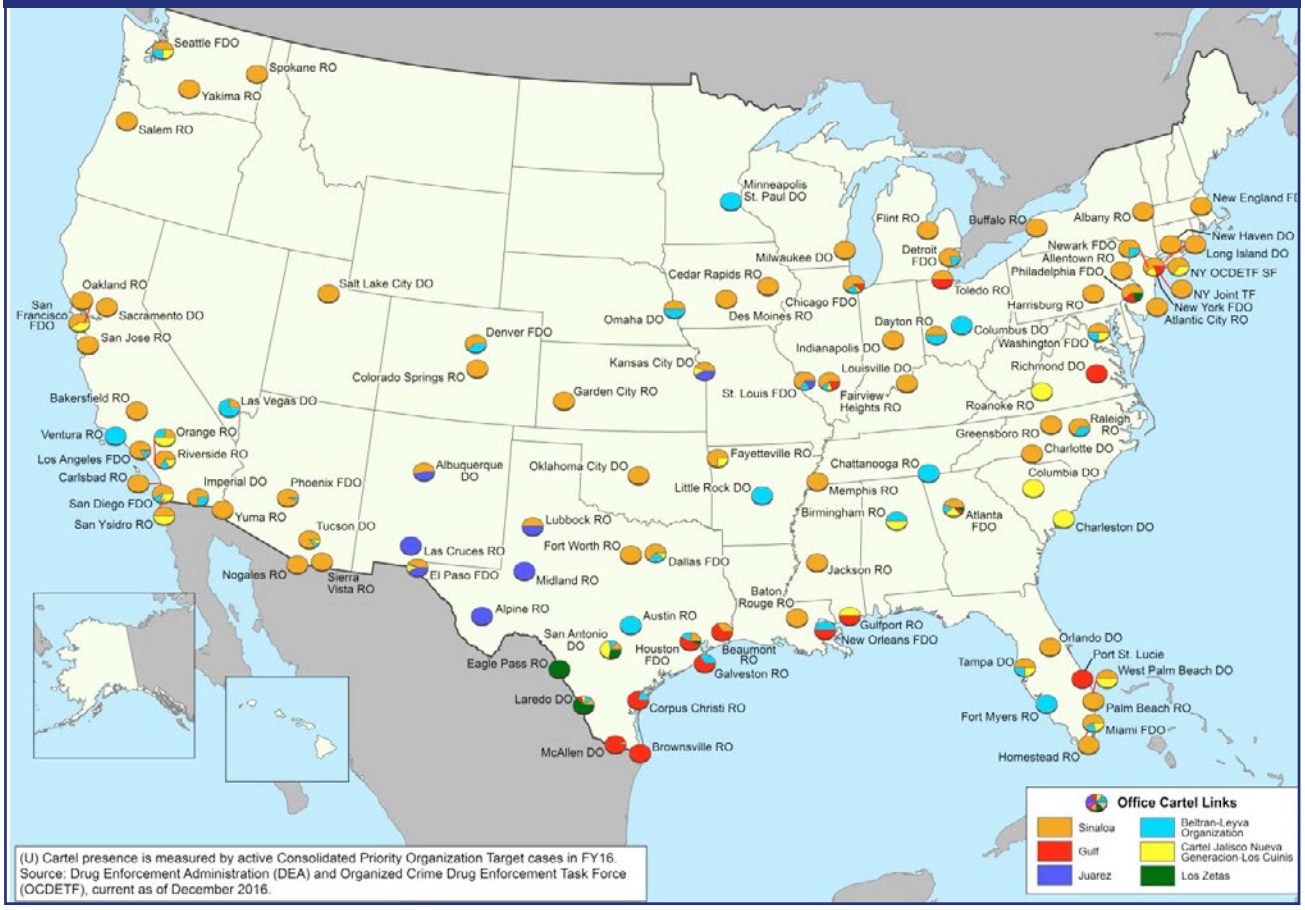
Mexican Transnational Criminal Organizations

Overview

Mexican TCOs maintain the greatest drug trafficking influence in the United States, with continued signs of growth and expansion (see Figure 2). By controlling lucrative smuggling corridors, primarily across the SWB, Mexican TCOs export significant quantities of heroin, cocaine, methamphetamine, marijuana, and possibly fentanyl into the United States annually. Once these illicit drugs are smuggled into the U.S., they are delivered to user markets in the United States through transportation routes and distribution cells that are managed or influenced by Mexican TCOs.

- Over the past several years, Mexican TCOs have expanded their sphere of influence into different regions of the United States, including the New England area. These TCOs are moving to expand their share of the market, especially in heroin and methamphetamine.
- The most significant illicit drug threat posed to the greater Chicago area is by Mexican TCOs, which dominate the wholesale supply of methamphetamine, cocaine, Mexican-grown marijuana, and heroin in this area. At this time there do not appear to be any viable competitors

Figure 2. Areas of Influence of Major Mexican TCOs.
FDO - Division | DO - District Office | RO - Resident Office



Source: DEA

to Mexican TCOs for control of the wholesale drug supply to the Chicago area. To move drug shipments to Chicago, Mexican TCOs employ intermediaries who oversee shipments across the SWB, and facilitate sales to wholesale and mid-level clients.

- Mexican TCOs based along SWB states are the principal suppliers of crystal methamphetamine to the Washington DC region. These Mexican TCOs control the transportation of methamphetamine to the area, and dominate distribution at the wholesale level.
- Mexican TCOs are the most prominent wholesale heroin sources of supply throughout the state of Georgia.

Most Significant Mexican TCOs Currently Active in the United States

The drug trafficking landscape in Mexico is in constant flux with new organizations emerging as offshoots from previously established TCOs. As of 2016, the Drug Enforcement Administration (DEA) assesses the following six Mexican TCOs, as depicted in Figures 3-8, hold the greatest drug trafficking impact on the United States: Sinaloa Cartel, Jalisco New Generation Cartel (Cartel Jalisco Nueva Generación, or CJNG), Juarez Cartel, Gulf Cartel, Los Zetas Cartel, and Beltran-Leyva Organization. Each of these TCOs maintains drug distribution cells in designated cities across the United States that either report directly to TCO leaders in Mexico or indirectly through intermediaries. While the Knights Templar (Los Caballeros Templarios or LCT) is still regarded as a viable TCO in Mexico, DEA assesses it does not have a major impact on the drug trafficking landscape within the United States. The following is a background on each of the six major Mexican TCOs, with examples of their drug trafficking impact on distinct U.S. cities:

Figure 3. Sinaloa Cartel Leadership.

Joaquín Archivaldo Guzmán-Loera, alias El Chapo	Ismael Zambada-García, alias Mayo	Damaso Lopez-Nuñez,alias El Licenciado	Rafael Caro-Quintero

Source: DEA

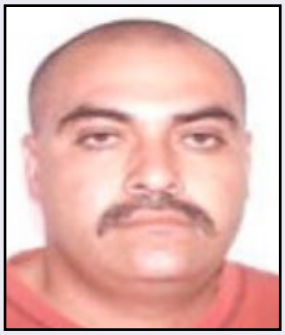
Sinaloa Cartel – The Sinaloa Cartel is one of the oldest and more established drug trafficking organizations in Mexico. Though its birthplace and stronghold is the Mexican State of Sinaloa, the Sinaloa Cartel controls drug trafficking activity in various regions in Mexico, particularly along the Pacific Coast. Additionally, it maintains the most expansive international footprint compared to other Mexican TCOs. The Sinaloa Cartel exports and distributes wholesale amounts of methamphetamine, marijuana, cocaine, and heroin in the United States by maintaining distribution hubs in cities that include Phoenix, Los Angeles, Denver, and Chicago. Illicit drugs distributed by the Sinaloa Cartel are primarily smuggled into the United States through crossing points located along Mexico's border with California, Arizona, New Mexico, and west Texas.

- Sinaloa Cartel leaders operating under the wing of Joaquin Guzman-Loera, Ismael Zambada-Garcia, and Rafael Caro-Quintero maintain cell heads in Phoenix, Arizona to oversee the distribution of illegal drugs in the region.1 Cell heads also coordinate the transportation of illegal drugs from Phoenix to various U.S. cities where cell heads are responsible for receiving and distributing the shipments in each city.

Figure 4. Jalisco New Generation Cartel Leadership.

Nemesio Oseguera-Cervantes, alias Mencho

Abigael González-Valencia, alias El Cuini



Jorge Luis Mendoza-Cardenas, alias La Garra

Source: DEA

Jalisco New Generation Cartel – CJNG is the most recently formed of the six TCOs, though one of the most powerful and fastest growing in Mexico and the United States. In the 2016 NDTA, DEA reported 26 active investigations linked to CJNG hierarchy, while in 2017, the number of active investigations increased to 46 (see Figure X). Based in the State of Jalisco, particularly its capital city of Guadalajara, CJNG has quickly grown in prominence after splintering from the Sinaloa Cartel in July 2010. Much like the Sinaloa Cartel, CJNG is a poly-drug trafficking organization dealing in wholesale amounts of primarily methamphetamine, but also cocaine, heroin, and marijuana. CJNG smuggles illicit drugs into the United States by accessing various trafficking corridors along the SWB to include Tijuana, Juarez, and Nuevo Laredo. CJNG's rapid expansion of their drug trafficking activities is characterized by the organization's willingness to engage in violent confrontations with Mexican Government security forces and rival cartels. CJNG has drug distribution hubs in the U.S. cities of Los Angeles, New York, and Atlanta.

- CJNG members export multi-hundred kilogram quantities of methamphetamine into California from Guadalajara, Mexico through crossing points in Tijuana, destined for distribution hubs in Los Angeles and San Jose, California.

Figure 5. Juarez Cartel Leadership.

Jesus Salas Aguayo, alias Chuyin

Carlos Arturo Quintana-Quintana, alias Ochenta

Julio César Olivas-Torres, alias Sexto

Source: DEA

Juarez Cartel – The Juarez Cartel is one of the older and more traditional Mexican TCOs. The Mexican State of Chihuahua, south of west Texas and New Mexico, represents the traditional area of operation of the Juarez Cartel. The Juarez Cartel endured a multi-year turf war with the Sinaloa Cartel, which, at its height in mid-2010, resulted in many drug-related murders in Chihuahua. Though not as expansive as its rival, Sinaloa Cartel, the Juarez Cartel continues to impact United States drug consumer markets primarily in El Paso, Denver, Chicago, and Oklahoma City. The Juarez Cartel mainly traffics marijuana and cocaine though recently it has expanded to heroin and methamphetamine distribution in the United States. Recent law enforcement reporting indicates opium cultivation overseen by the Juarez Cartel has increased significantly in the State of Chihuahua since 2013, outpacing marijuana cultivation in some regions.

- The Juarez Cartel smuggles multi-hundred kilogram quantities of cocaine and multi-ton quantities of marijuana monthly through the El Paso/Juarez area and rural regions west to Palomas (south of Columbus, New Mexico) and east to Ojinaga (south of Presidio, Texas) in the State of Chihuahua, destined for the United States.

Figure 6. Gulf Cartel Leadership.

Juan Manuel Loza-Salinas, alias El Toro

José Antonio Romo-López, alias Don Chucho

Jose Alfredo Cardenas-Martinez, alias Contador

Source: DEA

Gulf Cartel – The Gulf Cartel is another long-standing Mexican TCO that has been in operation for numerous decades, although it has recently lost strength and has experienced rapid turnover in leadership. With a traditional power base in the Mexican State of Tamaulipas, the Gulf Cartel concentrates primarily on marijuana and cocaine trafficking but has also recently expanded into heroin and methamphetamine. Due to its influence over areas in northeast Mexico, the Gulf Cartel smuggles a majority of its drug shipments into South Texas through the border region between the Rio Grande Valley and South Padre Island. The Gulf Cartel holds key distribution hubs in Houston, Detroit, and Atlanta.

- A ranking member of the Gulf Cartel in Monterrey, Mexico coordinates a weekly shipment of 100 kilograms of cocaine through the Rio Grande Valley to Houston, Texas where a relative of the member, acting in a cell head capacity, assumes responsibility of its distribution.

Figure 7. Los Zetas Cartel Leadership.

Óscar Omar Treviño-Morales, alias Z-42

Juan Francisco Treviño-Chávez, alias Kiko

Juan Gerardo Treviño-Chávez, alias Huevo

Source: DEA

Los Zetas Cartel – Los Zetas formed as an independent cartel in early 2010 when it officially splintered from the Gulf Cartel. At the time of the rupture, Los Zetas controlled drug trafficking in large parts of eastern, central, and southern Mexico. However, due to pressure from rival cartels, Mexican law enforcement, and internal conflicts, the influence of Los Zetas has lessened significantly in recent years. Los Zetas are currently divided into two rival factions – the Northeast Cartel (Cartel del Noreste, or CDN), representing a rebranded form of mainstream Zetas, and the Old School Zetas (Escuela Vieja or EV), which is a breakaway group. Members of Los Zetas smuggle the majority of their illicit drugs through the border area between Del Rio and Falcon Lake, Texas, with a base of power in Nuevo Laredo, Mexico. Los Zetas' members currently traffic cocaine, heroin, methamphetamine, and marijuana through distribution hubs in Laredo, Dallas, New Orleans, and Atlanta.

- While the arrests of high ranking Los Zetas' leaders diminished the organization's operations in Laredo, trafficking activities through the Nuevo Laredo corridor reportedly increased. This is likely due to independent traffickers taking advantage of the reduced command and control of Los Zetas in the area due to the infighting.

Figure 8. Beltran-Leyva Cartel Leadership.

Fausto Isídro Meza-Flores, alias Chapo Isidro

Juan Francisco Patrón-Sánchez, alias H2

Jose Luis Ruelas-Torres

Source: DEA

Beltran-Leyva Organization (BLO) – The BLO asserted its independence after the Beltran-Leyva brothers (Alfredo Beltran-Leyva, Arturo Beltran-Leyva, Carlos Beltran-Leyva and Hector Beltran-Leyva) and their network of drug trafficking associates split from the Sinaloa Cartel in 2008. Though all the Beltran-Leyva brothers have now been killed or arrested, remnants of their organization continue to operate in various parts of Mexico, to include the States of Guerrero, Morelos, Nayarit, and Sinaloa. While these splinter groups function autonomously, they are still regarded as being under the general umbrella of BLO, although they are often in conflict with each other. The most prominent of these subgroups are Los Rojos, Los Guerreros Unidos, the Chapo Isidro Organization, and Los Mazatlecos. BLO subgroups rely on their alliance with CJNG, the Juarez Cartel, and Los Zetas for access to drug smuggling corridors along the SWB. BLO members primarily traffic marijuana, cocaine, heroin, and methamphetamine, and maintain distribution centers in Phoenix, Los Angeles, Chicago, and Atlanta.

Structure and Characteristics

Mexican TCO activity in the United States is mainly overseen by Mexican nationals or U.S. citizens of Mexican origin. U.S.-based TCO members of Mexican nationality enter the United States legally and illegally with TCO members often seeking to conceal themselves within densely-populated Mexican-American communities in the United States. Mexican TCO members operating in the United States often share familial ties with, or can be traced back to, the natal region of leading cartel figures in Mexico. U.S.-based TCO members may reside in the United States prior to being employed by a Mexican TCO. In some cases, U.S.-based TCO members are given high-ranking positions within the organization upon returning to Mexico after years of successful activity in the United States.

Operational Structure in the United States

U.S.-based Mexican TCOs are composed of various compartmentalized cells assigned with specific functions such as distribution, transportation, consolidation of drug proceeds, and money laundering. Mexican TCO operations in the United States typically function as a supply chain; operators in the chain are aware of their specific function, but are unaware of other aspects of an operation. In most cases, individuals hired to transport drug shipments within the United States are independent, third-party contractors who may be working for multiple Mexican TCOs.

Relationship with Local Criminal Groups and Street Gangs

U.S.-based Mexican TCO members generally coordinate the transportation and distribution of bulk wholesale quantities of illicit drugs to U.S. markets while retail-level distribution is mainly handled by smaller local groups and street gangs not directly affiliated with Mexican TCOs. In some scenarios, Mexican TCOs collaborate with local criminal groups and gangs across the United States to distribute and transport drugs at the retail-level.

- A local street gang in South Texas collaborated with high-ranking members of the Gulf Cartel to distribute illegal drugs and carry out acts of violence against cartel targets throughout the United States.

Los Guerreros Unidos (LGU)

Despite its short history, LGU has evolved into a Mexican TCO of growing concern, with a drug distribution network spanning several major cities in the United States. LGU surfaced as an independent TCO in 2011 as a result of continued disruptions within the BLO. LGU's drug trafficking influence currently encompasses several municipalities within the Mexican tristate area of Guerrero, Mexico, and Morelos. Although not as expansive as other TCOs, areas in Mexico in which the LGU operates are strategically located along recognized heroin trafficking routes. LGU maintains an extensive network in the United States to transport and distribute illicit drugs (primarily heroin) through southern, mid-western, and eastern states.

Drug Smuggling and Transportation Methods

Mexican TCOs transport the majority of illicit drugs into the United States across the SWB using a wide array of smuggling techniques. The most common method employed by these TCOs involves transporting illicit drugs through U.S. ports of entry (POEs) in passenger vehicles with concealed compartments or commingled with legitimate goods on tractor trailers. Additionally, Mexican TCOs transport illicit drugs, such as methamphetamine and cocaine, dissolved in liquid solutions, across the SWB. Once across the border, Mexican TCOs coordinate for illicit drug shipments to be divided into smaller shipments and sent to distribution points throughout the United States.

- Crystal methamphetamine is primarily produced by Mexican nationals operating "super labs" in Mexico, and is often shipped to the New York City area through the SWB by vehicles, couriers, and parcel delivery services. Mexican TCOs use well-established routes, and also commingle methamphetamine with other drugs, such as heroin, being shipped to the area.
- Mexican TCOs have established routes for the transportation of South American and Mexican white heroin into Pittsburgh. Heroin shipments are sent via couriers on passenger buses to Pittsburgh. Law enforcement reporting indicates New Jersey serves as a transshipment point for heroin and fentanyl shipments originating in Mexico and destined for Pittsburgh consumer markets.
- In northwest Indiana, Mexican TCOs control the transportation and bulk sale of cocaine that is transported from Chicago, Illinois or directly from the SWB to the Merrillville area in tractor trailers and cars equipped with concealment compartments known as "traps." Drug proceeds in bulk cash form are returned to Mexico in the same manner.

Other cross-border smuggling techniques employed by Mexican TCOs include the use of subterranean tunnels, which originate in Mexico and often lead into safe-houses on the U.S. side of the border. Underground tunnels are mainly used to smuggle ton quantities of marijuana, though there are instances of other illicit drugs commingled in shipments. Tunnels seized and destroyed on the SWB are primarily found in California and Arizona, and are generally associated with the Sinaloa Cartel. Since 1990 and as of January 2017, a total of 232 tunnels have been discovered along U.S. borders: 231 on the SWB and one on the Northern Border (195 of these combined tunnels actually crossed into the United States). In Fiscal Year (FY) 2016, nine tunnels were discovered by U.S. and Mexican authorities compared to eight tunnels found in FY 2015.

- In October 2016, Mexican authorities discovered an underground drug smuggling tunnel at an ice-making business facility in the Tijuana airport, which connected to San Diego. As a result, Mexican authorities reported the seizure of 2,371 kilograms of marijuana.

Mexican TCOs also transport illicit drugs to the United States aboard commercial cargo trains and passenger buses. To a lesser extent, Mexican TCOs use maritime vessels off the coast of California. Mexican TCOs also rely on traditional drug smuggling methods, such as the use of backpackers, or "mules," on

clandestine land trails to cross remote areas of the SWB into the United States. This method often includes a network of scouts strategically positioned along the SWB to detect and counter U.S. interdiction efforts.

- Mexican TCOs utilize remote, inhospitable desert valleys located between POEs as drug smuggling crossing points. One of these locations is the West Desert corridor, which drug smuggling groups use to transport illicit drugs via off-road vehicles and backpackers to Phoenix and Tucson for further distribution.

Mexican TCOs exploit various aerial methods to transport illicit drugs across the SWB. These methods include the use of ultralight aircraft and unmanned aerial systems (UASs), or "drones," to conduct air drops. Ultralights are primarily used to transport marijuana shipments, depositing the drugs in close proximity to the SWB. Currently, UASs can only convey small multi-kilogram amounts of illicit drugs at a time and are therefore not commonly used, though there is potential for increased growth and use. Mexican TCOs also use UASs to monitor the activity of U.S. law enforcement along the SWB to identify cross-border vulnerabilities.

- Drug Smuggling: In January 2016, U.S. Customs and Border Protection (CBP) agents seized 30.8 pounds of marijuana packaged in three bundles that had been dropped near the San Luis, Arizona area by an octocopter-style drone after illegally entering U.S. airspace from San Luis Rio Colorado, Mexico.

- Surveillance: According to CBP and Department of Homeland Security (DHS) reporting, between 2015 to mid-2016, multiple incidents occurred in which small drones equipped with (still and video) cameras were used by drug trafficking organizations (DTOs) to conduct surveillance on U.S. and Mexican law enforcement personnel. The majority of these reported incidents occurred in the Rio Grande Valley, while two incidents occurred along the Arizona–Sonora border.

Spillover Violence

Unlike their counterparts, U.S.-based Mexican TCO members strive to maintain low visibility and generally refrain from inter-cartel violence so as to avoid law enforcement detection and scrutiny. While drug-related murders have reached epidemic proportions in Mexico in recent years, this phenomenon has not translated into spillover violence in the United States. Mexican TCO-related acts of violence do occur in parts of the United States, particularly along the SWB; however, they are less frequent and mainly associated with trafficker-on-trafficker incidents, and therefore do not represent a significant trend of concern at this time.

- In 2016, three men were convicted and sentenced for their role in the May 2013 homicide of Juan Guerrero-Chapa, an attorney for Osiel Cardenas-Guillen, the former Gulf Cartel leader currently incarcerated in the United States. According to prosecutors, the three men of Mexican origin, acted on instructions from a Mexican TCO leader in Nuevo Leon, Mexico, to identify the whereabouts of Guerrero-Chapa in a suburb of Dallas, Texas, and to direct unidentified hit-men (sent from Mexico) to carry out the murder.

Outlook

Mexican TCOs will most likely continue to maintain a dominant influence over the wholesale importation and distribution of marijuana, cocaine, methamphetamine, and heroin in U.S. markets in the near term. No other criminal organization currently possesses a logistical infrastructure at the national level that can rival Mexican TCO dominance over the U.S. drug trade. It is anticipated that Mexican TCOs will continue to grow in the United States through expansion of distribution networks and interaction with local criminal groups and gangs. This relationship will insulate Mexican TCOs from direct ties to street-level drug and money seizures and drug-related arrests made by U.S. law enforcement.

Colombian Transnational Criminal Organizations

Overview

Colombian TCOs continue to impact the U.S. illicit drug market, though to a lesser extent than in the 1980s and 1990s. The demise of the larger, structured Colombian criminal enterprises of the past decades such as the Medellin, Cali, and Norte del Valle Cartels, resulted in Mexican TCOs taking over the role of principal exporters of wholesale cocaine into U.S. markets. According to DEA's Cocaine Signature Program (CSP), the majority of the cocaine smuggled into the United States by Mexican TCOs is of Colombian origin. While Mexican TCOs dominate the wholesale distribution of Colombian cocaine in the United States, Colombian TCOs continue to control its production and supply. For the most part, large-scale Colombian TCOs work closely with Mexican and Central American TCOs to export ton quantities of cocaine out of Colombia every year. Some smaller Colombian TCOs also continue to maintain direct cocaine and heroin pipelines, for small amounts, into the United States through couriers on commercial flights and air cargo. Colombian TCO members also maintain a physical presence in the United States to assist in laundering drug proceeds.

Large-scale Colombian TCOs

In 2016, the Colombian drug trade was dominated by several Criminal Bands (Bandas Criminales or BACRIM), in addition to the Revolutionary Armed Forces of Colombia (Fuerzas Armadas Revolucionarias de Colombia or FARC) (see Figures 9 and 10). The BACRIMs, composed primarily of demobilized members of the United Self-Defense Forces of Colombia (Autodefensas Unidas de Colombia or AUC), are presently allied and working in partnership with the FARC. Mexican TCOs purchase multi-ton quantities of cocaine and multi-kilogram amounts of heroin from larger-scale Colombian TCOs, who export those narcotics to Central America and Mexico for eventual smuggling into the United States. Additionally, Colombian TCOs route cocaine and heroin shipments through the Caribbean where local TCOs receive and transport them into the United States. The most significant Colombian TCOs with an impact on U.S. drug markets are:

Figure 9. Gulf Clan Leadership.

Dairo Antonio Úsuga-David, alias Otoniel

José Antonio Romo-LóCarlos Antonio Moreno-Tuberquia, alias Nicolas

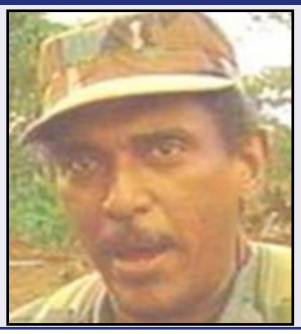
Roberto Vargas Gutiérrez, alias Gavilán

Source: DEA

Gulf Clan – The Gulf Clan, also known as Los Urabeños, Clan del Golfo, and Clan Úsuga, has evolved into the largest BACRIM in Colombia with a cohesive national presence. Where other TCOs operate as a coalition of multiple smaller groups sharing a common objective, the Gulf Clan functions as a highly-structured and centralized criminal enterprise. The Gulf Clan is a modern-day offshoot of the now-defunct AUC, a paramilitary group formed in the 1990s to combat the threat of Marxist guerillas. Similar to the AUC model, the Gulf Clan relies on drug trafficking activities and a military-style framework to maintain operability. Since emerging in the mid-2000s, the Gulf Clan has expanded throughout northern Colombia and other regions mainly by capitalizing on the demise of rival BACRIMs. Though it maintains a national reach, the Gulf Clan power base lies in its birthplace region of Urabá in northwest Colombia. From this strategic location, the Gulf Clan sends multi-ton quantities of cocaine via maritime conveyances to nearby Panama and other countries in Central America on a regular basis.

Figure 10. FARC Leadership.

José Benito Cabrera-Cuevas, alias Fabián Ramírez



Milton Toncel-Redondo, alias Joaquín Gómez

Jaime Alberto Parra, alias Mauricio Jaramillo/El Médico

Source: DEA

FARC – Since 2014, peace negotiations between the Government of Colombia (GOC) and the Revolutionary Armed Forces of Colombia (FARC) have at times exacerbated the problem of illicit coca cultivation in Colombia. Some FARC elements encouraged coca growers to plant more coca, ostensibly motivated by the belief that the GOC's post-peace accord investment and subsidies would focus on areas with the greatest quantities of coca (see Figure 11). Additionally, the GOC eased eradication operations in areas controlled by the FARC to lessen the risk of armed conflict during peace negotiations. The final peace accord, signed by both delegations on November 24, 2016, included assurances the FARC would end all illicit drug operations and establishes a coca crop substitution and alternative development plan. The GOC maintains the right to eradicate illicit crops of any non-compliant growers. Full implementation will take many years. Some segments of former FARC fighters will likely continue to engage in drug trafficking and other criminal activity, but the degree to which this occurs may depend on the effectiveness of peace accord implementation.

Collaboration with Mexican TCOs

Colombian TCOs rely on a working partnership with Mexican TCOs to export cocaine from Colombia to U.S. markets. While Colombian TCOs control the production and shipment of the majority of cocaine destined for consumption in the United States, Mexican TCOs are responsible for its exportation into and distribution throughout the United States. Mexican TCOs work directly with Colombian sources of supply, often sending Mexican representatives to Colombia, Ecuador, and Venezuela to coordinate cocaine shipments. Similarly, Colombian TCOs maintain delegates in Mexico to serve as brokers for cocaine supply orders or illicit money movements. Additionally, Central American TCOs interface with both Mexican and Colombian TCOs for the northbound movement of cocaine and the southbound flow of illicit drug proceeds.

As Colombian TCOs do not maintain a robust cross-border or nationally cohesive distribution infrastructure in the United States, a relationship with Mexican TCOs is integral for maintaining profits and operability. Once the cocaine is provided to a Mexican TCO, or a Central American TCO, the role of a Colombian TCO in the supply chain is generally completed. Mexican TCOs' responsibility for U.S. drug distribution allows Colombian TCOs to have an indirect influence on U.S. drug markets, while remaining somewhat insulated from U.S. law enforcement targeting.

- Buenaventura, Colombia: In December 2015, a Mexican national residing in Buenaventura and working on behalf of the Sinaloa Cartel was collaborating with local leaders of Los Rastrojos to send multi-hundred kilogram quantities of cocaine to Mexico via the Pacific Coast.

Colombian TCO Drug Trafficking Trends

The majority of the cocaine and heroin produced and exported by Colombian TCOs to the United States is transported through Central America and Mexico. To a lesser extent, Colombian TCOs direct cocaine shipments through the Caribbean region. Colombian TCOs export large cocaine shipments to Mexico, Central America, and the Caribbean, using a variety of maritime and aerial means to include speedboats, fishing vessels, private aircraft, semi-submersibles, and commercial air and sea cargo. To a lesser extent, Colombian TCOs also transport cocaine over land across the

Figure 11. Colombia Coca Cultivation, 2016.

Source: U.S. Government

Darien Gap, which connects northwest Colombia to Panama, using backpackers.

Colombian TCOs continue to use Ecuador and Venezuela as transshipment points for cocaine shipments bound for Mexico, Central America, and the Caribbean. As a result of successful counterdrug efforts by the Colombian Government, Colombian TCOs have shifted a sizable portion of their drug trafficking activities to neighboring countries outside the reach of Colombian authorities. Colombian TCOs generally will transport and store large quantities of cocaine in remote areas of Venezuela and Ecuador until a maritime or aerial conveyance can be secured for transportation.

- In December 2015, the Ecuadorian Coast Guard interdicted a self-propelled semi-submersible in international waters off the coast of Ecuador, seizing approximately 3.75 metric tons of cocaine and arresting three crew members. According to law enforcement reporting, the shipment was coordinated by a Colombian TCO and was bound for Central America.
- In February 2015, law enforcement reporting indicated Colombian cocaine bound for Venezuela is typically buried in underground stash-sites marked by global positioning system (GPS) coordinates located along the Colombia-Venezuela border.

Small-Scale Colombian TCOs

Smaller Colombian TCOs directly supply wholesale quantities of cocaine and heroin to the United States, primarily to Northeast and East Coast drug markets. In general, Colombian traffickers provide cocaine and heroin to Mexican and Dominican TCOs, which assume responsibility for further transportation and distribution. Colombian TCOs previously dominated cocaine and heroin markets in the Midwest and East Coast; however, Mexican TCOs currently control many of these markets and are increasingly serving as sources of supply to Colombian TCOs based in these regions.

- Colombian TCOs transport cocaine into New York City and serve as primary sources of wholesale quantities of cocaine. However, Central and South American DTOs dominate the transportation of cocaine into and throughout the rest of the New York area. Colombian TCOs are also prominent distributors of wholesale quantities of heroin in New York City.
- Colombian TCOs use Florida, specifically Miami and Orlando, as the point of arrival for cocaine and heroin shipped directly from Colombia, as well as through Mexico, Central America, and the Caribbean. Illicit drugs shipped by Colombian TCOs directly to South Florida arrive through a variety of methods, including private air flights, commercial air flights, commercial air cargo, maritime vessels, and maritime containerized cargo. Heroin and cocaine are generally shipped separately to U.S. markets by Colombian TCOs.

Additionally, smaller Colombian TCOs maintain representatives in the United States to assist in money laundering activities. These U.S.-based Colombian TCOs handle illicit money movements on behalf of larger Colombian TCOs, Mexican TCOs, or other criminal groups. Law enforcement reporting indicates that Cali, Colombia-based money launderers coordinate the receipt of drug proceeds in various U.S. cities to include Boston, Chicago, Houston, Miami and New York. Once received, these funds are placed in U.S.-based bank accounts and wire transferred externally under the guise of payment for products and services.

Outlook

Colombian TCOs are expected to maintain dominance over the production and supply of the majority of cocaine destined for U.S. markets. Due to increasing cocaine production in Colombia and its associated profits, it is anticipated the influence of Colombian TCOs in Colombia will strengthen in the near term. Colombian TCOs will, however, continue to rely on their partnership with Mexican TCOs for the sale and distribution of wholesale amounts of cocaine and heroin in the United States. It is further anticipated that Colombian TCOs will continue to maintain representatives in Mexico, Central America, the Caribbean, and the United States to broker and facilitate the exportation of cocaine and heroin to U.S. markets, and the subsequent repatriation of drug proceeds.

Dominican Transnational Criminal Organizations

Overview

Dominican TCOs pose a significant threat to the domestic drug trafficking landscape in mainly the East Coast of the United States, with their strongest influence concentrated in areas of the Northeast located along the I-95 interstate corridor. Illegal drugs destined for Dominican TCOs in the Northeast primarily arrive first in New York City, where the drugs are distributed throughout the greater metropolitan area, or routed to secondary hubs and retail markets across the Northeast and parts of the mid-Atlantic region. Dominican TCOs work in collaboration with numerous foreign suppliers to have heroin and cocaine shipped directly to the Northeast from Mexico, Colombia, and the Dominican Republic. Dominican TCOs primarily focus on the mid-level distribution of cocaine and white powder heroin, effectively serving as a bridge between foreign sources of supply and domestic street dealers in the region. Dominican TCOs also engage in street-level sales in certain parts of the Northeast.

Organizational Structure

Dominican TCOs operate as a loose network of independent groups with intermittent collaboration, which do not form part of a larger centralized conglomerate. They function more as entrepreneurial opportunists than structured hierarchical components, ensuring their criminal activities remain compartmentalized. However, each Dominican TCO independently maintains its own internal organized structure with an identified leader and subordinates in designated roles.

A typical Dominican TCO is comprised of family members and friends, primarily of Dominican nationality or American citizens of Dominican descent. In many cases, members of a Dominican TCO can trace their roots to a common area in the Dominican Republic. By relying on family members, friends, and hometown acquaintances, Dominican TCOs attempt to remain insulated from outside threats. These personal relationships enable most Dominican TCOs to hold subsidiary cells in multiple cities throughout the Northeast. Notwithstanding, Dominican TCOs are open to collaborating with different ethnic criminal groups in the United States, such as Puerto Rican, Colombian, and Mexican TCOs.

- A Dominican drug trafficking group in Lawrence, Massachusetts was assisted in its heroin trafficking and bulk cash smuggling activities by family members in the Bronx section of New York City.
- The head of a Dominican drug trafficking group with cells in Rhode Island and Massachusetts brought family members from the Dominican Republic to the United States to assist in the group's criminal activities.
- A Dominican trafficking group with a family-based network spanning New York City, Philadelphia, Providence, and Boston facilitated the movement of cocaine and drug proceeds throughout the Northeast in collaboration with Puerto Rican traffickers.

Areas of Influence Concentrated in Northeast

Dominican TCOs maintain their strongest influence in areas of the Northeast with a significant Dominican population, generally in cities located along the I-95 highway corridor. Dominican traffickers conceal their drug trafficking activities behind the cover of established ethnic Dominican communities in various parts of the Northeast. New York City serves as the main hub for Dominican TCO activity in the Northeast. The majority of foreign-sourced cocaine, heroin, and fentanyl shipments destined for Dominican traffickers arrive first in New York City, where they are broken down into smaller units for local and regional distribution before they are dispersed throughout the East Coast.

Relationship with Local DTOs and Street Gangs

Dominican TCOs primarily function as intermediaries between foreign suppliers and domestic retailers. Dominican TCOs obtain multi-hundred kilogram quantities of cocaine and heroin from wholesalers, which they subsequently sell in increments to clients for local street sales. In many cases, the clients supplied by Dominican TCOs are street gangs with distribution amounts ranging from a few kilograms to multi-gram quantities in pre-bagged form, ready for street-level sales.

- Massachusetts and Connecticut-based gangs are poly-drug in nature and are primarily sourced by Dominican traffickers acting as brokers and distributors as there are relatively few direct connections between these gangs and Mexican drug cartels.

- Neighborhood gangs in Philadelphia and eastern Pennsylvania dominate the retail poly-drug distribution market in their areas, with Dominican TCOs as their primary sources of supply.

Drug Trafficking Activities

Dominican TCOs are primarily active in the transportation and distribution of cocaine and white powder heroin in cities along the East Coast. The vast majority of cocaine distributed by Dominican traffickers in the Northeast is of Colombian origin, while the vast majority of white powder heroin varies in origin between Mexico and Colombia. Dominican TCOs specialize in the distribution of heroin and cocaine, although, to a lesser extent, they also engage in the regional supply of other illegal drugs to include marijuana, methamphetamine, and NPS. Dominican traffickers are also heavily involved in the distribution of fentanyl and controlled prescription drugs due to the current demand for opioids in the United States.

- Dominican traffickers in New York City are attempting to expand their drug business by selling Canada-produced synthetic pills, including Special K (ketamine) and Molly (MDMA), which are in demand in U.S. retail markets.

- A Dominican trafficker in Newark, New Jersey, was identified as the source of supply for fentanyl-laced heroin distributed to street-level dealers in eastern North Carolina that resulted in several overdose deaths in early 2016.

Role in Retail Drug Market

Despite their central role as mid-level drug distributors, Dominican TCOs also engage in street-level sales in certain regions of the East Coast, with signs of expansion. Dominican drug dealers involved in retail distribution are mainly sourced by Dominican TCOs based in New York City, New York, Philadelphia, Pennsylvania, and Lawrence, Massachusetts. Dominican TCOs, particularly in the Northeast, have the infrastructure to handle all facets of drug distribution to include the wholesale, mid-level, and retail sectors. By diluting cocaine and heroin for street sales, Northeast Dominican traffickers can expand their inventory and profit.

- Dominican traffickers are the dominant retail distributors of cocaine in the New York City metropolitan area. Law enforcement reporting also indicates Colombian and Mexican TCOs rely on Dominican traffickers to assist in the transportation of heroin throughout Connecticut, Massachusetts, New Jersey, New York and Pennsylvania. Dominican trafficking organizations use couriers to smuggle heroin directly into John F. Kennedy (JFK) International Airport in New York City from the Dominican Republic.

- Dominican drug traffickers dominate the street level distribution of heroin, cocaine and opioid pills in the Merrimack Valley area of Massachusetts.

- Dominican TCOs responsible for the retail distribution of cocaine and heroin in Hazleton, Pennsylvania, send couriers to Philadelphia and New York once a month to replenish their supply with locally based Dominican sources.

Outlook

Dominican TCOs are positioned to retain their leading role in the mid-level distribution of illegal drugs particularly in the Northeast. These TCOs are highly self-sufficient and maintain the ability to access diverse drug supply lines, smuggling routes, and conveyance methods involving multiple criminal organizations across several nations, ensuring their sustainability. Mexican and Colombian TCOs operating in the Northeast will likely maintain their working relationship with Dominican traffickers for the retail-level distribution of illicit drugs. As the Dominican Republic remains a significant drug transshipment node in the Caribbean, it will continue to offer criminal opportunities for Dominican TCOs operating along the East Coast.

Asian Transnational Criminal Organizations

Overview

Asian TCOs are mainly active in conducting drug trafficking activities on the East and West Coasts of the United States with distribution networks stretching across other parts of the country. U.S.-based Asian TCOs work in concert with Asian TCOs in Canada and other international locations to import and export illicit drugs to and from the United States. Asian TCOs specialize in the trafficking of marijuana and MDMA, and are also heavily involved in international money laundering activities, which they work in partnership with Colombian and Mexican TCOs.

Organizational Structure

Asian TCOs partner with and recruit Asian-Americans, blending into existing immigrant communities, to exploit U.S. drug markets. These groups are particularly adept at expanding in communities in California where growth in the number of Asian immigrants has been the greatest.

Marijuana Trafficking Trends

Asian TCOs are responsible for the distribution of a variety of drugs, primarily marijuana and MDMA, and to a lesser extent, cocaine and methamphetamine, mainly in East Coast and West Coast drug markets. Asian TCOs have historically operated large, sophisticated indoor marijuana grow houses in residential homes, primarily on the West Coast. Indoor grows were either "traditional" or hydroponic and, to remain inconspicuous, were frequently located in suburban neighborhoods. With recent marijuana legalization actions, some Asian TCOs are overtly operating their marijuana grows and adhering to local regulations under the guise of supplying marijuana dispensaries. The resulting marijuana is instead illegally diverted to the Midwest and East Coast, where it is much more profitable on the black market. Additionally, U.S.-based Asian TCOs collaborate with Canada-based Asian TCOs to receive supplies of Canadian-produced marijuana for distribution in U.S. drug markets, particularly on the East Coast.

- Asian TCOs reportedly are the primary growers of hydroponic marijuana produced in Canada. These TCOs maintain distribution networks in Canada and the United States, with Boston being one of the markets they supply.
- Asian criminal organizations based in Denver, Colorado maintain large-scale marijuana grow sites and distribute marijuana throughout the United States.

MDMA Trafficking Trends

Asian TCOs generally dominate the supply of MDMA in most U.S. markets. MDMA is typically imported from China to Canada, or manufactured in clandestine laboratories in Canada, then smuggled into the United States across the Northern Border. It is also shipped directly into the United States from abroad via mail service. Asian TCOs traffic MDMA in both tablet and powder form. U.S.-based Asian TCOs, operating on the East and West Coast of the United States work closely with Canada-based Asian TCOs to import tens of millions of tablets of MDMA on a yearly basis for U.S. markets.

- The Los Angeles metropolitan area continues to be a destination and distribution area for MDMA smuggled into the United States. Asian TCOs, the primary MDMA suppliers and distributors in this region, routinely use Canada as a manufacturing and transshipment base for the illicit drug.

General Trafficking Trends

Asian TCOs also traffic cocaine and methamphetamine, although in smaller quantities than marijuana and MDMA. Asian TCOs typically obtain ounce or gram quantities of cocaine and methamphetamine from Mexican sources of supply; in some cases, these groups obtain kilogram quantities.

- Drug trafficking organizations in Orange County California typically receive bulk quantities of cocaine directly from sources of supply in Mexico. The cocaine is distributed to Mexican and, to a lesser extent, Asian TCOs in and around Orange County, as well as other locations in the United States.

Role in Money Laundering

Asian TCOs in the United States play a key role in the laundering of illicit drug proceeds. Asian TCOs involved in money laundering contract their services and in some cases work jointly with other criminal groups, such as Mexican, Colombian, and Dominican TCOs. Money laundering tactics employed by Asian TCOs generally involve the transfer of funds to and from China and Hong Kong, using front companies as part of their international money movement schemes. Asian TCOs in the United States rely on cash-intensive businesses in the United States to facilitate money laundering activities.

- Several Mexican TCOs are increasingly utilizing a Chinese money laundering organization based in Mexico City to move drug proceeds. This Chinese group reportedly has cells in New York and Los Angeles that can receive bulk cash on behalf of the Mexican TCOs for eventual payout in Mexico City within the same day for a nominal fee.
- A Chinese TCO based in Colombia collaborated with Colombian and Venezuelan TCOs to launder drug proceeds by using front companies to send bank wire transfers to China in exchange for debit cards issued locally.

Outlook

Asian TCOs will remain a drug trafficking threat of concern in the United States, particularly in East and West Coast drug markets in the near term. Asian TCOs will likely continue to expand their relationships with Mexican and Colombian TCOs in furtherance of their drug and money laundering operations in the United States and abroad.

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GANGS

Street gangs are defined by the National Gang Intelligence Center (NGIC) as criminal organizations that form on the streets and operate throughout the United States. Gangs — whether national, neighborhood-based, or hybrid — all have the same objectives of generating as much money as possible, gaining power, and controlling territories. These goals are achieved by whatever means necessary, including intimidation, assault, and homicide. Although gangs are involved in all avenues of criminal activity, the major source of income for most street gangs remains the trafficking of illegal drugs. When gangs bring their drug trafficking into the neighborhoods, the communities become saturated with an accompanying increase in violence, turf wars, addiction, overdoses, and criminal activity, which threaten and victimize the innocent residents.

Due to the violent and territorial nature of gangs, and their heavy involvement in drug trafficking, some gang members are known to maintain relationships with Mexican TCOs in an attempt to gain a larger and more profitable role in the drug trade. Most gang members, however, do not achieve the sophistication of a TCO and remain at the retail-level of drug trafficking, as opposed to wholesale-level drug transportation, manufacture, or cultivation.

Gangs continue to evolve in their efforts to attain more profits from their criminal activities, many turning to social media to recruit new members, advertise their drug inventories, and set up buys. Gangs have also increased their efforts to avoid law enforcement; many younger members are no longer getting identifying tattoos, or wearing clothing associated with their gangs. Also, younger members are using prepaid cell phones, and utilizing cell phone applications that either encrypt or conceal messages. Some Chicago street gangs have adapted to technology by using GPSs to track their drug shipments.

Though some cities have witnessed a decline in gang violence and criminality due to law enforcement and community efforts, many others, such as St. Louis, Chicago, Baltimore, Milwaukee, and Philadelphia, are experiencing increases. Drug trafficking by gangs is a major factor in the violence, as gangs are involved in turf wars for distribution locations and in robberies of drug houses and rival dealers. Violent street gangs often serve as the primary distributors of heroin at the retail level and are benefitting from an increased supply of heroin from Mexican TCOs. Gangs are also exploiting addiction problems around the country. In New York, gangs from the Bronx had a drug pipeline to cities as far north as Manchester, New Hampshire, allegedly feeding drug addiction throughout the Northeast via sales of crack cocaine, heroin, and fentanyl. Gangs are also traveling to areas of the United States where drug prices are at a premium, such as Alaska. According to DEA, gangs have even been known to distribute free samples in attempts to attract new buyers.

Gang Terminology

The term "Gang" refers to a group of three or more individuals, whose members collectively use a group identity of a common name, slogan, tattoo, style or color of clothing, or hand sign, and the purpose of their association is to engage in criminal activity and use violence or intimidation to further their criminal objectives.

The term "Prison Gang" refers to a criminal organization that originated within the penal system and has continued to operate within correctional facilities throughout the United States. Prison gangs are self-perpetuating criminal entities that can continue their operations outside the confines of the penal system.

The term "Outlaw Motorcycle Gang" (OMG) refers to highly-structured organizations whose members use their motorcycle clubs as conduits for criminal enterprises, such as violent crime, weapons trafficking, and drug trafficking. There are more than 300 active OMGs in the United States.

National Gangs

National-level gangs have a presence in multiple jurisdictions around the country. These gangs unite under the banner of a single name and identify with common signs, symbols, and tattoos. They are typically organized and structured, with rules, a hierarchy, and oftentimes a constitution or manifesto. Some well-known National-level gangs are: the Aryan Brotherhood, Bloods, Crips, Gangster Disciples, Mexican Mafia, Latin Kings, Mara Salvatrucha (MS-13), and Vice Lords.

- In March 2016, 16 Latin Kings gang members and associates were indicted in New York for their drug trafficking and gang activity. The defendants were charged with intent to distribute cocaine, crack cocaine, molly (MDMA), and marijuana. The charges involved over 50 kilograms of cocaine, five kilograms of crack cocaine, two kilograms of molly, and 500 pounds of marijuana.

- In February 2016, seven members of the Detroit chapter of the Rollin 60s Crips, a branch of the Los Angeles street gang, were arraigned on charges of assault, robbery, carjacking, and firearms and drug trafficking across Metro Detroit. Authorities said the Detroit chapter of the Rollin 60s Crips has 150 members and uses violence to retaliate against other gangs, intimidate witnesses, and advance members' positions within the gang.

- In February 2017, 11 alleged gang members and associates of the Westside Crips street gang were indicted in a racketeering conspiracy in and around Oceanside, California dating from 2004 to 2016. The conspiracy involved narcotics trafficking, prostitution, attempted murder, assaults, and robberies. Court documents stated the members of the Westside Crips were a crime family that worked together to commit various crimes. Each member had separate responsibilities for the purposes of making money.

- In July 2016, authorities employed the state's Racketeer Influenced and Corrupt Organization Act (RICO) for the first time in Knox County Tennessee's history to prosecute members of a street gang accused of selling heroin. The indictment alleges five members of the Mafia Insane Vice Lords, a sect of the Chicago-based Vice Lords, were involved in a heroin conspiracy spanning over a year. The gang members were also charged with various acts of drug possession and drug dealing, being felons in possession of guns, and dealing drugs while armed. According to officials, 140 Knox County residents died from opiate overdoses in seven months.

Neighborhood-Based Street Gangs

Neighborhood-based street gangs are confined to specific neighborhoods/ jurisdictions and often imitate larger, more powerful national gangs. Though they often mimic or attempt to portray national gangs, they seldom have the same levels of organization or structure and often follow none of the gang rules. The primary purpose for many neighborhood gangs is drug distribution and sales. Because of the violence associated with retail-level drug trafficking, including turf wars and robberies of rival dealers, neighborhood-based gangs have historically been reported by law enforcement as a bigger threat to communities than national gangs.

- In October 2016, the DEA St. Louis Field Division (FD) reported neighborhood-based street gangs overwhelmingly control the street-level distribution of heroin, fentanyl, cocaine, and methamphetamine. These gangs are the drivers of violent crime and homicide rates throughout the DEA St. Louis FD, which includes the Quad Cities of Illinois, Iowa, Kansas, Missouri, Nebraska, and South Dakota.

- In March 2016, 84 members of the Eden Boys, Miami Ave, UGZ, and RGZ street gangs were indicted and charged with 22 shootings in the west Bronx, as well as flooding towns in Massachusetts and New Hampshire with cocaine, fentanyl, and heroin. The Bronx District Attorney stated these gangs battled on the streets of the Bronx over drug profits, sometimes trapping innocent bystanders in the crossfire.

- In August 2016, DEA reporting indicated several members of the Tri-City Bombers (TCB), a street gang

based in the Rio Grande Valley, Texas, were arrested for the transportation of cocaine and crystal methamphetamine. The TCB, one of the most active gangs in the southern counties of Texas, has been known to work with the Gulf Cartel to establish and secure distribution networks in numerous states outside of Texas.

- In February 2017, 12 members of the MS-13 street gang were arrested for the sale of heroin and methamphetamine, in addition to shootings, murders, and extortion. The subjects were members of a violent, local subset of MS-13, called Santa Cruz Salvatrucha Locos 13. The gang was responsible for at least two murders in Santa Cruz, California.

Gangs Working Together for Mutual Profit

Many national gangs are becoming more interested in profit than historic gang rivalries, and are putting aside these conflicts to work together for greater combined revenues. Some neighborhood-based gangs are also relinquishing established ethnic, racial, and turf divisions to form networks that provide the most income. These networks give rise to hybrid gangs, which include members from many different gangs working together for their own personal financial gain.

- In June 2016, a combined 66 leaders, members, and associates of the 18th Street Gang, the East Side Money Gang, and the Boylston Gang were charged with federal and state firearms and drug trafficking charges. The gangs formed an alliance to traffic weapons and cocaine, crack, and heroin throughout the Greater Boston area.

- In November 2016, DEA reported the Almighty Latin King and Queen Nation (ALKQN) was operating out of the Bedford Park section of the Bronx selling street-level amounts of heroin. The leader of the 10-man gang also sold heroin to members of the Trinitarios street gang, who lived and operated nearby. The ALKQN leader also established a non-aggression agreement with the Bloods who resided and operated in the area. The gang reportedly sold between 1,000 and 1,200 bags of heroin per day.

- In February 2016, 14 gang members from two violent South Carolina street gangs, the Cowboys and Wildboys, were indicted for racketeering and attempted murder charges. The two gangs aligned to commit crimes of attempted murders, assault with dangerous weapons, drive-by shootings, home invasion robberies, threats of violence, and distribution of drugs.

Prison Gangs

According to the NGIC, prison gangs are criminal organizations originating and operating within correctional facilities throughout the United States. Like street gangs, prison gangs typically unite under a single recognized name and identify with common signs, symbols, and tattoos. Prison gang members employ rules for joining and operating within the gang, have an identifiable structure, meet on a recurring basis, provide each other physical protection from other criminals and gangs, and exercise control over a particular region. Prison gangs' objectives are to engage in criminal activities; generate as much money as possible; use force (actual or threatened) to secure power, reputation, and resources; and control as much territory as possible. These territories include prison yards, street communities, and the gang members occupying those areas. Membership in most prison gangs is for life, and dropping out or disobeying leadership is punishable by death. According to the Federal Bureau of Prisons (BOP), as of March 3, 2017, there are a total of 153,994 inmates in BOP-run facilities. Of these inmates, 45,290 are officially identified as Security Threat Group members or associates. This is approximately 29% of the federal inmate population.

When members of prison gangs are released from their institutions, many continue their criminal activities when they return home, either operating independently with their gangs on the streets or working in conjunction with still incarcerated gang members. The threat of prison gangs lies mainly in their control over street gangs, whom prison gangs order to commit crimes in their name. Many street gang members — accepting the probability they will eventually end up in jail with the prison gang members — are reluctant to disregard any orders issued by the incarcerated members,

because when street gang members get to prison, they will need prison gang sponsorship and protection.

Many prison gang members, especially members of Hispanic gangs such as the California Mexican Mafia, form associations with members of Mexican TCOs while incarcerated. Once inmates are released back onto the street, gang members use these friendships to form drug-trafficking relationships that aid in the sale and distribution of illegal drugs nationwide.

Some prison gangs that originated in a state penal institution retain a strong gang presence in that state once their members are released back into the community, and they continue to operate within the boundaries of that state. These gangs may have large memberships consisting of members both in and out of state penitentiaries. They are often structured and organized like national gangs, and have their own hierarchy. Though some members may migrate to other states, or be relocated through prison transfers, the majority of the gang members remain a threat to the state in which they originated and resided.

- In April 2016, 19 members of the violent Texas Mexican Mafia (TMM) gang were arrested in a law enforcement raid. The TMM is known for trafficking narcotics from Austin to Houston and is believed to have ties inside the Texas prison system. Charges against the subjects include conspiring to deal drugs, ordering assassination contracts, prostitution, robbery, and firearms charges.

- In December 2016, a two-year investigation into the Aryan Brotherhood of Mississippi (ABM) prison gang resulted in the conviction of 42 members and associates of the gang. The ABM is a violent, "whites only," prison-based gang with members and associates engaged in racketeering activities, including trafficking in marijuana and methamphetamine, murder, attempted murder, kidnapping, assault, money laundering, and firearms trafficking both inside and outside state correctional facilities.

- In June 2016, 52 subjects, including members of the California Mexican Mafia, were arrested, resulting in the seizure of methamphetamine, cocaine, and marijuana with a total street value of $1.6 million, as well as $95,700 in currency and 67 firearms. The subjects are facing felony charges, including drug trafficking, conspiracy, extortion, and firearm assault. According to public safety officials, the Mexican Mafia controls the California drug trade, and conducts other illicit activity in state correctional facilities and elsewhere.

Contraband smuggled into prison facilities by visitors and prison workers continues to be a major problem faced by most state and federal institutions. Cell phones are a constant threat, allowing the inmates to conduct their criminal activities and drug trafficking with their gangs and counterparts on the street.

- In March 2016, 17 people, including two ringleaders of the Indian Brotherhood prison and street gang, were indicted in a federal investigation. Between 2013 and 2016, the subjects used contraband cell phones to facilitate the sale and distribution of methamphetamine to communities across eastern Oklahoma while inside Oklahoma's highest-security prison.

- In November 2016, two Corrections Officers from the Department of Corrections in Buckingham, Virginia and 20 members of the Mad Stone Bloods street and prison gang were indicted. The Corrections Officers were allegedly purchasing drugs and smuggling them into the prison for the gang. During the investigation, police seized two firearms, cocaine, marijuana, heroin, bundled drug money, and multiple cell phones.

Outlaw Motorcycle Gangs (OMGs)

NGIC states OMGs are ongoing organizations, associations, or groups of three or more persons who engage in criminal activities, including violent crime, drug trafficking, and weapons trafficking. Members must possess and be able to operate a motorcycle to achieve and maintain membership within the group. Over the years, OMGs have evolved into highly-structured organizations whose members are sophisticated criminals. OMGs have spread internationally; the Hells Angels especially have become a global phenomenon. According to known membership statistics, the Hells Angels,

Pagans, Vagos, Sons of Silence, Outlaws, Bandidos, and Mongols are the largest OMGs in the United States. For the most part, OMGs tend to maintain a low profile and avoid law enforcement scrutiny, conducting their criminal activities clandestinely.

As a result of the extensive national media coverage of the 2015 biker fight in Waco, Texas involving the Bandidos and Cossacks OMGs, NGIC reporting indicates OMG violence and criminal activities have returned to normal levels of discreetness. OMG members continue to conduct criminal activities, including drug trafficking and violence against rival motorcycle clubs or gang members, just not in the spotlight of national media. Over the past year, OMGs have focused on recruiting new members and expanding their presence where possible. Additionally, motorcycle gangs created and established outside the United States have been a part of this expansion, as several foreign-based OMGs have established chapters in the United States and have been actively recruiting new members in the United States to solidify their American presence.

- In January 2016, three of the highest ranking leaders of the Bandidos OMG were arrested in Operation Texas Rocker, a strategic effort by Texas and federal law enforcement to cut off and shut down the supply of methamphetamine trafficked by the Bandidos, as well as their other criminal activities. The subjects were also charged with directing, sanctioning, approving and permitting other members of the organization to carry out acts including murder, attempted murder, assault, intimidation, extortion and drug trafficking.

- In May 2016, a member of the Chester, Pennsylvania chapter of the Warlocks OMG was convicted on the charge of conspiracy to distribute 50 grams or more of methamphetamine. The subject was part of a trafficking business which sold approximately $40,000 worth of methamphetamine monthly in the Philadelphia and Delaware County areas and served as the drug debt collector.

- In February 2016, 15 subjects were indicted in a multi-state drug trafficking investigation involving a network of dealers transporting kilos of crystal methamphetamine for sale in Southern Ohio. Some of the gangs involved in the trafficking were the Outlaws and Iron Horsemen OMGs, Dayton Satan's Motorcycle Club, La Familia Motorcycle Club, and members of the Sureños 13 street/prison gang.

Gangs and the Southwest Border

Street gangs continue to work with Mexican TCOs in Mexico, along the Southwest Border, and throughout the United States, with Mexican TCOs being the major drug suppliers for the street gangs. Some of the transnational gangs, such as Barrio Azteca and MS-13 have a notable presence in both in the United States and Mexico. Though street gangs continue to work with Mexican TCOs, these relationships are based more on location and familial, personal, and business relationships rather than strict affiliations between a given gang and a TCO.

- In December 2016, a year-long drug investigation culminated in the arrests of 14 subjects in Southern California, Arizona and Utah, some of whom where known members of the Mexican TCO-connected Florencia 13 and El Monte Flores gangs. The investigation resulted in the seizure of about $3.2 million United States Currency (USC), firearms, nearly 400 pounds of methamphetamine, and other drugs.

- According to the 2017 Texas Public Safety Threat Overview, the violence and criminal activities of Texas street gangs continue to represent a significant public safety threat. For 2016, the top Texas "Tier 1" gangs are Tango Blast and Tango cliques; Latin Kings; Texas Mexican Mafia; and MS-13. These gangs pose the greatest threat due to their relationships with Mexican TCOs, high levels of transnational criminal activity, high levels of violence, and overall statewide presence.

Efforts to Combat Drug-Trafficking and Gang Violence

Gangs across the United States continue to threaten the safety of communities through drug trafficking and its associated violence, such as gang wars, robberies, assaults, and intimidation, as well as addiction. In the wake of the violence, community leaders and law enforcement at the federal, state,

and local levels are seeking new remedies to address the issues and help the residents to take control of their neighborhoods.

The National Violence Reduction Network (VRN)

The National Violence Reduction Network (VRN) was launched by the U.S. Department of Justice (DOJ) in 2014 to reduce violence in communities around the country. Representatives from VRN partner federal agencies include the DEA; the FBI; the Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF); the United States Marshals Service (USMS); the Executive Office of the United States Attorneys; the Community Oriented Policing Services Office; the Office on Violence Against Women; and the Office of Justice Programs. As of September 2016, the partnering cities are Camden, New Jersey; Chicago, Illinois; Detroit, Michigan; Oakland/ Richmond, California; Wilmington, Delaware; Little Rock, Arkansas; West Memphis, Arkansas; Compton, California; Flint, Michigan; Newark, New Jersey; New Orleans, Louisiana; Nashville, Tennessee; Jackson, Mississippi; St. Louis, Missouri; and Milwaukee, Wisconsin. These collaborations are designed for law enforcement and local leaders and practitioners to work together to address America's public safety challenges.

- DEA has initiated its 360 Strategy, which is a comprehensive approach to tackling the cycle of violence and addiction generated by the link between drug cartels, violent gangs, and the problem of opioid abuse in U.S. cities. The strategy coordinates law enforcement operations targeting all levels of drug trafficking organizations and violent gangs supplying drugs to U.S. neighborhoods with community-based groups supply resources and support to the affected neighborhoods. Pilot cities for 2016 included Louisville, Milwaukee, St. Louis, and Pittsburgh, and 2017 saw the addition of Manchester, New Hampshire and Charleston, West Virginia.

- Homeland Security Investigations: Since 2005, Immigration and Customs Enforcement Operation Community Shield has targeted violent gang members and their associates in order to eradicate the violence they inflict upon U.S. communities and stop the cash flow to transnational organized crime groups. Since 2005, HSI special agents working in conjunction with federal, state and local law enforcement agencies have made more than 47,000 gang-related arrests. Through its domestic and international Operation Community Shield task forces, HSI leverages its worldwide presence and expansive statutory and civil enforcement authorities to mitigate the threats posted by these global networks, often through the tracing and seizing of cash, weapons and other illicit proceeds.

- In December 2016, officers from the Rockville, Illinois police, Federal Bureau of Investigation (FBI), and DEA teamed up to tackle the violence created by drugs and gangs by focusing on major drug seizures in the area. In one week, approximately $9 million dollars-worth of cocaine, methamphetamine, and fentanyl were taken off the streets in two separate enforcement operations.

- In November 2016, a policy was instituted prohibiting Hillsborough County, Florida employees from being members of any criminal gang as identified by state and local enforcement. The directive came after the discovery that some firefighters and paramedics from both Hillsborough and Pasco Counties belonged to the Outlaws and Pagans OMGs. While the employees were not suspected of any wrongdoing themselves, the OMGs they belonged to are notorious across the United States for their involvement in drug trafficking and other violent crimes.

- The FBI operates 170 Violent Gang Safe Streets Task Forces (VGSSTFs) located throughout the United States. The VGSSTFs combine federal, state, and local law enforcement agencies to combat gang-based violent crime

plaguing local communities by aggressively identifying, prioritizing, and targeting the criminal activities of the most violent street, motorcycle, and prison gangs.

- The National Alliance of Gang Investigators' Associations (NAGIA) is an organization representing 22 state, regional, and provincial gang investigators' associations around the country, with approximately 20,000 members that work together to reduce gang-related crime and violence. NAGIA assists in developing strategies to prevent and control gang criminal activity; advises policymakers; and assists law enforcement, criminal justice professionals, and the public in identifying and tracking gangs and gang members.
- The Correctional Intelligence Task Force (CITF) in California is comprised of investigators from the BOP, California Department of Corrections and Rehabilitation (CDCR), and the FBI. The CITF is a storehouse of correctional intelligence, which is shared with federal, state, and local law enforcement to augment their investigations and prosecutions. Through the analysis of prison criminal activity, CITF helps to identify gang networks and relationships, street connections, and potential sources and targets.

National Gang Intelligence Center

The NGIC is a multi-agency fusion center created to support law enforcement agencies through timely and accurate information sharing and provide strategic and tactical analysis to federal, state, and local law enforcement. The NGIC is comprised of Intelligence Analysts from ATF, BOP, DEA, FBI, USMS, and the Department of Defense (DOD). These agencies combine resources to investigate and study the growth, migration, and criminal networks of gangs whose violence and criminal activities pose a significant threat to communities throughout the country.

Chicago Street Gangs and Cartels[3]

Chicago is home to a multitude of street gangs, whose involvement in the retail sale of the steady stream of illicit drugs trafficked into the city by the Mexican Cartels has greatly contributed to the violence and gang-related homicides that currently plague the city. Though local authorities in Chicago estimate that there are over 100,000 active gang members in the Chicago metropolitan area, the principal street gangs most heavily involved in drug distribution and violent crime are the Gangster Disciples, Black Disciples, Black P Stone Nation, Vice Lords, and Latin Kings. Their drug sources of supply are the Mexican cartels operating in Chicago, which includes the Sinaloa Cartel, Beltran-Leyva Cartel, Gulf Cartel, La Familia Michoacana, Guerreros Unidos, and the Cartel de Jalisco Nueva Generation. The cartels depend on the street gangs for the retail-level drugs sales, but the street gangs are not known to have a formal, direct partnership with any particular cartel; they work with whichever cartel provides them with the largest financial profit.

One factor contributing to the violence in Chicago is the increased sale of heroin in the city. Because of its surplus and availability, gangs can sell relatively low-purity heroin at substantial profits and make numerous, repeated street-level sales, creating a solid financial base for themselves, and perpetuating the addiction and overdoses associated with the drug. The lucrative areas of the city that produce the most drug revenues generally foster violent gang disputes and turf wars, as rival gangs fight for possession of the coveted territories.

Another factor exacerbating the violence in the city is the general deterioration of the hierarchy and discipline within the street gangs themselves. Historically, Chicago street gangs have been highly structured organizations, with set rules and guidelines for behavior, whose leaders were in command and control of the activities and actions of the gang members. Each gang had defined territories where they sold drugs and pursued their criminal activities, and any rival gang members trespassing in this area were assaulted or killed. Gangs – especially rival gangs – did not work together in criminal pursuits. With present-day street gangs, however, the hierarchy and structure has eroded, leaving them without leadership or rules, as younger, more violent, members follow no direction but their own. This has led to gang-related violence, both inside and outside the gangs. Gang members today are more likely to team up with rivals in their criminal activities if it benefits them financially, and they are even allowing other gangs into their territories to sell drugs on the condition that they pay a percentage of the proceeds or "a tax."

Street gangs continue to adapt and evolve, taking advantage of every opportunity to increase their profits. Some gangs are now also involved in the trafficking and distribution of drugs to associates and fellow gang members in other states. Due to their resilience, the substantial profits earned through the sale of illicit drugs, and a continual source of supply through the Mexican cartels that afflict the city, the street gangs are on track to remain a major threat to the citizens and communities of Chicago.

[3] The following information is a summary of the collaborative effort by the DEA, FBI, and City of Chicago Police Department to examine the current gang and crime situation in Chicago.

CONTROLLED PRESCRIPTION DRUGS (CPDs)

Overview

The threat posed by controlled prescription drug[4] (CPD) abuse is prevalent. Every year since 2001, CPDs, specifically opioid analgesics[5] have been linked to the largest number of overdose deaths of any illicit drug class, outpacing those for cocaine and heroin combined. Cocaine, psychostimulants with abuse potential[6], and heroin overdose deaths are also on the rise (see Figure 12). According to the Centers for Disease Control and Prevention (CDC), opioids — which include prescription opioids, heroin, and fentanyl — represented 63% of the approximately 52,000 drug overdoses in 2015. This equated to 91 opioid overdose deaths per day. While recent data suggests abuse of CPDs has lessened in some areas, the number of individuals reporting current use of CPDs is still more than those reporting use of cocaine, heroin, methamphetamine, MDMA, and phencyclidine (PCP) combined. With the slightly declining abuse levels of CPDs, data indicates there is a corresponding increase in heroin use.

Availability

DEA investigative reporting shows high CPD availability in cities throughout the United States (see Figure 13). Ten of DEA's 21 Field Divisions (FDs) list CPDs as one of their top three drug threats. Additionally, 14 of the 21 FDs reported that CPD availability was high during 2016; seven other FDs reported moderate CPD availability. Finally, most FDs reported that availability was stable at high levels compared to the previous reporting period.

According to the 2017 National Drug Threat Survey (NDTS) (see Figure 14), 9.3 percent of respondents nationwide indicated that CPDs were the greatest drug threat in their area—down considerably from 2014 when over 21.5 percent reported the same (see Figures A2 and A3 in Appendix A). The Florida/Caribbean, West Central, and Southeast OCDETF regions had the largest number of respondents rank CPDs as their greatest drug threat. Additionally, the number of respondents reporting high availability of CPDs nationwide declined between 2014 (75.4%) and 2016 (57.6%) (see Figures 15).

Figure 12. Drug Poisoning Deaths Involving Selected Illicit Drugs, 2008-2015.

Drug	2008	2009	2010	2011	2012	2013	2014	2015
Medications[7]	21,994	22,668	23,749	24,697	24,085	24,536	27,203	31,181
Heroin	3,041	3,279	3,038	4,397	5,927	8,260	10,574	12,990
Cocaine	5,129	4,350	4,183	4,681	4,404	4,944	5,415	6,784
Psychostimulants With Abuse Potential	1,302	1,632	1,854	2,266	2,635	3,627	4,298	5,716

Source: National Center for Health Statistics/Centers for Disease Control and Prevention

[4] Controlled prescription drugs (CPDs) incudes, but is not limited to narcotics (e.g Vicodin, OxyContin), depressants (e.g. Valium, Xanax), stimulants (e.g. Adderall, Ritalin), and anabolic steroids (e.g. Anadrol, Oxandrin).

[5] Opioid analgesic overdose deaths include deaths from natural and semi-synthetics: codeine, morphine, oxycodone, hydrocodone, and methadone.

[6] Psychostimulants with abuse potential: include such drugs as methamphetamine, amphetamine, methylphenidate (Ritalin), and 3, 4-methylenedioxy-methamphetamine (MDMA, Ecstasy).

[7] The CDC drug poisoning death category "medications" was formerly "prescription drugs," but was changed for two reasons: (1) the category includes Over-The-Counter drugs and (2) in December 2015, the National Center for Health Statistics changed the definition to include, "…other and unspecified narcotics," which slightly increased the numbers.

Figure 13. DEA Field Division Reporting of CPD Availability in 2016 and Comparison to Previous Period.[8]

Field Division	Availabillity During First Half of 2016	Availabillity Compared to Second Half of 2015
Atlanta Field Division	High	Stable
Caribbean Field Division	Moderate	Stable
Chicago Field Division	High	Stable
Dallas Field Division	High	Stable
Denver Field Division	High	More
Detroit Field Division	High	Stable
El Paso Field Division	Moderate	Stable
Houston Field Division	High	More
Los Angeles Field Division	High	Stable
Miami Field Division	Moderate	Stable
New England Field Division	Moderate	Less
New Jersey Field Division	Moderate	Less
New Orleans Field Division	High	Stable
New York Field Division	High	Stable
Philadelphia Field Division	High	Stable
Phoenix Field Division	Moderate	More
San Diego Field Division	High	Stable
San Francisco Field Division	High	More
Seattle Field Division	High	Stable
St. Louis Field Division	High	Stable
Washington Field Division	High	Stable

Source: DEA Field Division Reporting

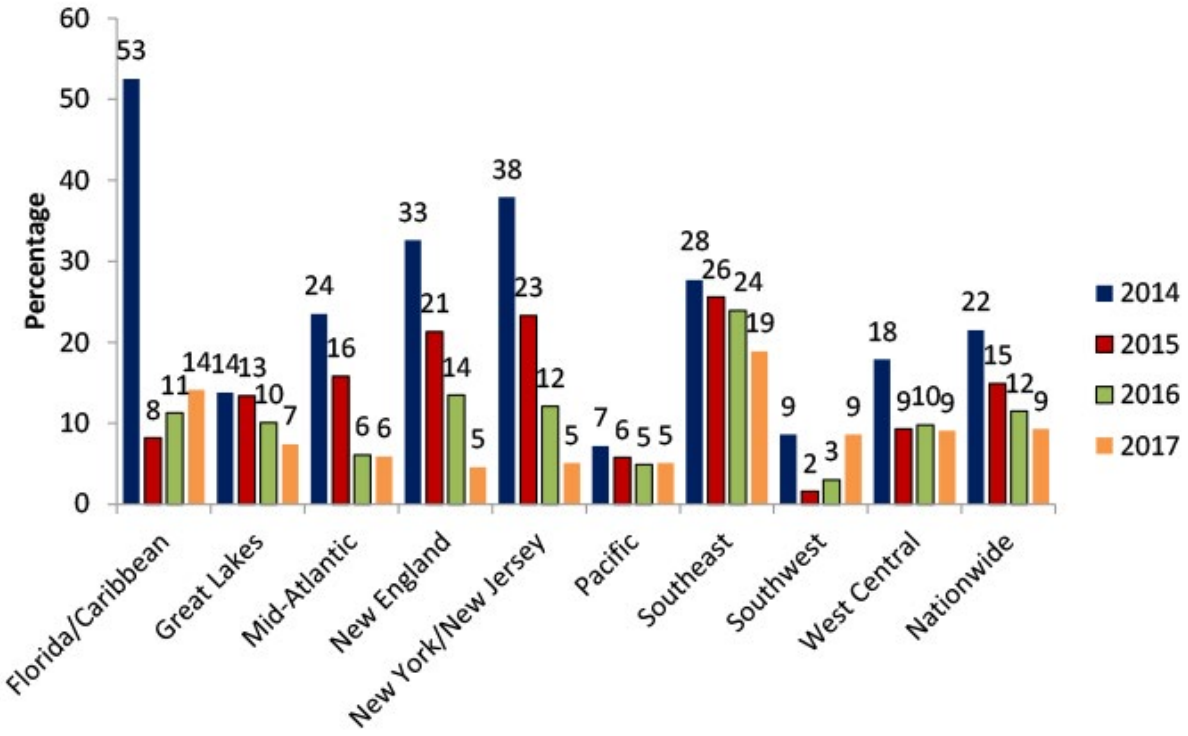
prescription drugs distributed nationwide at the retail level (hospitals, pharmacies, practitioners, treatment programs, and teaching institutions) by number of dosage units from 2007 to 2016; opioids accounted for five out of the seven controlled substances distributed. Over the past nine years, hydrocodone and oxycodone products were the opioid prescription drugs most widely sold in dosage units at the retail level. In addition, two stimulants, amphetamines and methylphenidate (i.e., Ritalin), have maintained a continued and established presence over the years. The opioid methadone was in the top five from 2007 to 2011, but was replaced by morphine, another opioid, in 2012, which has remained on the top five list through 2016.

To reduce CPD abuse, DEA pursues administrative or enforcement actions against DEA registrants operating outside the law, and, when warranted, may use its administrative authority to revoke a DEA registrant's registration. Conduct by a registrant that rises to the level of imminent danger to public health or safety, can result in a suspension pending a revocation hearing before the Administrative Law Judge. For more serious- or serial- violations, DEA may enter into Memorandums of Agreement (MOAs) with the registrant. These MOAs outline the specific conditions under which a registrant must operate, and may also limit the types of controlled substances the registrant may prescribe or dispense. DEA also issues fines against pharmacies that violate the regulations set forth by the Controlled Substances Act (CSA), sometimes in conjunction with MOAs.

- In 2017, the McKesson Corporation, one of the nation's largest distributors of pharmaceutical drugs, agreed to pay a record $150 million civil penalty for alleged violations of the CSA. In addition to the monetary penalties and suspensions, the government and McKesson agreed to enhanced compliance terms. Among other things, McKesson has agreed to specific, rigorous staffing and organizational improvements; periodic auditing; and stipulated financial penalties for failing to adhere to the compliance terms.

[8] In order to distinguish between levels of availability, and changes in availability from the previous reporting period, the following font color scheme was adopted for the availability charts throughout this report: Red= High and More; Green= Less and Low; Black= Moderate and Stable.

Figure 14. OCDETF Regions Reporting CPDs as Greatest Drug Threat, 2014 – 2017.

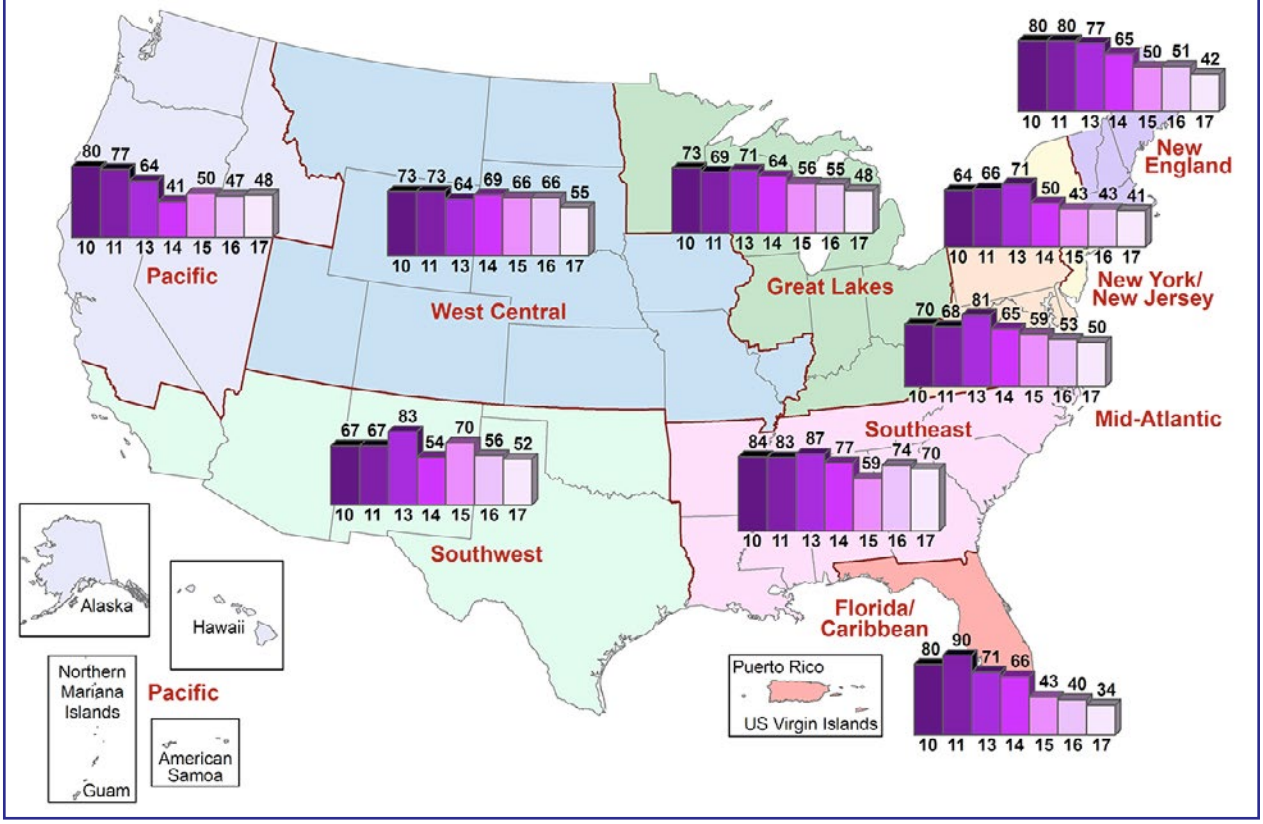


Source: National Drug Threat Survey

Prescription Drug Monitoring Programs

Prescription Drug Monitoring Programs (PDMPs), also known as Prescription Monitoring Programs (PMPs), are state-run electronic databases used to track the prescribing and dispensing of controlled prescription drugs to patients. They are designed to monitor this information for suspected CPD abuse or diversion (i.e., channeling drugs into illegal use), and can give a prescriber or pharmacist critical information regarding a patient's controlled substance prescription history. This information can help prescribers and pharmacists identify patients at high-risk who would benefit from early intervention. Additionally, PDMPs can be utilized by law enforcement to identify practitioners and registrants that are prescribing and dispensing illegitimately for no valid medical purpose. PDMPs continue to be among the most promising state-level intervention mechanisms to improve opioid prescribing and dispensing, inform clinical practice, and protect patients at risk. Additional research is needed to evaluate PDMP practices and policies to identify best practices. As of April 2017, all 50 states and Guam have active PDMPs tracking in-state prescriptions, and the District of Columbia has been given authorization to create a PDMP.

Figure 15. Percentage of NDTS Respondents Reporting High CPDs Availability 2010-2011, 2013-2017.[9]



Source: National Drug Threat Survey

Critically, the settlement will require McKesson to engage an independent monitor to assess compliance, the first independent monitor of its kind in a CSA civil penalty settlement.

Abuse

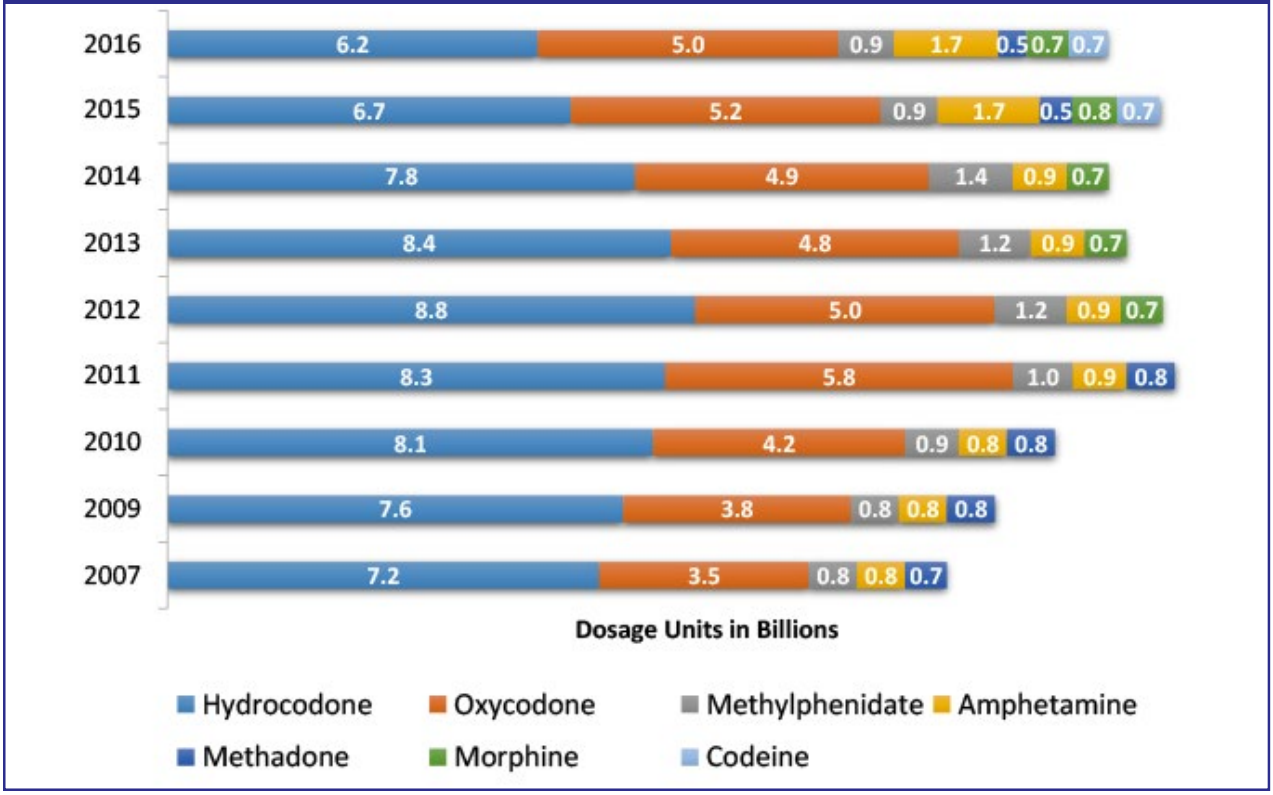
Survey, treatment, and demand data indicate epidemic levels of CPD abuse. More individuals report current use of CPDs than for cocaine, heroin, and methamphetamine combined, making CPD use second only to marijuana (see Figure 17). In 2014, there were 128,175 treatment admissions to publicly-funded facilities for non-heroin opiates/synthetic abuse[10], a decrease of approximately 32 percent since 2011, when 188,920 CPD admissions were reported. This decline can in part be attributed to CPD abusers switching to heroin or other illicit opioids. Some CPD abusers, when unable to obtain or afford CPDs, begin using heroin as a cheaper alternative offering similar opioid-like effects. Other reasons for the decline in admissions could include the success of Prescription Drug Monitoring Programs, pill abusers seeking treatment at private facilities, and increased efforts from law enforcement and public health entities.

- The 2015 National Survey of Drug Use and Health (NSDUH) questionnaire section on prescription psychotherapeutic drugs was redesigned to ask respondents to report on any past use of prescription drugs to exclude methamphetamines. The definition of misuse was also redefined in 2015, as use in any way not directed by a doctor, including use without a prescription of one's own. Trend analyses on prescription psychotherapeutic drug abuse are not available due to the redesign of the question.

[9] The National Drug Threat Survey was not administered in 2012.

[10] Non-heroin opiates/synthetics include buprenorphine, codeine, hydrocodone, hydromorphone, meperidine, morphine, opium, oxycodone, pentazocine, propoxyphene, tramadol, and any other drug with morphine-like effects.

Figure 16. Top Controlled Prescriptions Drugs Sold to Domestic Retail Level Purchasers in Billions of Dosage Units, 2007-2016.



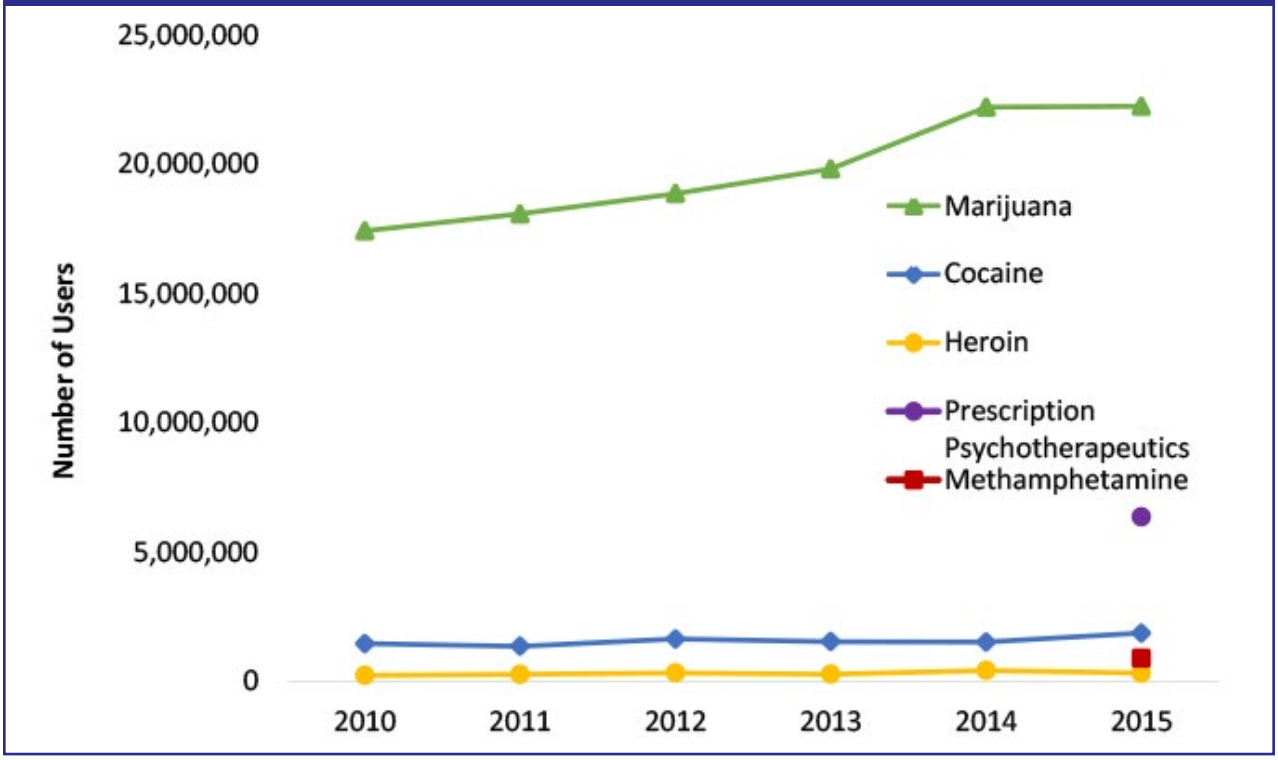
Source: Automation of Reports and Consolidated Orders System (ARCOS), DEA.

DEA's National Prescription Drug Take-Back Day Nets 366 Tons of Pills

In April 2017, DEA's 13th National Prescription Drug Take-Back Day was conducted in almost 5,500 collection sites across the country, collecting 900,386 pounds, almost 450 tons, of unused, expired, or unwanted prescription drugs. Since this program began in September 2010, 8.1 million pounds (more than 4,000 tons) of prescription drugs have been removed from medicine cabinets, kitchen drawers, and nightstands by citizens around the country.

Until the DEA began hosting the National Prescription Drug Take-Back Day, the CSA made no legal provision for patients or their caregivers to dispose of unwanted CPDs, except to give them to law enforcement (it was illegal for hospitals or pharmacies to accept unused or unwanted drugs). In September 2014, DEA published new disposal regulations in the Federal Register allowing certain authorized DEA registrants (manufacturers, distributors, reverse distributors, narcotic treatment programs, retail pharmacies, and hospital/clinics with an on-site pharmacy) to become authorized collectors. In the two years since new regulations made the disposal of CPDs easier for patients and their caregivers, many law enforcement agencies, pharmacies, hospitals, and clinics have begun continuous collection of these medications.

Figure 17. Number of Past Month, Nonmedical Users of Psychotherapeutic Drugs Compared to Other Select Drugs of Abuse, 2010-2015.[11,12,13]



Source: National Survey on Drug Use and Health

- There were 18.9 million people aged 12 or older who misused prescription psychotherapeutic drugs in 2015. This number included 12.5 million who misused pain relievers[14] in the previous year (see Figure B2 in Appendix B). Recent initiates of pain reliever misuse accounted for 2.1 million people age 12 or older, coinciding with an estimated 2.0 million people reporting pain reliever misuse disorder. Due in part to the large number of people who abuse licit CPDs, other opioids are now being disguised and sold as CPDs, as traffickers look to gain access to new users (see Heroin and Fentanyl Sections).
- Monitoring the Future (MTF) survey data for 2016 shows a decrease in adolescent trends for past year prescription narcotics[15] or CPD abuse. MTF only surveyed 12th grade students on CPD abuse, which indicated 12 percent of those students surveyed in 2016 reported past year abuse of CPDs, down from 12.9 percent in 2015 (see Figure B3 in Appendix B).
- According to Treatment Episode Data Set (TEDS) information, non-heroin-related opiate treatment admissions to publicly-funded treatment facilities increased every year from 2002 to 2011, before posting its first decline in 2012 and continuing to decline into 2014 — the latest year for which data is available.

[11] Cocaine includes crack cocaine.

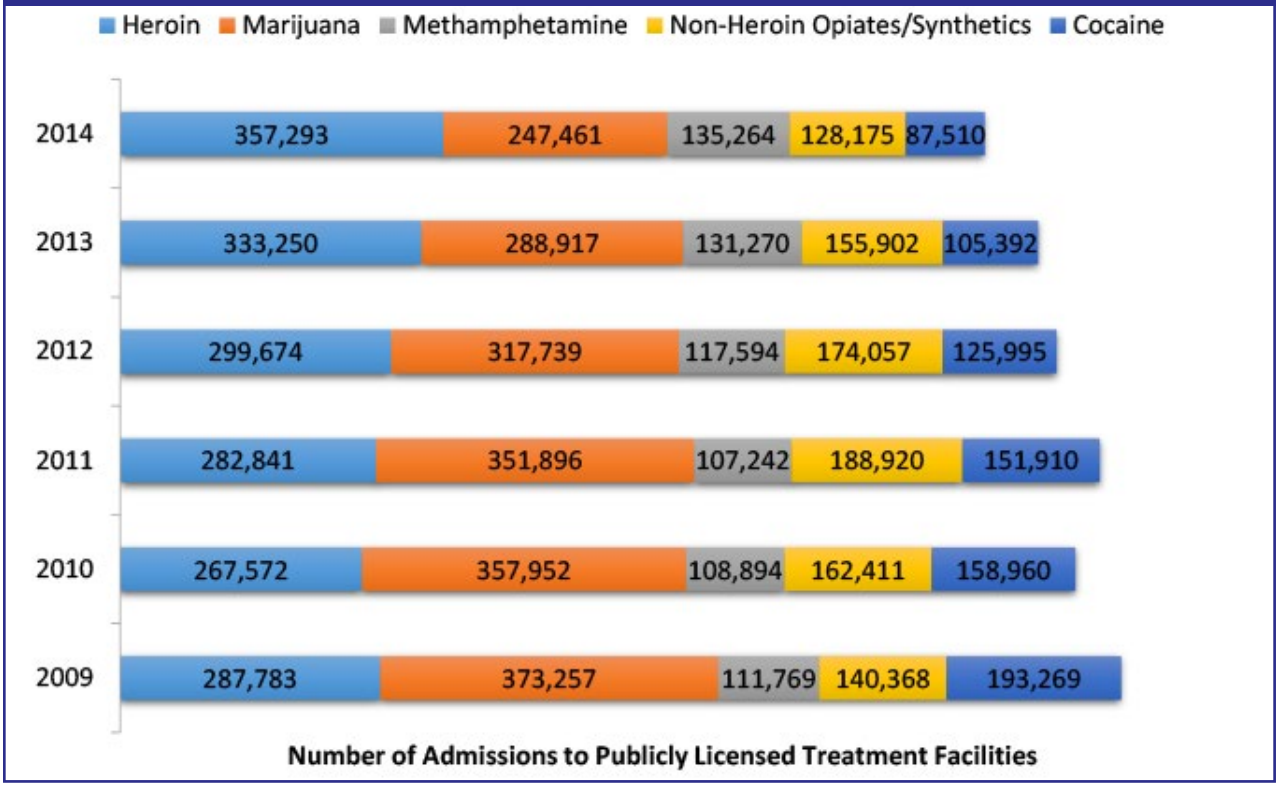
[12] Prescription psychotherapeutics includes pain relievers, tranquilizers, stimulants, or sedatives, and does not include over-the-counter drugs.

[13] Trend analysis on the National Survey on Drug Use and Health prescription psychotherapeutic drugs and methamphetamine abuse are not available due to the redesign of the question in 2015.

[14] Pain relievers include hydrocodone, oxycodone, tramadol, fentanyl, oxymorphone, hydromorphone, morphine, meperidine, buprenorphine, and methadone.

[15] Prescription narcotics abuse includes use of any of the following: amphetamines, sedatives (barbiturates), narcotics other than heroin, or tranquilizers "…without a doctor telling you to use them."

Figure 18. Number of Admissions to Publicly Licensed Treatment Facilities, by Primary Substance, 2014.



Source: Treatment Episodes Data Set

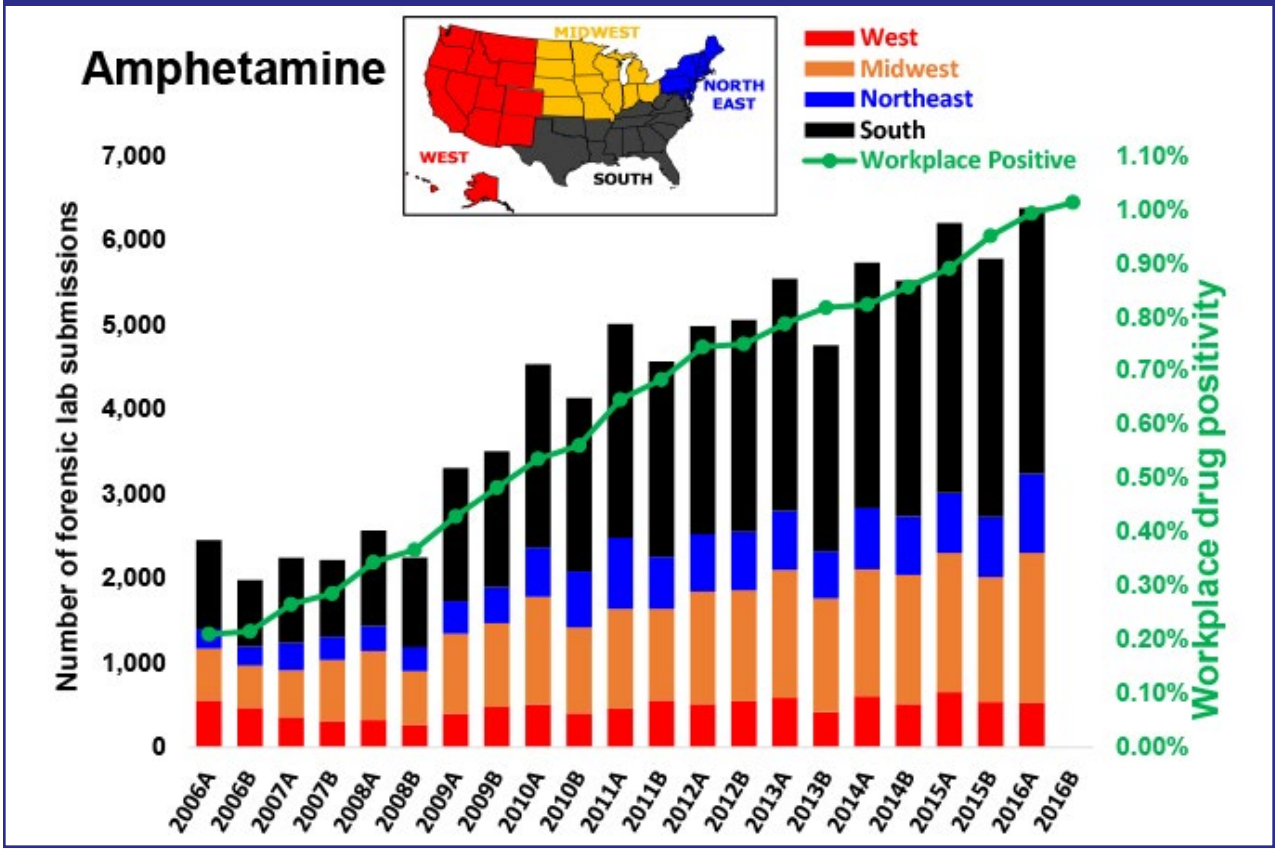
- In 2014, there were 128,175 non-heroin-related opiate admissions, which is a decline of 17.8 percent from the 155,902 admissions in 2013. During the same timeframe, opioid overdoses increased by 30 percent (see Figure 18).

In recent years, there has been an increase in dextroamphetamine-amphetamine abuse. Dextroamphetamine-amphetamines are central nervous system stimulants prescribed for the treatment of attention deficit hyperactivity disorder (ADHD) among other conditions. This Schedule II substance is marked under the brand names Adderall®, Dextrostat®, and Dexedrine®. The 2015 NSDUH reports more than 17 million past year users of stimulants aged 12 or older; more than 11 million used amphetamine products such as Adderall®. In the same year, 3.5 million people aged 12 or older used methylphenidate products such as Ritalin®. An estimated 5.3 million people reported misuse of prescription stimulants in 2015, representing 2 percent of the population aged 12 or older. Approximately 2.5 million young adults 18 to 25, the largest age group

Centers for Disease Control and Prevention Issue Nationwide Opioid Guideline

In March 2016, the CDC issued the first nationwide opioid prescribing guidelines, intended for primary care clinicians treating patients with chronic pain. The guidelines, while not mandatory, are recommended in an effort to slow the epidemic of opioid abuse. The recommendations include prescribing non-opioid pain relievers before opioids, as well as emphasizing physical therapy and other treatments as ways to treat the problem rather than temporarily relieving pain symptoms. If opioids are prescribed, the guidelines urge a reduction in dosage as well as constant risk reassessment.

Figure 19. Amphetamine Without Methamphetamines.[16]



Source: National Forensic Laboratory Information System (NFLIS)[17] and Quest Diagnostics

compared with 12 to 17 year olds (491,000) and those over age 26 (2.2 million) reported misuse of prescription stimulants in 2015. This coincides with the popular reputation of nonmedical use of amphetamines on college campuses as study-aids to improve concentration, and not something harmful or addictive.

The rise in abuse of ADHD medication is concurrent with the increase in ADHD diagnoses. The number of patients diagnosed with ADHD increased 36 percent in adults and 18 percent in youth from 2008 to 2013. A recent study reports adult nonmedical use of amphetamines such as Adderall® increased by 67.1 percent and emergency department visits relating to nonmedical use of amphetamines increased by 155.9 percent between 2006 and 2011.

According to the Monitoring Future Trends survey, 8th graders reported increases in nonmedical use of Ritalin® (0.2%) and Adderall® (0.5%), compared to decreases among 10th and 12th graders from 2015 to 2016. A recent

[16] A and B refer to the first and second half of the year (A: January-June and B: July-December). The second half of 2016 amphetamine National Forensic Laboratory Information System (NFLIS) data were not available at the time of analysis.

[17] NFLIS is a DEA program that systematically collects drug chemistry analysis results, as well as other related information, from cases analyzed by state, local, and federal forensic laboratories. These laboratories analyze substances secured in law enforcement operations across the country. NFLIS offers a valuable resource for monitoring illegal drug abuse and trafficking, including the diversion of legally manufactured pharmaceutical drugs into illegal markets. NFLIS data are used to support drug regulatory and scheduling efforts as well as to inform drug policy and drug enforcement initiatives both nationally and in local communities. Data in the NFLIS database are based on case-and item/exhibit-level information analyzed by forensic laboratories. It should be noted that NFLIS data are not "real time," as participating laboratories report to NFLIS on different schedules and delays in evidence analysis can create backlogs on occasion. Further, during exhibit analysis, laboratories may identify several distinct drug reports within an exhibit; therefore a single exhibit reported to NFLIS may include several individual drug reports. All identified distinct drug reports are stored in the NFLIS database. Finally, drug evidence that is seized by law enforcement, but not analyzed by participating laboratories, is not included in the NFLIS system.

study found that more than half of nonmedical adolescent nonmedical ADHD stimulant users reported concurrent problematic substance use with the most frequently used substances being alcohol (53.3% of nonmedical ADHD stimulant users), marijuana (47.9%) and pain relievers (23.4%). The negative consequences of the non-medical use of stimulants in adolescents and young adults may put this population at risk for substance use disorders in adulthood.

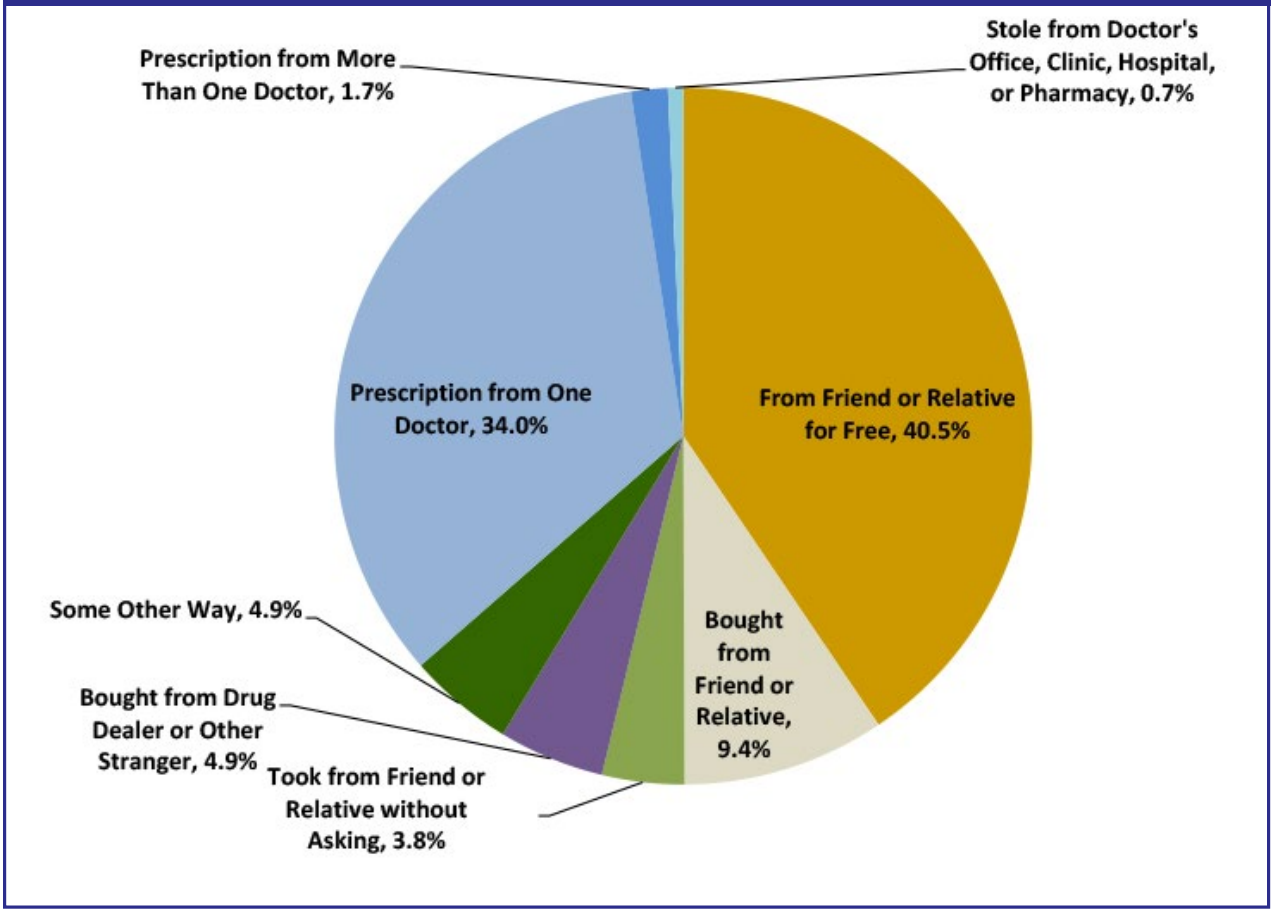
The increased diagnoses of adult ADHD and the corresponding usage of ADHD stimulant medication, both legitimate and illicit use, is being reflected in the nationwide increase in submissions of exhibits to forensic laboratories that test positive for amphetamines without the presence of methamphetamines. While these exhibits do not exclusively contain Adderall® and ADHD medications, the increased use and misuse of prescription and illicit stimulants corresponds with the increase in positive workplace drug testing results that has been increasing since 2006 (see Figure 19).

Diversion

According to the 2017 NDTS, 35.6 percent of respondents nationwide indicated diversion of narcotics was high, less than the percentage reported in 2016 (see Figure A11 in Appendix A). Additionally, 38.4 percent of respondents indicated that narcotic diversion was moderate. Prescription opioid analgesics—specifically those containing oxycodone and hydrocodone—are the most common types of CPDs diverted and abused.

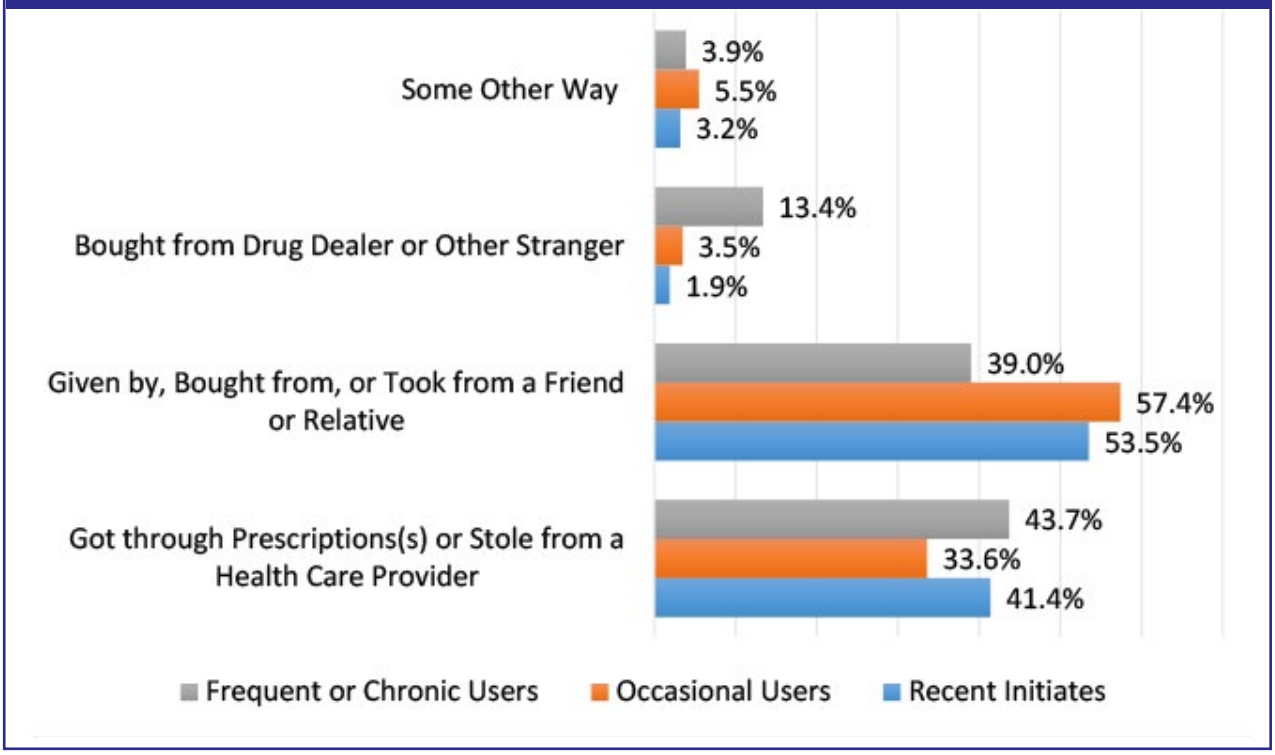
2015 NSDUH data indicates that 53.7 percent of people aged 12 or older who misused CPDs (i.e., pain relievers, tranquilizers,

Figure 20. Source Where Pain Relievers Were Obtained for Most Recent Misuse among Past Year Users Aged 12 or Older: 2015.



Source: Substance Abuse and Mental Health Services Administration, National Survey on Drug Use and Health (NSDUH)

Figure 21. Methods and Sources Where Pain Relievers Were Obtained for Most Recent Misuse among Past Year Users Aged 12 or Older: 2015.



Source: Substance Abuse and Mental Health Services Administration, National Survey on Drug Use and Health (NSDUH)

stimulants, and sedatives) were "given by, bought from, or took from a friend or relative." Of these misusers of CPDs, 40.5 percent got their most recently used prescription pain relievers, "from a friend or relative for free" (see Figures 20 and 21). The majority of prescription pain reliever misusers indicated that the friend or relative obtained the drugs from a single doctor.

In addition to obtaining prescription pain relievers from friends and family, users also frequently obtain prescription pain relievers by diverting them from the legitimate market or a supply chain for abuse. Recent initiates and occasional users primarily obtained prescription pain relievers from friends and family, followed by legitimate prescriptions or by stealing from a health care provider. Frequent or chronic users were more likely than the other two groups to primarily obtain prescription pain relievers from a drug dealer or stranger. DEA data from the Automation of Reports and Consolidated Orders System (ARCOS) indicates the amount of opioid CPDs legitimately distributed to retail level purchasers peaked in 2011, at 17.2 billion dosage units and have remained below that amount, with 14 billion dosage units being manufactured and distributed in 2016 (enough for approximately 46 dosage units per person in the United States) (see Figure 22). Despite this reduction, the amount of prescription opioids available on the legitimate market remains significant, and 80 percent of all prescribed opioids are oxycodone and hydrocodone products (see Figure 23).

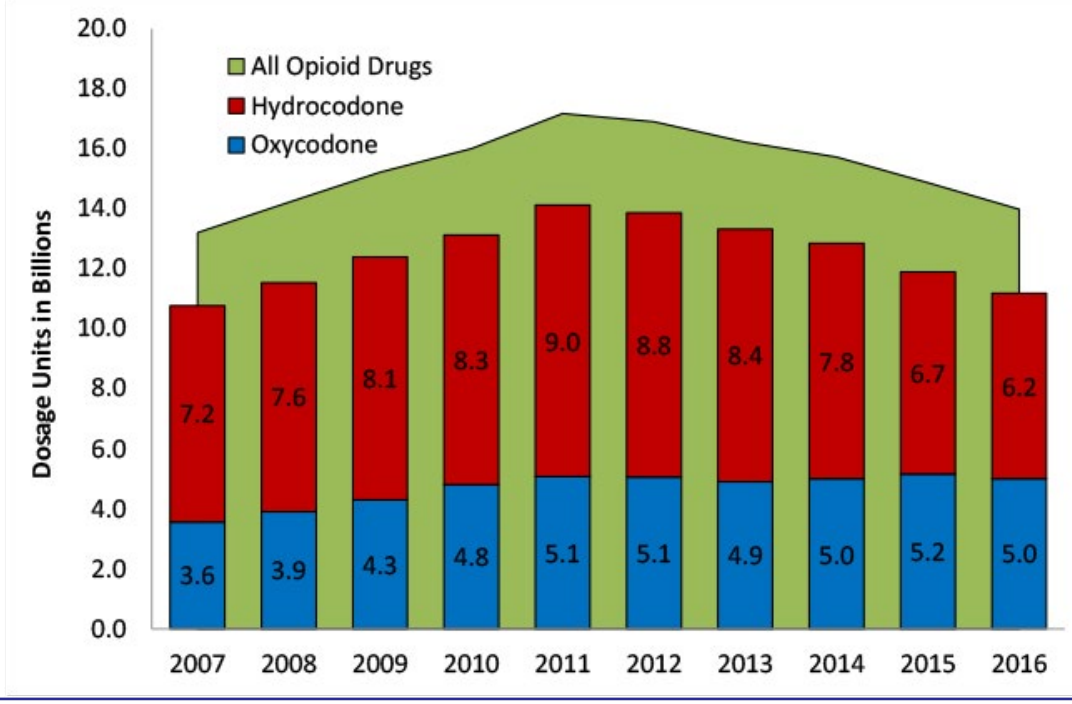
Data available to DEA indicates that approximately 13 percent of all U.S. prescriptions are for controlled substances. This data relates to 88 percent of retail pharmacies, providing a broad view of prescription medications written and sold or dispensed nationwide. In 2016, more than 93.7 million prescriptions for hydrocodone were written, and more than 6.2 billion hydrocodone dosage units (pills) were dispensed or sold in the United States. In the same year, more than 60 million prescriptions for oxycodone were written, and more than four billion hydrocodone dosage units were dispensed or sold in the United States. From 2011 to 2016, hydrocodone prescriptions

Figure 22. Number of Dosage Units in Billions of Opioid Narcotics Sold to Retail Level Purchasers, 2007-2016.

Drug	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Opioids	13.2	14.2	15.2	16.0	17.2	16.9	16.2	12.0	14.9	14.0

Source: DEA

Figure 23. Opioid CPDs Compared to the Number of Hydrocodone and Oxycodone Prescription Drugs Sold to Retail Level Purchasers in Billions of Dosage Units, 2007-2016.



Source: DEA

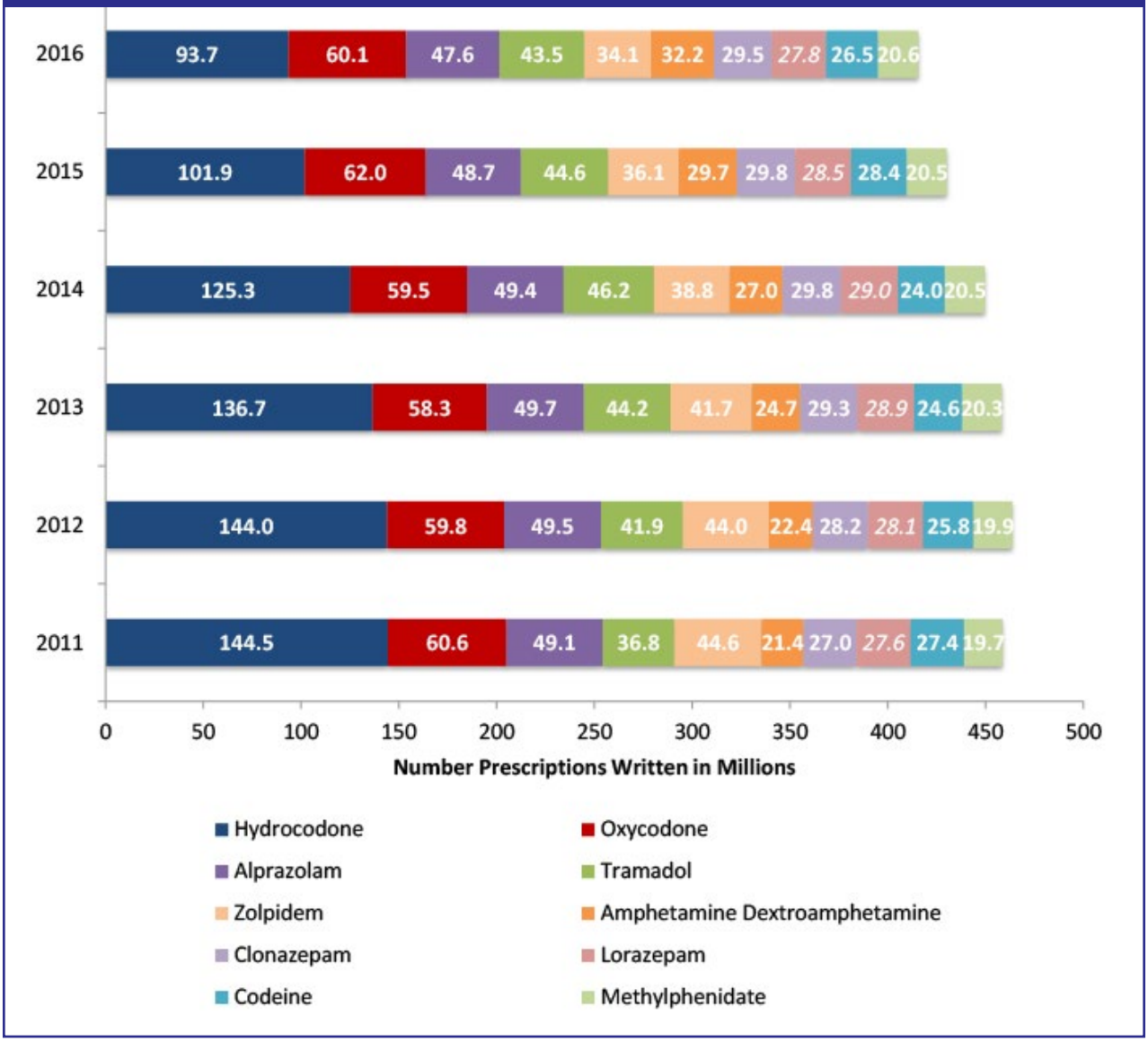
and pills dispensed decreased, while oxycodone prescriptions and pills dispensed remained relatively stable. From 2011 to 2016, amphetamine/dextroamphetamine (Adderall®) and methylphenidate (Ritalin) were two of the CPDs for which prescriptions and pills dispensed increased (see Figure 24 [Rx prescribed] and Figure 25 [Rx dispensed]). In 2016, of the top 10 controlled substances prescribed and dispensed in the United States, half were Schedule II controlled substances, while the other half were Schedule IV (see Figure 26).

While the percentage of opioid narcotics diverted from the legitimate market is small—less than 1 percent of what is legitimately available—that amount still totaled more than 9 million dosage units in 2016 (see Figure 27). The number of opioid narcotics distributed to retail level purchasers in billions of dosage units and the number of dosage units of opioid narcotics reported lost from the DEA Drug Theft and Loss Database[18] peaked in 2011 and continued to decrease in 2016.

CPD diversion by armed robbery is increasing in some areas of the United States. According to the DEA Drug Theft and Loss Database, the total number of prescription drug armed robberies has fluctuated but increased overall since 2010 (see Figure 28).

[18] The DEA Drug Theft and Loss Database compiles information on armed robberies, customer theft, employee pilferage, CPDs lost in transit, and night break-ins at analytical labs, distributors, exporters, hospitals/clinics, importers, manufacturers, mid-level practitioners, pharmacies, practitioners, researchers, reverse distributors, and teaching institutions. The Drug Theft and Loss Database is a live database, meaning all reported numbers are subject to change.

Figure 24: Top 10 Controlled Prescription Drugs (CPDs) Written in Millions of Prescriptions, 2011-2016.



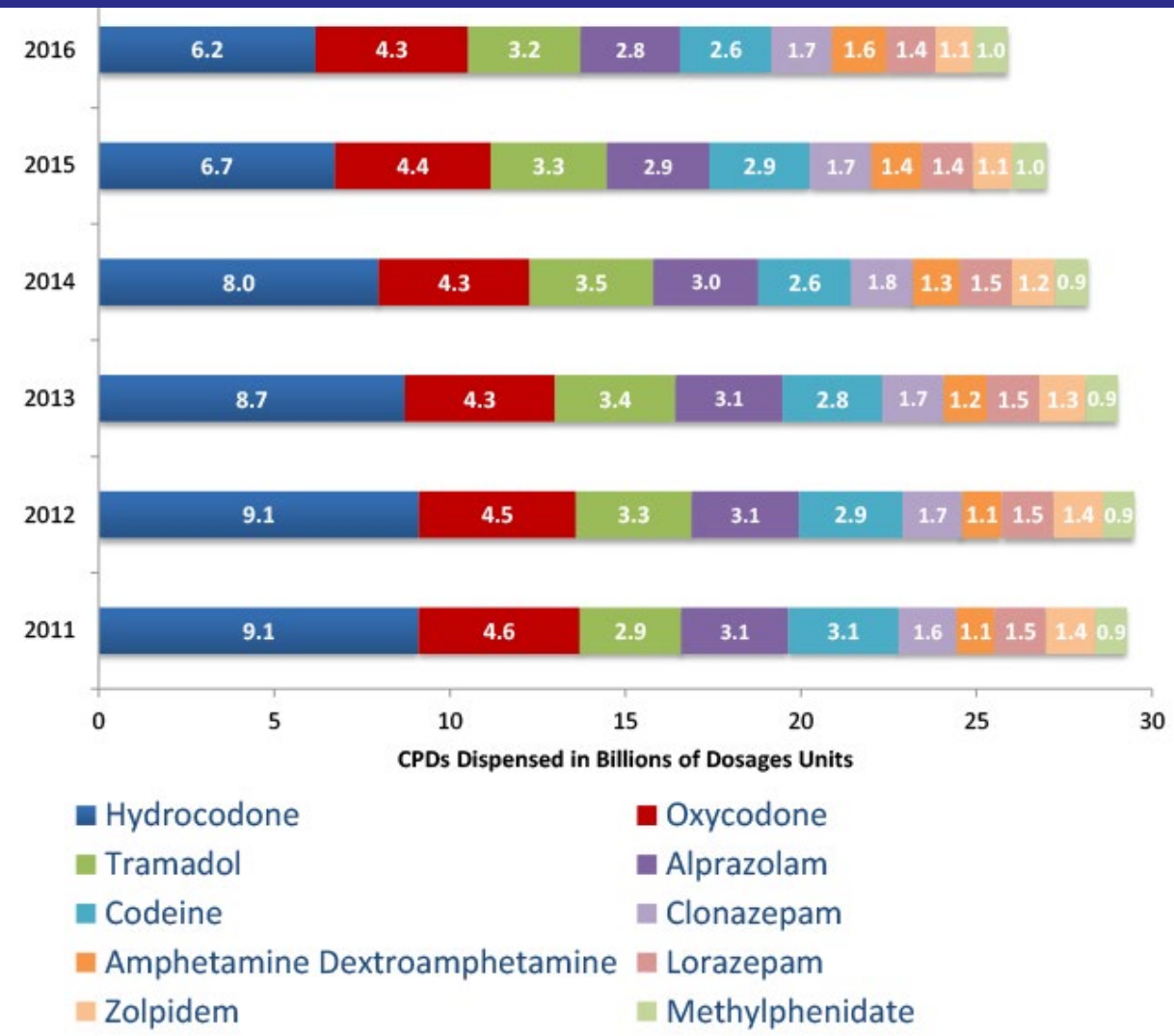
Source: DEA

In 2015, Washington DC, Georgia, Indiana, Tennessee, and Wisconsin all experienced nearly double the number of armed robberies than the previous year. Indiana experienced 168 prescription drug armed robberies in 2015, which made it the only state with more than 100 pharmacy armed-robberies in a single year in the last seven years[19] (see Figure 29). In 2016, Washington DC, Georgia, Indiana, Tennessee, and Wisconsin all experienced fewer pharmacy armed robberies than the previous year.

- Indiana pharmacies experienced 367 robberies from 2013 through May 2016. California, which has a population almost six times larger than Indiana, experienced 310 robberies during the same time period. Many pharmacies in Indiana have increased security by adding armed guards and time release safes to protect certain medications, such as opioids.
- According to Texas's prescription monitoring program, RxPatrol®, Texas ranks first nationally in

[19] The cause for the increase in armed robberies in Indiana does not have an official explanation at this time.

Figure 25: Top 10 Controlled Prescription Drugs (CPDs) Dispensed in Billions of Dosage Units, 2011-2016.



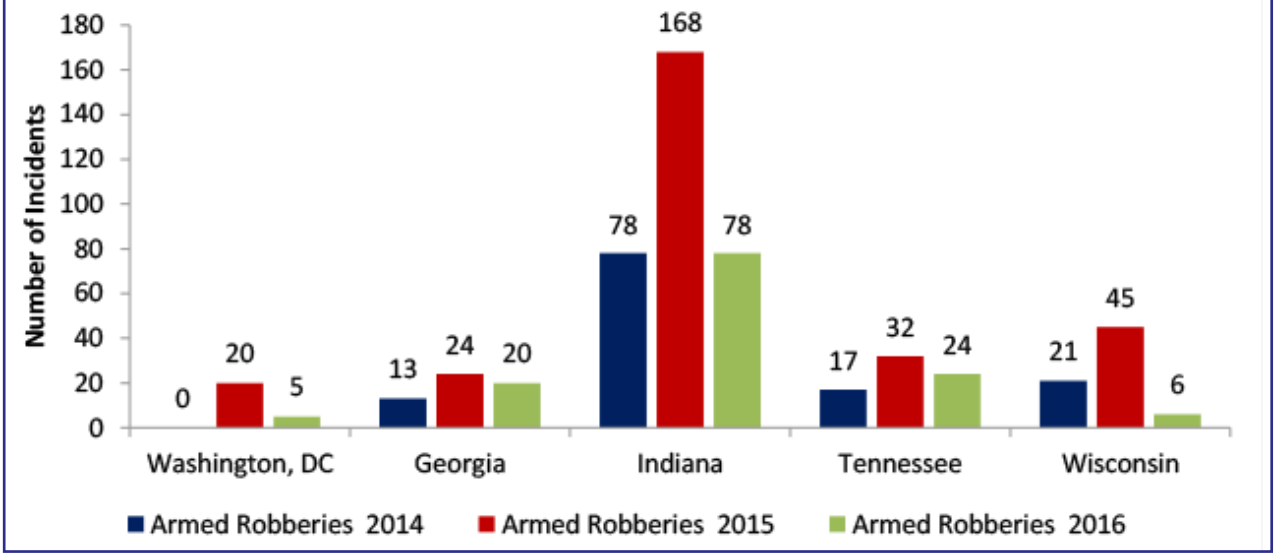
Source: DEA

Figure 26: Controlled Prescription Drugs by Class, Type, and Schedule.				
	CPD	Drug Class	Drug Type	Drug Schedule
1	Hydrocodone	Opioid, Pain Reliever	Narcotics	II
2	Oxycodone	Opioid, Pain Reliever	Narcotics	II
3	Amphetamine/ Dextroamphetamine	Amphetamine, Adderall®	Stimulants	II
4	Codeine	Opioid, Pain Reliever	Narcotics	II
5	Methylphenidate	Amphetamine, Ritalin	Stimulants	II
6	Alprazolam	Benzodiazepine, Xanax®	Tranquilizers	IV
7	Tramadol	Opioid, Pain Reliever	Narcotics	IV
8	Zolpidem	Hypnotic, Ambien®	Sedatives	IV
9	Clonazepam	Benzodiazepine, Klonopin®	Tranquilizers	IV
10	Lorazepam	Benzodiazepine, Ativan®	Tranquilizers	IV
Source: DEA				

Figure 27. Number of Dosage Units of Opioid Narcotics Lost, 2010 – 2016.							
Drug	2010	2011	2012	2013	2014	2015	2016
Opioids	12.5	19.5	13.1	11.6	12.0	9.8	9.3
Source: DEA							

Figure 28. Total Number of Prescription Drug Armed Robberies Incidents 2010 - 2016.							
Drug	2010	2011	2012	2013	2014	2015	2016
Total Number	771	711	801	738	836	870	821
Source: DEA							

Figure 29. Top 5 Locations Reported with Increasing/Decreasing Armed Robberies, 2014 – 2016.



Source: DEA

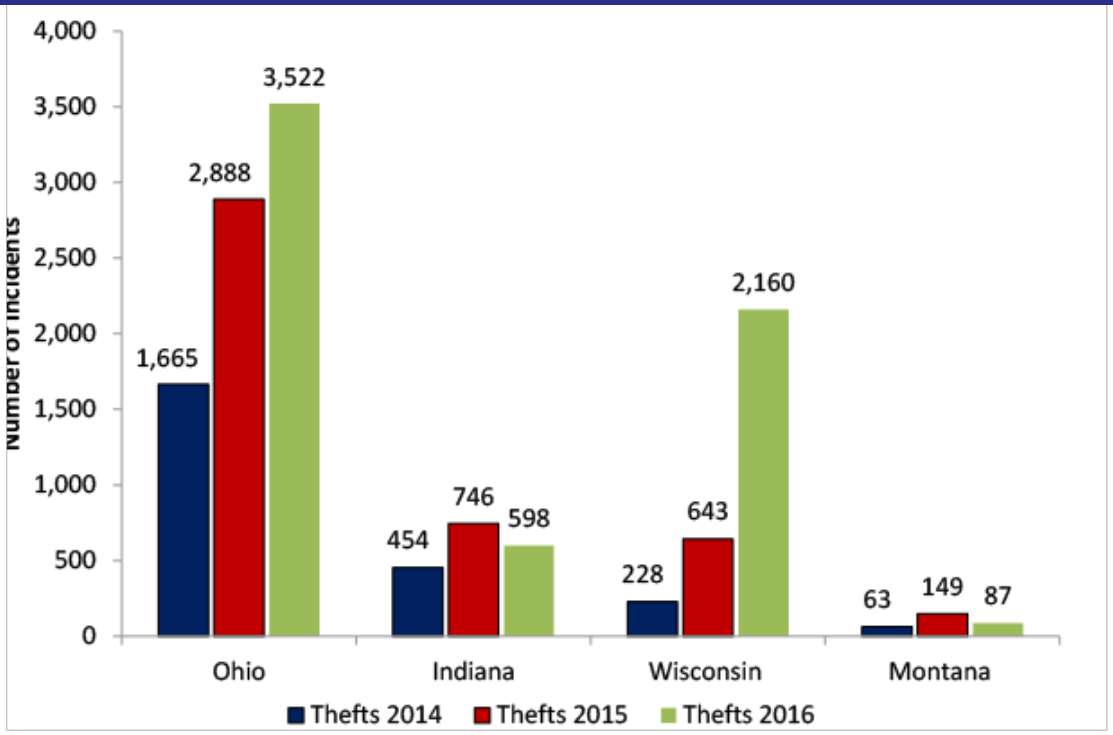
pharmacy burglaries. Since the beginning of 2011, there have been 239 pharmacy burglaries in Texas reported to RxPatrol®, 30 percent of the national total. Although Texas pharmacies comprise just 9 percent of the pharmacies RxPatrol® insures against crime losses, Texas pharmacies represent 17 percent of the reported crime and 25 percent of the reported losses according to a Texas state pharmacists insurance company.

Between 2014 and 2015, incidents of theft — to include customer theft, employee theft, and nighttime break-ins — increased for 28 states. The greatest percentage of increases occurred in Wisconsin, Montana, Ohio, and Indiana. In 2016, incidents of theft in Ohio and Wisconsin had further increases, while theft in Montana and Indiana decreased. The total number of theft incidents greatly exceeds those of armed robbery (see Figure 30).

- In September 2016, a pharmacy technician in Albuquerque, New Mexico was arrested on a federal theft of medical products charge arising out of the theft of more than 20,000 prescription opioid tablets from the pharmacy that previously employed the technician. According to the criminal complaint, the DEA initiated the investigation after receiving a report of theft or loss of controlled substances from a pharmacy in Carlsbad, New Mexico. The pharmacy's report alleged that 20,344 oxycodone tablets of various strengths had been stolen from the pharmacy.

- In January 2016, a Philadelphia, Pennsylvania defendant was found guilty of one count of conspiracy to commit pharmacy burglary, one count of conspiracy to possess with the intent to distribute controlled substances, one count of pharmacy burglary, and one count of possession with the intent to distribute controlled substances. The defendant conspired to enter pharmacies of a nationwide chain with intent to steal materials and compounds containing any quantity of a controlled substance, including amphetamine salts, dextroamphetamine, fentanyl, methylphenidate, dexmethylphenidate, morphine sulfate, meperidine, oxymorphone, tapentadol, codeine sulfate, hydromorphone, hydrocodone, hydrocodone APAP, hydrocodone chlorpheniram, oxycodone, and oxycodone APAP, each a Schedule II controlled substance; whose replacement value was not less than $500; and to knowingly and intentionally possess these controlled substances with the intent to distribute them.

Figure 30. Top 4 Locations with an Increase/Decrease in Thefts, 2014 – 2016.



Source: DEA

Another trend was the increase in incidents of CPDs being "lost in transit." "Lost in transit" is described as controlled substances being misplaced while being moved from one point to another within the supply chain. In 2015, 34 states experienced increases in the number of incidents occurring, with Wisconsin, Arkansas, Washington, Oregon, and Minnesota showing the greatest percentage increases.[20]

In 2016, Arizona reported the most lost in transit incidents in the nation. Arizona accounted for nearly a quarter of the incidents reported for the entire nation, claiming 3,529 incidents out of the 12,978 lost in transit incidents reported nationwide (see Figure 31 and 32). It is unclear if these dosage units are being diverted, destroyed, or truly lost.

Economic Impact of Prescription Drug Abuse

The economic impact of prescription drug abuse is significant. The total economic burden was estimated to be at $78.5 billion in 2013. Over one-third of this amount is due to increased health care and substance abuse treatment costs ($28.9 billion). Approximately one-quarter of the cost is carried by the public sector in health care, substance abuse treatment, and criminal justice costs. Workplace costs were driven by lost earnings from premature death ($11.2 billion) and reduced compensation/lost employment ($7.9 billion). Health care costs consisted primarily of excess medical and prescription costs ($23.7 billion). Criminal justice costs were largely comprised of correctional facility ($2.3 billion) and police costs ($1.5 billion). The costs of prescription opioid abuse represent a substantial and growing economic burden for the society. The increasing prevalence of abuse suggests an even greater societal burden in the future.

In addition to health care costs, the productivity of a worker is greatly reduced when abusing drugs, including CPDs, due to absenteeism and decreased participation in the work force. The likelihood of an unemployed person succumbing to addiction is far greater than that of an employed individual, further burdening the system. An employed person who is a current drug user is twice as likely to skip one or more work days

[20] The increase in CPDs being lost in transit does not have an official explanation at this time.

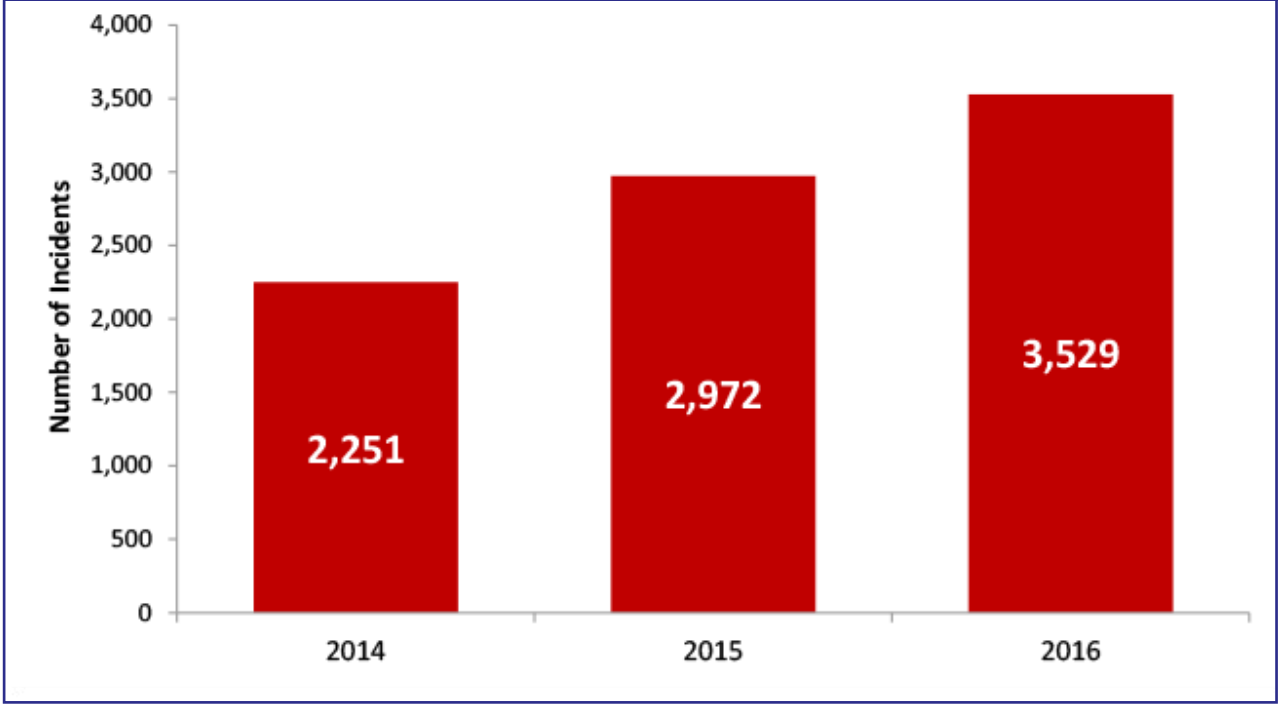
a month, and is also more likely to miss two or more days due to illness or injury when compared to non-drug users.

The number of hydrocodone and hydromorphone users testing positive in the work place decreased between 2014 and 2016, likely due to the rescheduling of hydrocodone products to Schedule II in October 2014. This conclusion is supported by oxycodone and oxymorphone positive tests remaining relatively steady during the same time frame (see Figure 33).

Unscrupulous physicians, pharmacists, and doctor shoppers add to the health care burden in the United States. Corrupt pharmacists also contribute to burgeoning health care costs in the United States by overbilling patients to increase their profits or even colluding with physicians to gain patients. Across the country, corrupt physicians accept cash payments from patients without providing them proper examinations, and some file erroneous or fraudulent claims with private insurance companies and Medicare/Medicaid. Insurance fraud on the part of pharmacists, physicians, and doctor shoppers taxes the insurer's resources, which in turn contributes to increases in premiums and costs for legitimate insurance holders who have to recoup the damages done by fraud. The Coalition Against Insurance Fraud estimated in 2007, the most recent study available, that doctor shoppers cost each insurer between $10,000 and $15,000 per year because fraudulent use of the medication can drive up the costs for legitimate patients.

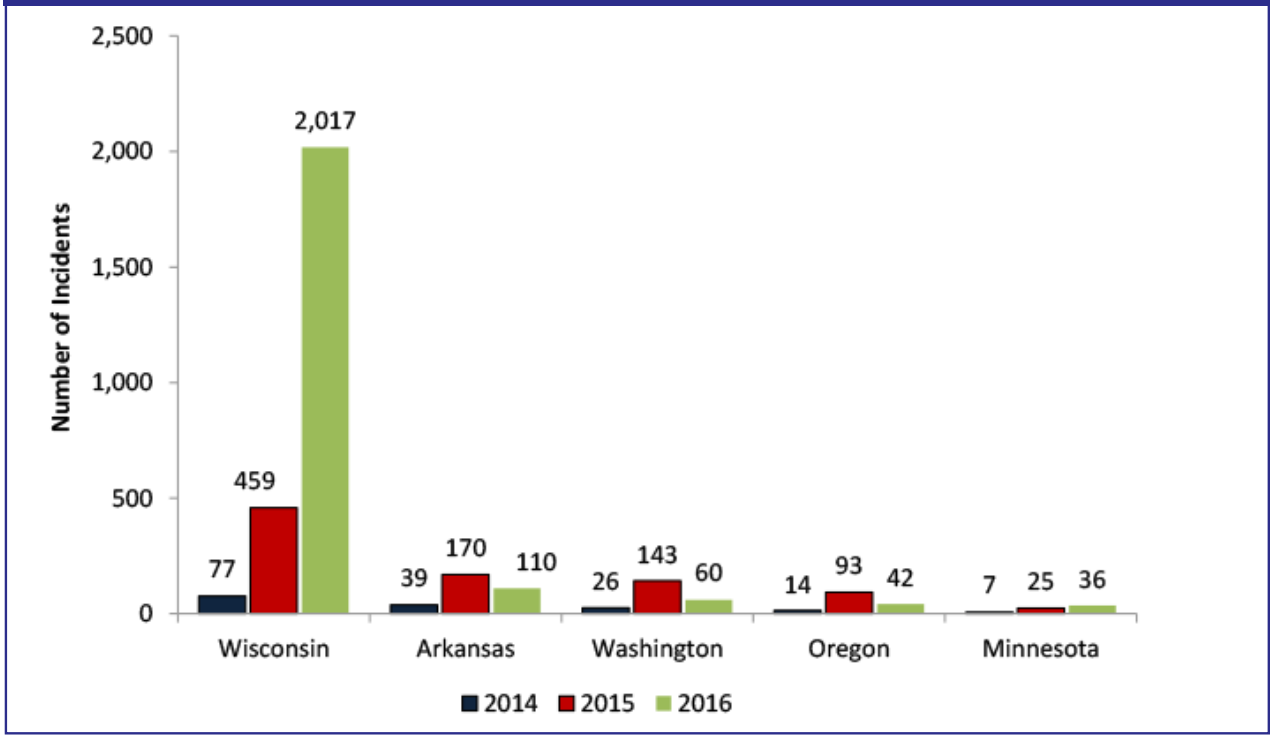
- In May 2016, a New York pharmacist and pharmacy owner pleaded guilty to health care fraud and filing false tax returns. From January 2011 to December 2012, the pharmacist operated pharmacies in Bronx, Rockland, and Queens Counties in New York State. From the Queens pharmacy, the pharmacist fraudulently billed Medicare and Medicaid approximately $2.7 million for prescription medications that were never dispensed to patients. The pharmacist's scheme involved billing for refills of costly medications even though patients never requested or received them, and doctors had not authorized the refills to be dispensed.

Figure 31. Arizona CPD Lost in Transit Incidents, 2014-2016.



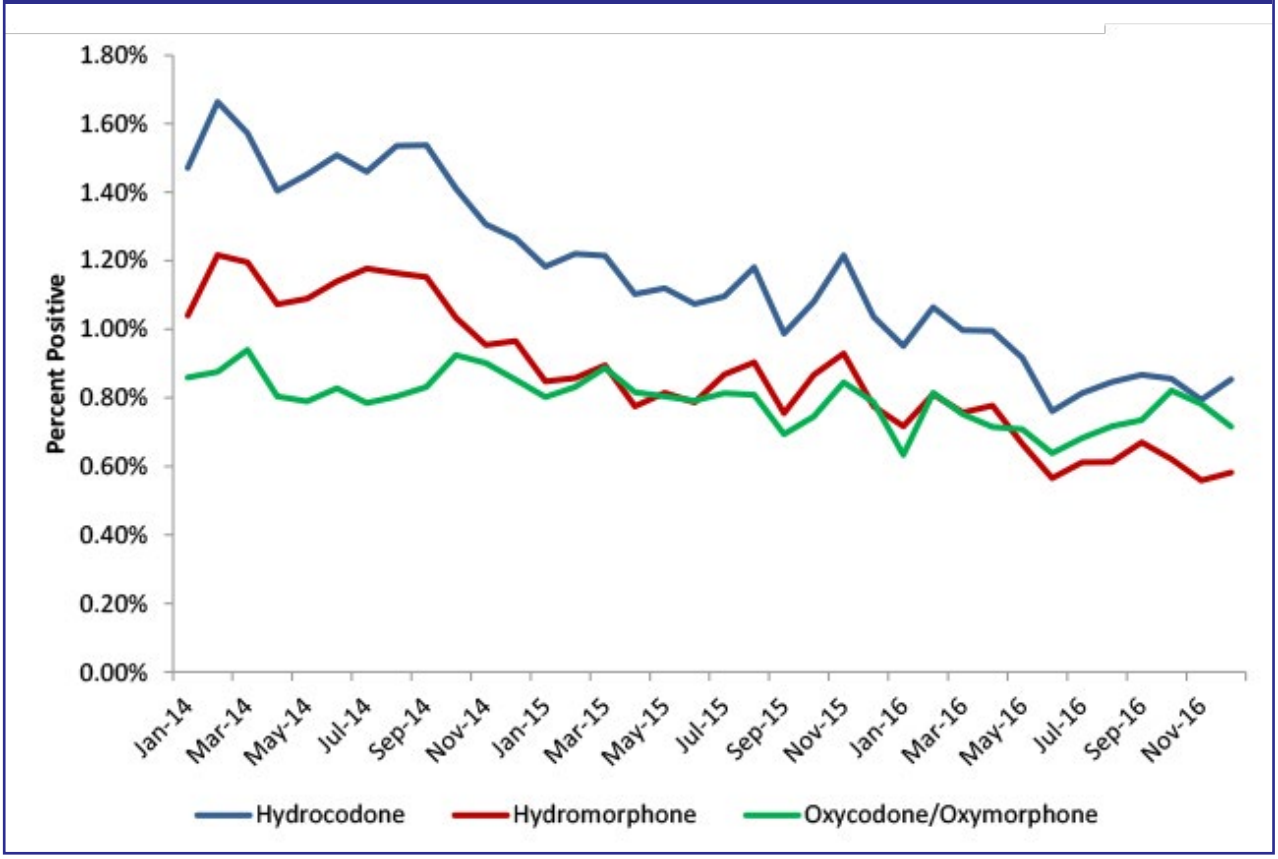
Source: DEA

Figure 32. Other Top Locations Reporting Significant Increase/Decrease for Lost in Transit, 2014 – 2016.



Source: DEA

Figure 33. Workplace Positive Drug Tests for Prescription Drugs.



Source: Office of National Drug Control Policy/Quest Diagnostics

- In June 2016, a New York pharmacy owner was charged with participating in a health care fraud scheme that used nine pharmacies in Brooklyn and Queens, New York. The pharmacist submitted more than $8.5 million in fraudulent claims to Medicaid and Medicare through these pharmacies. This arrest was part of an unprecedented nationwide sweep led by the Medicare Fraud Strike Force, resulting in criminal and civil charges against 301 individuals, including 61 doctors, nurses, or other licensed medical professionals, for their alleged participation in health care fraud schemes involving approximately $900 million in false billings. This coordinated takedown is the largest in the history of the Medicare Fraud Strike Force, both in terms of the number of defendants charged and the loss amount.

Outlook

CPD availability and abuse will continue to pose a significant drug threat to the United States as demonstrated by the increase in overdose deaths. The implementation of legislation and successful law enforcement efforts have proven effective in various areas of the country. Diversion will likely become more difficult, as prescription drug monitoring programs become more sophisticated and more states share their data with each other. With the successful reduction in availability of controlled prescription drugs, more users may shift to abusing heroin, a cheaper, easier-to-obtain opioid that produces similar effects for users of prescription drugs. Heroin and counterfeit pills laced with illicitly manufactured fentanyl and fentanyl-related compounds have entered into the drug supply, attracting unwary CPD users with lethal consequences, as synthetic opioid overdoses significantly increased in 2015. The financial impact of abuse will continue to be significant for both the medical industry and patients alike, as the considerable profits to be gained from diversion continue to outweigh the fiscal losses suffered by traffickers, and relatively short incarceration terms.

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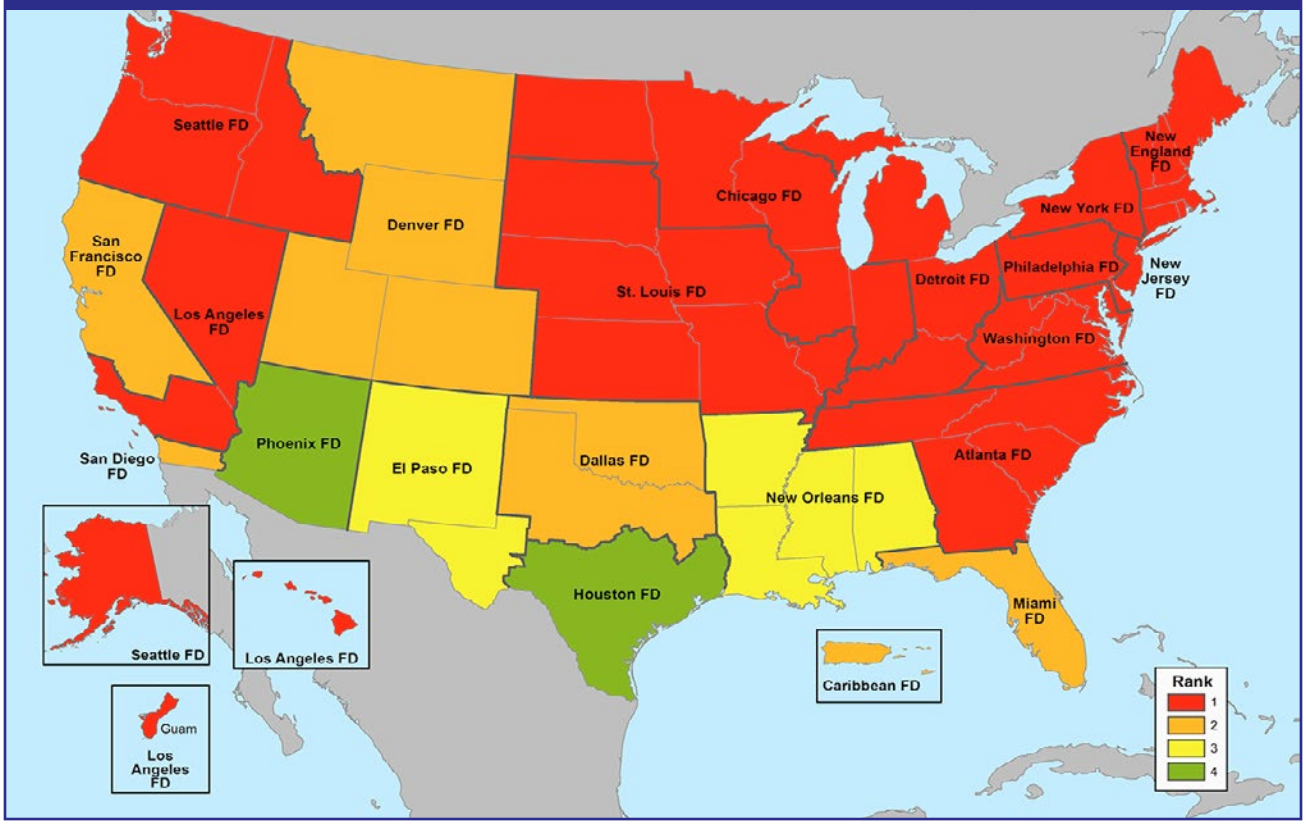
HEROIN

Overview

Heroin poses a serious public health and safety threat to the United States. Overdose deaths, already at high levels, continue to rise. The increasing adulteration of heroin with analogues of the highly-potent synthetic opioid fentanyl and other synthetic opioids has exacerbated this situation. Poppy cultivation and heroin production levels in Mexico, the primary source of heroin for the U.S. market, continue to increase. The heroin supply in the United States, particularly white powder markets in the eastern United States, is highly pure, inexpensive, and increasingly adulterated with fentanyl. This high purity finding is attributed to laboratory testing which shows it to be both highly-refined and less diluted when comparing what is a reasonable amount of dilution for street-level heroin, typically 40-50% in many East Coast markets. It is unclear how much market share fentanyl has gained from heroin, as the two markets are so intertwined. However, some heroin indicators suggest fentanyl is significantly impacting market share and, in a few markets, even supplanting the heroin market.

Heroin-involved overdose deaths are high and increasing across the United States, particularly in the Northeast and Midwest. Heroin-involved overdose deaths more than quadrupled between 2010 and 2015, with the most recent data indicating that heroin was involved in 12,989 American deaths in 2015. While the size of the heroin user population is smaller than other major drugs, heroin is highly deadly to its users. For example, the population that currently abuses prescription pain relievers is approximately 10 times the size of the heroin user population; however, the number of opioid analgesic-involved overdose deaths is approximately twice

Figure 34. Heroin Threat in the DEA Field Divisions.



Source: DEA Field Division Reporting

that of heroin-involved deaths. Heroin is now commonly adulterated with fentanyl, making it even more deadly to its user population.

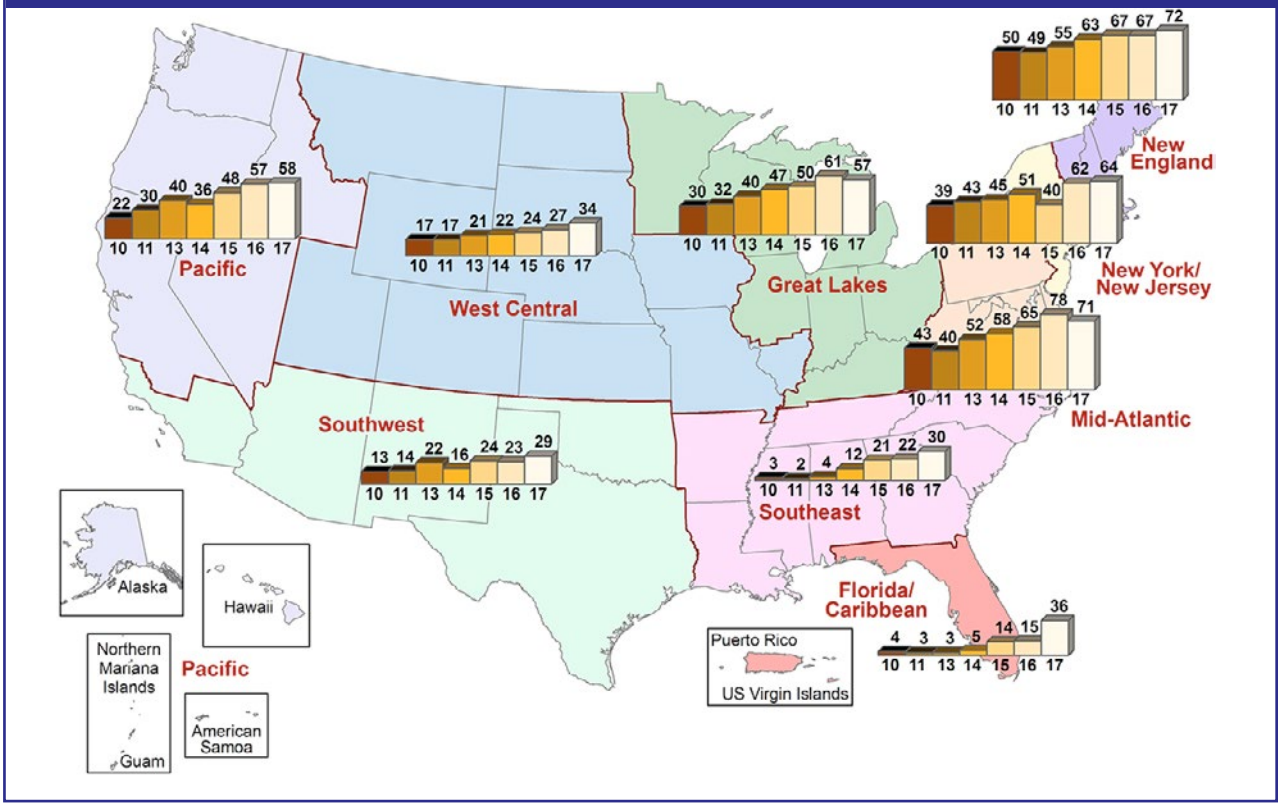
Availability

The United States has seen substantial increases in heroin availability in the last seven to 10 years, which has allowed the heroin threat to expand to unprecedented levels. Rapid increases in heroin production in Mexico (see Production section) since 2015 have ensured a reliable supply of low-cost heroin, even in the face of significant increases in user numbers.

Eleven of the 21 domestic DEA FDs ranked heroin as their number one drug threat in 2016; another six FDs ranked heroin as the second greatest threat to their areas (see Figure 34). Additionally, 44 percent of 2017 National Drug Threat Survey respondents nationwide reported heroin was the greatest drug threat in their area, more than for any other drug. The DEA field divisions with the highest percentage of respondents choosing heroin as the greatest drug threat are in the Northeast and Midwest: Philadelphia FD (84.2%), New Jersey FD (84.2%), New York FD (76.9%), New England FD (65.0%), Detroit FD (64.2%), Chicago FD (54.6%), and Washington FD (47.2%). A high percentage (46.1%) of respondents in the Seattle FD also reported heroin as the greatest drug threat (see Figure 35).

A significant increase of fentanyl in many U.S. heroin markets has not yet affected heroin availability, most likely because fentanyl is often mixed into heroin when sold for illicit use. Reporting from federal, state, and local law enforcement agencies indicates heroin availability continues to increase throughout the United States. Availability levels remain highest in the Northeast and in areas of the Midwest. These regions are white powder heroin markets and have historically had higher heroin use levels than other regions of the country.

Figure 35. Percentage of NDTS Respondents Reporting High Heroin Availability, 2010-2011, 2013-2017.



Source: 2017 National Drug Threat Survey

Figure 36. DEA Field Division Reporting of Heroin Availability in the First Half of 2016 and Comparison to Previous Period.

Field Division	Availabillity During First Half of 2016	Availabillity Compared to Second Half of 2015
Atlanta Field Division	High	Stable
Caribbean Field Division	High	Stable
Chicago Field Division	Moderate	Stable
Dallas Field Division	High	More
Denver Field Division	High	Stable
Detroit Field Division	High	Stable
El Paso Field Division	High	Stable
Houston Field Division	Moderate	Stable
Los Angeles Field Division	High	Stable
Miami Field Division	High	Stable
New England Field Division	High	More
New Jersey Field Division	High	Stable
New Orleans Field Division	High	More
New York Field Division	High	Stable
Philadelphia Field Division	High	More
Phoenix Field Division	Moderate	Stable
San Diego Field Division	Moderate	Stable
San Francisco Field Division	High	More
Seattle Field Division	High	More
St. Louis Field Division	High	More
Washington Field Division	High	More

Source: DEA Field Division Reporting

- According to the 2017 NDTS, 49 percent of respondents said heroin availability was high in their areas, meaning it is easily obtainable at any time.
- DEA investigative reporting shows increasing heroin availability in cities throughout the United States.

Seventeen of DEA's 21 FDs reported that heroin availability was high during the first half of 2016; all others reported availability was moderate. Eight FDs reported heroin availability across the Division Area of Responsibility (AOR) was increasing from the previous reporting period (see Figure 36).

Availability by Heroin Type

Heroin from all four source areas (Mexico, South America, Southwest Asia, and Southeast Asia) is available to varying degrees; however, analysis of DEA heroin indicator programs data, production and cultivation estimates, investigative information, and seizure data indicates Mexico is the predominant source of heroin in the United States. South America is the second most common source of heroin. Smaller amounts of Southwest Asian (SWA) heroin are available in certain U.S. markets, but, despite high levels of production in Afghanistan, comparatively little SWA heroin is available in the United States. Most SWA heroin supplies markets in Africa, Asia, and Europe. Southeast Asian (SEA) heroin has rarely been available in the United States in the past decade, since production in the Golden Triangle (the traditional Southeast Asian poppy-growing region of Burma, Laos, and Thailand) declined significantly overall since 2000. In 2010, heroin production in Burma began to increase again, but current production is still below 2000 levels. Mexico and, to a lesser extent, Colombia dominate the U.S. heroin market because of their proximity, established transportation and distribution infrastructure, and ability to satisfy heroin demand in the United States.

- Submissions of Mexican heroin to the DEA Heroin Signature Program (HSP) have accounted for a steadily increasing percentage of the total weight seized and analyzed since 2003. In 2015, Mexican heroin accounted for 93 percent of the total weight of heroin analyzed under the HSP (see Figure 37).
- Seizure data indicates a shift of heroin transportation toward the Southwest Border, the traditional Mexican TCO shipping route, and away from commercial air routes, the method most commonly used by traffickers of South American and Asian heroin. In FY 2008, 47 percent

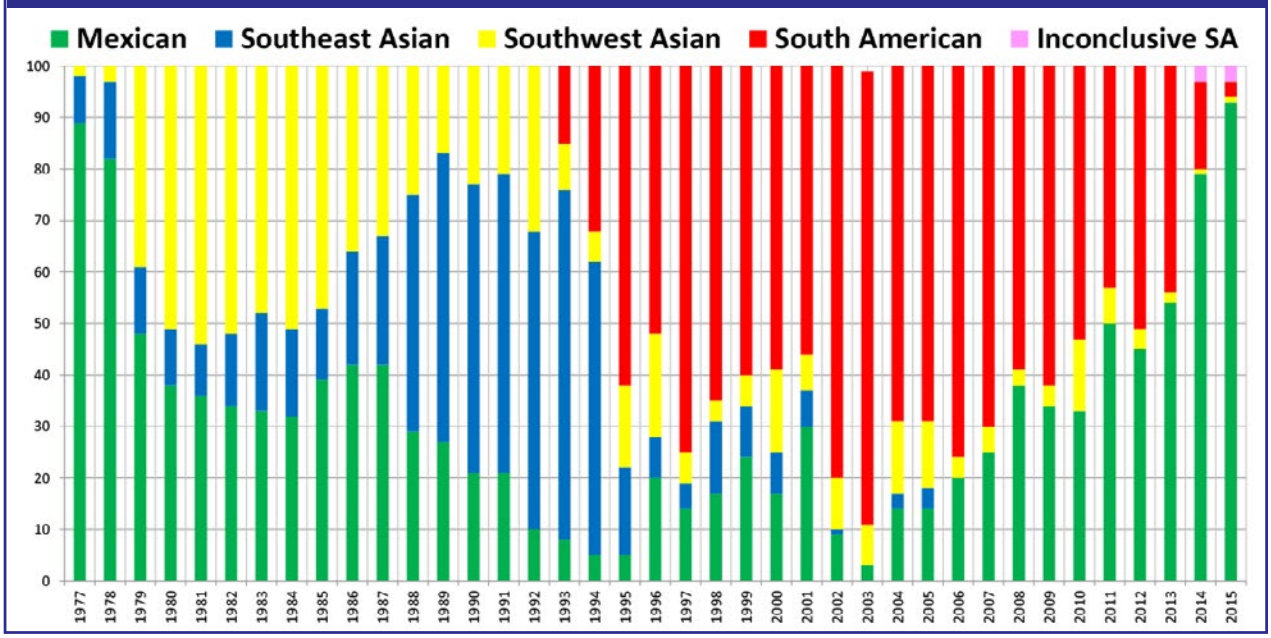
of CBP heroin seizures were made from air conveyances and 49 percent were made on land. In FY 2016, 14 percent were made in the air and 82 percent on land. This increase is primarily due to the more prominent role Mexican traffickers have taken in the United States heroin market, and also partially due to increased law enforcement presence on the Southwest Border.

The Heroin Signature Program (HSP)

The DEA's HSP provides in-depth chemical analysis of the source area origin and purity of heroin found in the United States. Since 1977, the HSP has reported the geographic source and purity of heroin seized at ports-of-entry, as well as wholesale-level seizures within the United States. Each year, chemists at the DEA Special Testing and Research Laboratory perform in-depth chemical analyses on 700 to 900 samples to assign geographic origin based on authentic samples obtained from the heroin-producing regions around the world. Since not all heroin seizures in the United States are submitted for analysis, the source area proportions should not be characterized as market share.

The U.S. heroin market is divided, with markets east of the Mississippi River generally consuming white powder heroin, and western markets consuming black tar heroin. East of the Mississippi River, particularly in the Northeast and Mid-west, where the largest U.S. heroin user populations are located, Mexican South American (MEX-SA[21]) and South American (SA) white powder heroin dominate the retail market. Analysis of 2015 Heroin Domestic Monitor Program (HDMP) data indicates that Mexican-origin heroin is the predominant heroin type available in retail markets throughout the U.S., and that Mexican white heroin is increasingly available in western markets. In 2015, 240 heroin exhibits classified as MEX-SA were purchased in retail markets east of the Mississippi River with another 34 MEX-SA exhibits purchased in markets west of the Mississippi. In addition, Mexican black tar heroin (MEX/T), Mexican brown powder heroin (MEX/BP) and heroin refined or crudely manufactured in Mexico (MEX) continued to dominate markets west of the Mississippi. In 2015, only 42 heroin exhibits classified as South American (SA)

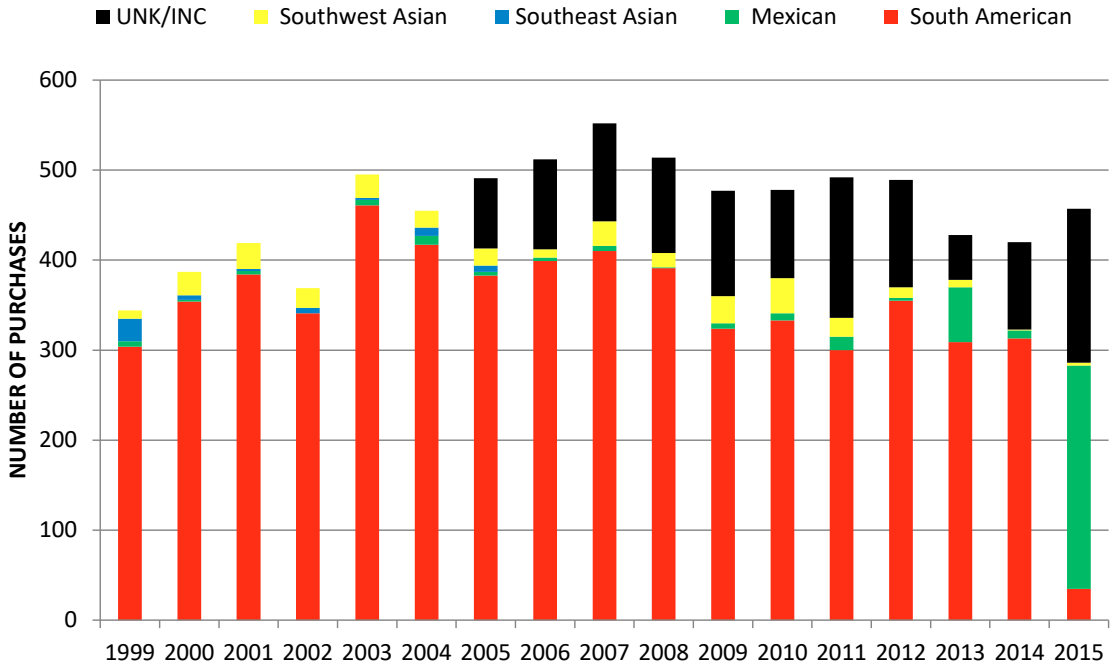
Figure 37. Source of Origin for the United States Wholesale-Level Heroin Seizures, 1977-2015.



Source: DEA

[21] This new signature classification is assigned when the heroin-processing signatures are characterized as South American with an "Inconclusive" origin component where either Mexico or South America could be the geographic origin of the heroin. Extremely adulterated and diluted (low purity) heroin is likely to generate this classification.

Figure 38. Source of Origin for Retail-level Heroin Purchased in Eastern U.S. Cities, 1999-2015.



EAST cities: Atlanta, Baltimore, Boston, Chicago, Detroit, Miami, New Orleans, New York City, Newark, Orlando, Philadelphia , Pittsburgh, Richmond, San Juan, and Washington DC.

Source: DEA

heroin were purchased under the HDMP, primarily in traditional East Coast white heroin retail markets. Of the 178 HDMP exhibits classified as Inconclusive -South American (INC-SA), 171 were purchased in Eastern and Midwestern cities that are considered traditional white heroin markets (see Figures 38,39, and 40).

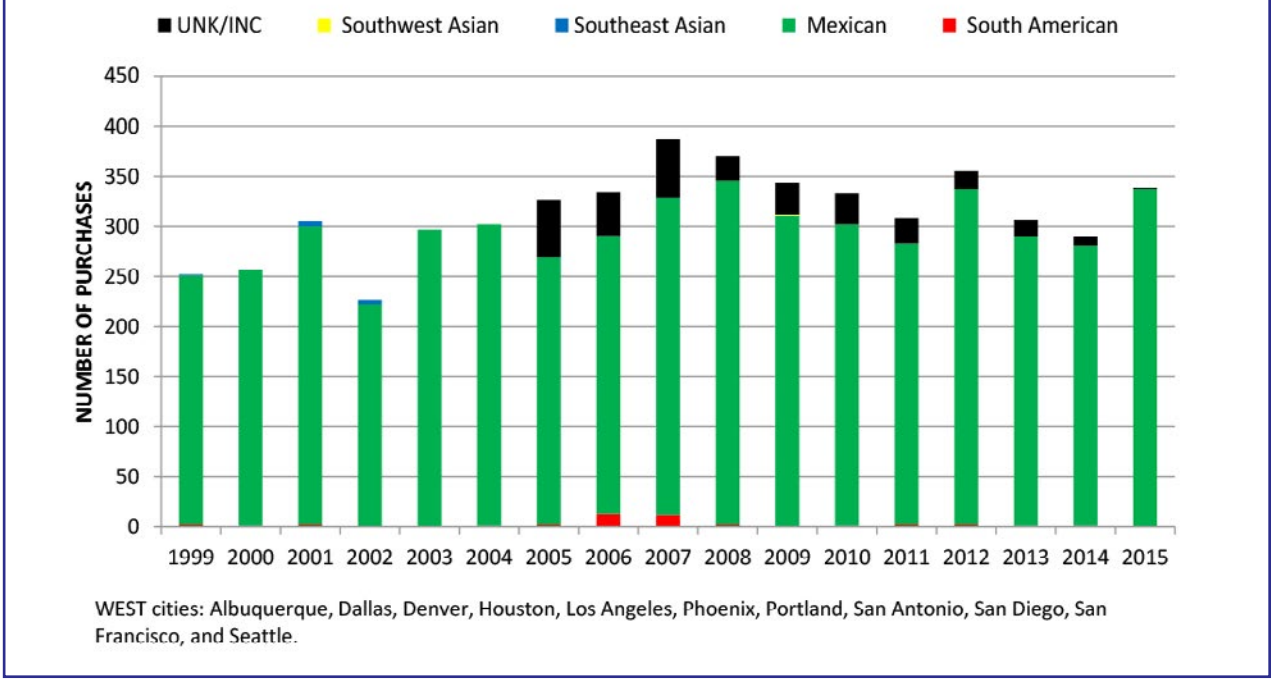
Both the 2015 HSP and the HDMP noted high purity levels (i.e., low levels of dilution) for Mexican white heroin, which is an indication that Mexican traffickers are producing large volumes of white heroin for distribution in eastern markets and continue to expand their operations to gain a larger share of these lucrative retail markets. HSP 2015 data noted MEX-SA heroin at the wholesale level had the highest purity levels of any heroin available on the U.S. market (70% average purity, compared to 63% for SA and 54% for SWA). On the retail side, the 2015 HDMP documented purchases of Mexican white heroin averaged 41 percent pure, compared to 39 percent for SA heroin and 19 percent for SWA heroin.

Use

Treatment and public health data continue to show significant increases in heroin use and consequence levels. However, national-level survey data indicated a decrease in the number of heroin users and past-year initiates.

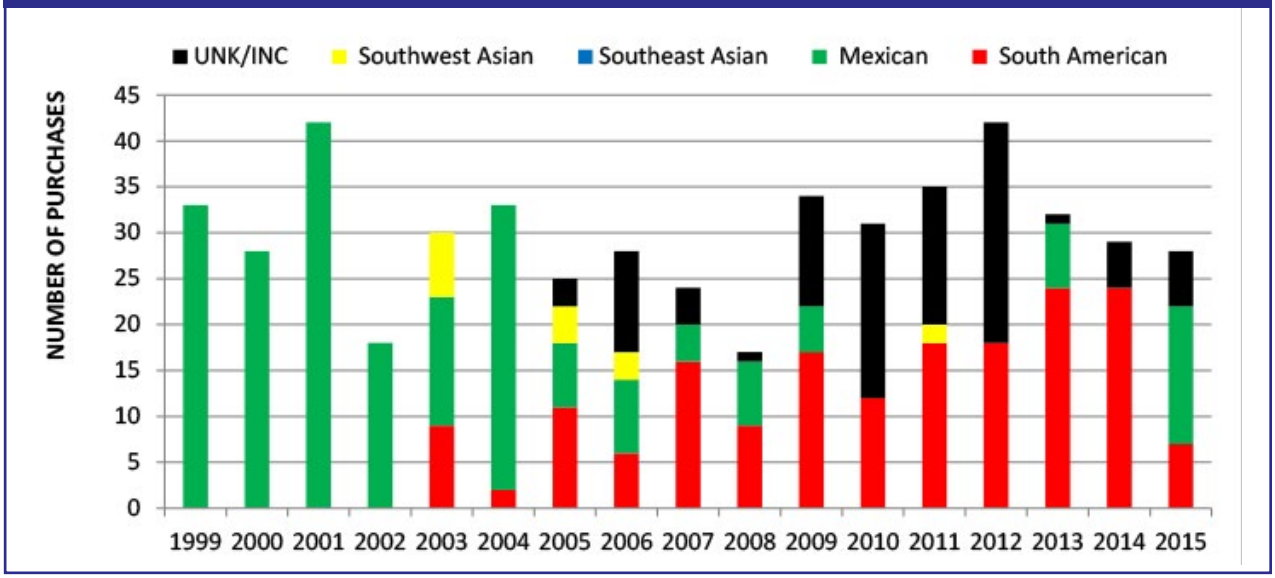
- According to NSDUH, in 2015 329,000 individuals reported current (past month) use of heroin. This was a notable decline in current users from 2014 (435,000) but still represents more than double the number of current users in 2007 (153,000). There was also a significant decline in new heroin initiates between 2014 (212,000) and 2015 (135,000). Because heroin use is not as common as the use of other illicit drugs, monitoring both past month and past year heroin use provides additional context for interpreting the trends. Reasons for the reduction could include survey respondents being

Figure 39. Source of Origin for Retail-level Heroin Purchased in Western U.S. Cities, 1999-2015.



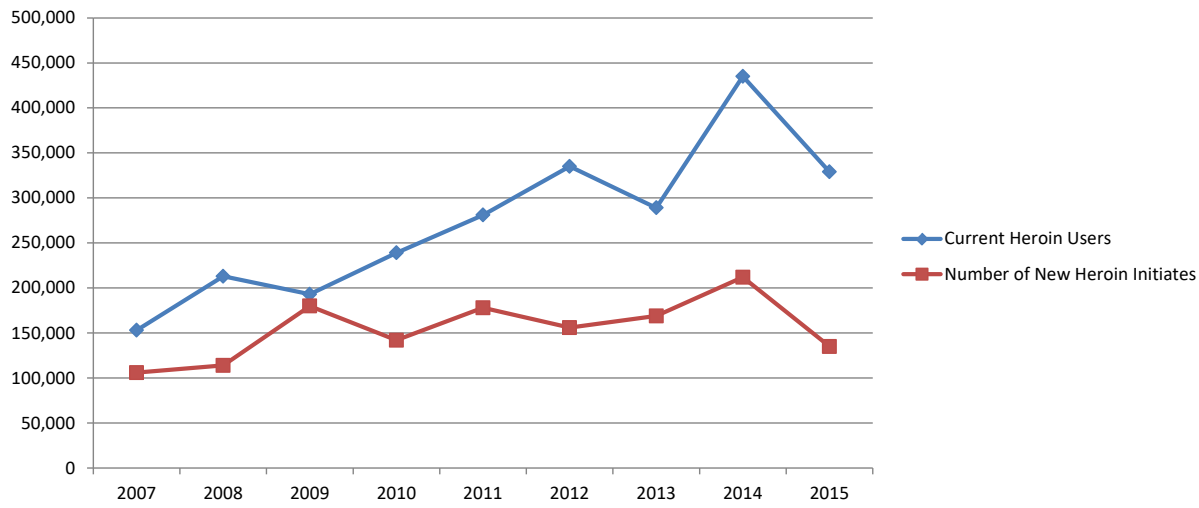
Source: DEA

Figure 40. Source of Origin for Retail-level Heroin Purchased in St. Louis, 1999-2015.



Source: DEA

Figure 41. Heroin Users and Past Year Initiates, 2007 – 2015.



Source: National Survey on Drug Use and Health

reluctant to admit to using heroin in light of recent reporting characterizing the use of opioids as a public health crisis. Regardless, it is important to note that both of these data sets have fluctuated in the past nine years (see Figure 41.)

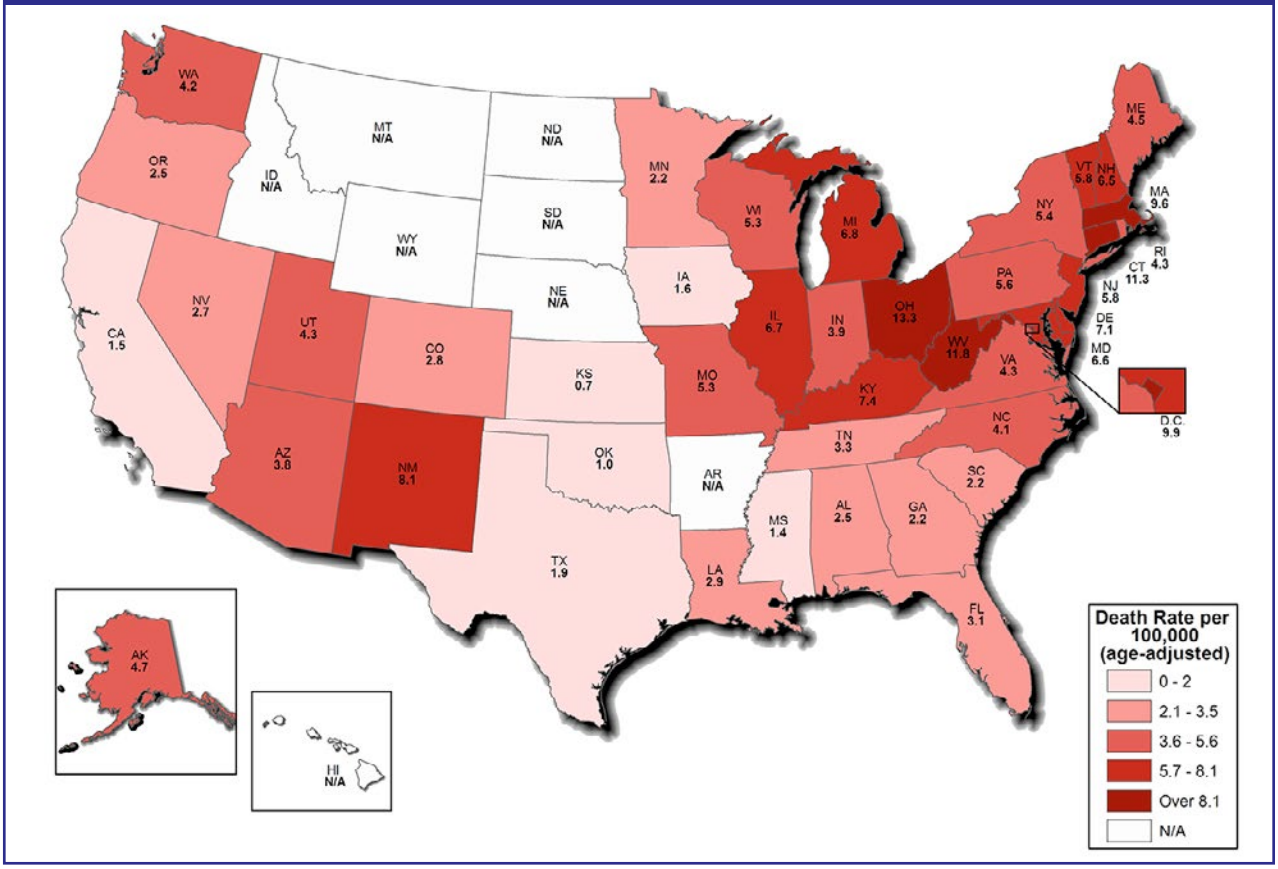
Drug-poisoning data continues to show an alarming increase in heroin-related deaths. The number of heroin-related overdose deaths in the United States increased sharply between 2010 and 2015, rising 328 percent. In 2015, there were 12,989 American heroin drug poisoning deaths reported, the highest number on record. The CDC estimates the number of heroin deaths is undercounted by as much as 30 percent. This is due both to variations in state reporting procedures, and because heroin metabolizes into morphine very quickly in the body, making it difficult to determine the presence of heroin in post-mortem examination.

- Rates of heroin overdose deaths are highest in the Northeast and Midwest, the regions that have long had the largest heroin user populations and high availability of white powder heroin (see Figure 42). Ohio has had the highest rate of heroin-related deaths since 2013, with 1,444 for 2015, the most recent year for which data is available.

According to TEDS information, primary heroin-related treatment admissions to publicly-funded facilities increased 36 percent between 2007 (262,777) and 2014 (357,293). There were more treatment admissions for heroin than for any other illicit drug in 2014, despite the fact that the heroin user population is smaller than that of methamphetamine and significantly smaller than the CPD, cocaine, and marijuana user populations (see Figure B2in Appendix B). Of the total number of users admitted for heroin-related treatment in 2014, 67 percent reported their frequency of use as daily and 72 percent reported their preferred route of administration as injection.

- Some users of most illicit drugs will seek treatment for their addiction more than once; however, repeated sessions of treatment are necessary more often for heroin users. In 2014, 77 percent of TEDS primary heroin admissions had been in treatment prior to the current episode, and 26 percent had been in treatment five or more times. It is unclear if this is attributable to heroin's addictive properties, to individuals not receiving the type of treatment they require, or to other factors. The percentage of individuals receiving medically assisted treatment (methadone, buprenorphine, etc) is low and declining, though it cannot be assumed that all patients need medically assisted treatment.

Figure 42. Heroin Overdose Age-adjusted Death Rate, 2015.



Source: National Center for Health Statistics/Centers for Disease Control

- Many heroin users seek out treatment voluntarily as opposed to being mandated by the criminal justice system. In 2014, TEDS primary heroin admissions were less likely than all other admission types combined to be referred to treatment by the criminal justice system (16% vs. 33%), and were more likely to be self-referred (57%) or individually referred (37%).
- Heroin is commonly used in concert with other illicit drugs. Seventy-four percent of TEDS primary heroin admissions reported abuse of additional substances. Marijuana/hashish was reported by 19 percent, alcohol by 16 percent, and non-smoked cocaine[22] and opiates other than heroin[23] by 13 percent each.

Production

Opium poppy is cultivated for heroin production in four major source areas of the world: Mexico, South America, Southwest Asia, and Southeast Asia. While Southwest Asia is the primary supplier to most world markets, Mexico is, by far, the primary supplier of heroin to the United States. Opium poppy cultivation in Mexico has increased significantly in recent years, reaching an estimated 32,000 hectares (ha) in 2016, with an estimated pure potential production of 81 metric tons of heroin. This was more than triple the amount potentially produced in 2013 (26 metric tons). This increase was driven in part by reduced poppy eradication in Mexico and Mexican organizations' shift to increased heroin trafficking. Mexican traffickers' increasing use of fentanyl mixed with heroin has not yet impacted poppy cultivation in Mexico. For

[22] Generally powder cocaine, as opposed to crack cocaine.

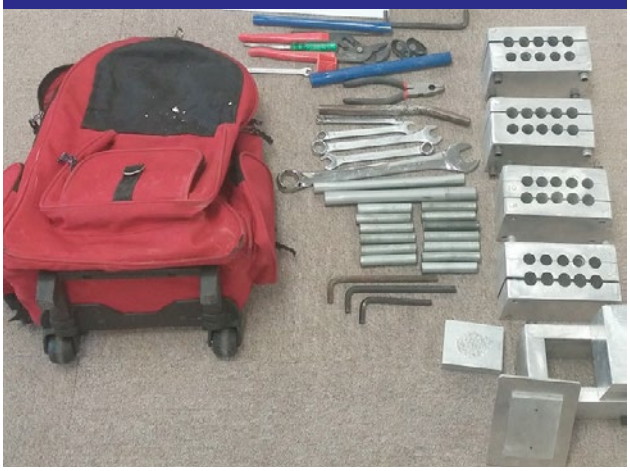
[23] The "opiates other than heroin" group includes methadone, buprenorphine, codeine, hydrocodone, hydromorphone, meperidine, morphine, opium, oxycodone, pentazocine, propoxyphene, tramadol, and any other drug with morphine-like effects.

comparison, in 2015, the U.S. Government estimated 1,000 ha of opium poppy were under cultivation in Colombia, sufficient to produce about three metric tons of pure heroin.

Heroin is not produced in the United States, but it is commonly milled (wholesale quantities broken down and packaged into mid-level and retail quantities). Wholesale quantities of heroin are delivered to the "mill," usually a private home or apartment, where members of the trafficking organization break the heroin down into smaller quantities. Kilogram- and pound-sized blocks are broken down using coffee grinders, blenders, or food processors, and adulterants such as caffeine, diphenhydramine, or quinine and diluents such as lactose or mannitol are added to the heroin. Fentanyl is sometimes mixed with heroin at these mills. Due to the potency of fentanyl, only very small amounts are added to the heroin and thus the potency of the overall mixture is dependent upon how well the drugs are mixed together. The heroin or heroin/fentanyl mixture is then repackaged for mid-level or retail sale.

- In August 2016, the DEA New England FD seized a milling operation containing fentanyl in Lawrence, Massachusetts. At the mill, heroin and fentanyl were being mixed together and pressed into cylinders for mid-level sale, a common heroin packaging technique. The milling equipment was small and portable, able to be carried in a suitcase. The individuals working at the milling operation used personal protective equipment, such as latex gloves and masks (see Figure 43).

Figure 43. Lawrence, Massachusetts Heroin Milling Operation, 2016.



Source: DEA

Transportation and Distribution

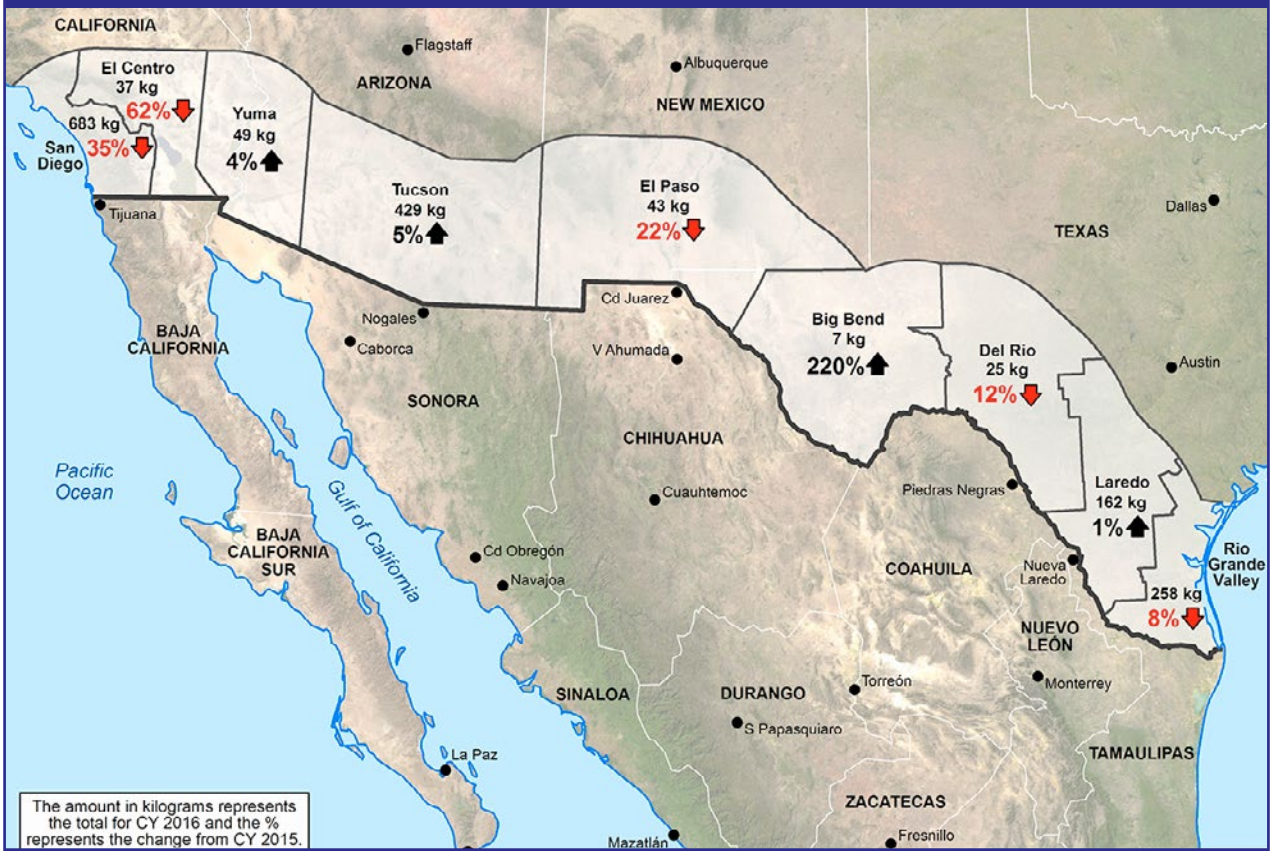
Most of the heroin smuggled into the United States is brought overland across the SWB (mostly Mexican heroin and some SA heroin) with lesser amounts transported by couriers on commercial airlines (SA, SWA, and SEA heroin). Heroin is commonly transported commingled with other drugs, particularly methamphetamine. Seizures at the SWB declined in FY 2016 for the first time in almost a decade, despite increasing heroin production levels in Mexico. According to CBP, most heroin smuggled across the border is transported in small, multi-kilogram loads, in privately-owned vehicles, usually through California.

- In CY 2016, 40 percent of the heroin seizures at the Southwest Border (1,695 kilograms) occurred in the San Diego Corridor (683 kilograms). This was a decrease from CY 2015, when 2,205 kilograms were seized at the border, with 1,136 kilograms seized in the San Diego Corridor. Seizures in the Tucson (429 kilograms) and Rio Grande Valley (258 kilograms) corridors were also significant in CY 2016 (see Figure 44).

Heroin is still transported by express consignment packages and couriers on commercial aircraft, although there appear to be declines in these methods. CBP seizures from air conveyances decreased significantly from CY 2015 (400 kilograms) to CY 2016 (283 kilograms); however, air seizures remain a notable portion (16% overall) of the heroin seized from arrival zones. The number of SA heroin samples seized at U.S. POEs and analyzed through the HSP since 2001 has steadily decreased, while the purity has remained relatively stable during the same timeframe. The decline in the amount of SA heroin seized at U.S. POEs is consistent with reports of significant decreases in Colombian poppy cultivation in the past decade. The reduction in SA heroin production, coupled with increasing levels of heroin production in Mexico and transportation activities across the SWB, has had a noticeable impact on SA heroin availability in the United States.

The major airports in Miami and New York remain the primary arrival points for heroin couriers, with JFK International Airport in New York the most common arrival point, accounting for 55%. Of the 17 SA heroin

Figure 44. CBP Heroin Seizures by Southwest Border Corridor in 2016, with Percent Change from 2015.



Source: DEA and U.S. Customs and Border Protection

samples obtained from seizures at U.S. POEs in 2015, 9 were airport seizures, with the major airports in New York and Florida continuing as the primary arrival points for SA heroin couriers. CBP reporting indicated that heroin smuggled by air in FY 2015 most commonly departed from South America, on flights from Colombia, Guatemala, and Ecuador.

Because heroin is such a compact drug, it is often smuggled in small amounts, concealed in private vehicles, on the body or in body cavities, in luggage, and in shoes. Larger loads are often commingled with other, bulkier, drugs such as methamphetamine, and concealed in a variety of ways.

- DEA reporting from the Houston FD indicates that heroin transiting the Houston area is increasingly being concealed in vehicle batteries. State and local law enforcement reporting also indicate this trend. On March 16, 2017, a Louisiana State Trooper stopped a Texas driver who was traveling from Brownsville, Texas, to New York City. A search of the vehicle revealed 8.5 pounds of heroin concealed in the vehicle battery. The battery was still operational (see Figure 45).

Mexican traffickers continue to expand their operations in eastern U.S. heroin markets where white powder heroin is consumed. The largest, most lucrative heroin markets in the United States are the big white powder markets in major eastern cities: Baltimore, Boston and its surrounding cities, Chicago, Detroit, New York City and the surrounding metropolitan areas, Philadelphia, and Washington DC. Mexican traffickers are expanding their operations to gain a larger share of these markets and are expanding the use of highly-profitable fentanyl within white powder markets. Because of fentanyl's high potency, traffickers can increase their profits and heighten the potency of low-quality heroin by mixing fentanyl with heroin (see Fentanyl Section). Fentanyl is often disguised as heroin and sold to unwitting heroin users. Because of this business model, the illicit fentanyl and heroin markets are so intertwined

Figure 45. Heroin concealed inside operational vehicle battery.

Source: Gulf Coast High Intensity Drug Trafficking Area

it is difficult to gauge how much heroin market share fentanyl has gained. In 2016, all DEA Domestic Field Divisions containing white powder heroin markets reported the presence of heroin supplies laced with fentanyl and/or fentanyl disguised as heroin.

In most white powder heroin markets, fentanyl remains intermixed with the heroin market; however, in a select few areas, fentanyl displaced a substantial portion of the heroin market. The most significant example of this is the St. Louis metropolitan area (SLMA), where the heroin market has been partially supplanted by the fentanyl market. This change is evidenced by fentanyl being sold as fentanyl and not disguised as heroin; a large opioid user base that actively seeks out fentanyl; an increase in fentanyl traffickers in the area; and a shift from overdose deaths caused by heroin/fentanyl combinations to overdose deaths caused by fentanyl alone. Laboratory submissions of fentanyl only and fentanyl mixed with heroin have surged since 2014 in the SMLA. By 2016, fentanyl was determined to be the sole contributor to death for many overdose victims. This upward trend indicated that death by fentanyl alone represented more than half of all overdose deaths from heroin and other opiates (excluding fentanyl) in 2016.

Outlook

Heroin-related deaths will continue at high levels in the near term. The heroin available in white powder markets in the United States is very high-purity. Increasing poppy cultivation in Mexico, the primary supplier of U.S. heroin markets, ensures it will remain high-purity. The heroin market is further intertwined with the fentanyl market, with heroin supplies in white powder markets increasingly laced with highly-potent fentanyl. This combination will most likely lead to an increase in opioid deaths in the near term.

Fentanyl will continue to make inroads into the U.S. heroin market and, in select areas, may eventually supplant heroin. Because the profit margin for fentanyl is much higher than for heroin the extent to which fentanyl takes market share from heroin will depend upon the degree to which traffickers incorporate fentanyl into their opioid distribution activities.

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FENTANYL AND OTHER SYNTHETIC OPIOIDS

Overview

Fentanyl is a Schedule II synthetic opioid approved for use as a painkiller and anesthetic. The drug's extremely strong opioid properties—both analgesic and euphoric—have made it an attractive drug of abuse for opioid users. Pharmaceutical fentanyl is diverted from healthcare facilities, although usually on a small scale and for personal use or street sales. Fentanyl is also illicitly manufactured in laboratories in China, and likely Mexico, before being smuggled into the United States and distributed in opioid markets. There is little to no evidence that pharmaceutical fentanyl is diverted from these countries, as all fentanyl seizures in the United States have been in powder form, smuggled from China and Mexico, indicating illicitly-produced fentanyl. The relatively small-scale quantities of licit fentanyl being diverted compared to kilogram seizures of illicitly-produced fentanyl, indicates illicitly-produced fentanyl is responsible for the current fentanyl epidemic in the United States.

Availability

Fentanyl is now widely available throughout the United States, with all DEA FDs reporting accessibility to it. Fentanyl is available in both its legitimate and illicit forms. Legitimate fentanyl, also known as pharmaceutical fentanyl, is prescribed by a physician in a variety of forms to include transdermal patches and lozenges. Fentanyl in these forms is diverted from the legitimate market, although on a smaller scale compared to illicitly produced fentanyl. Illicitly produced fentanyl is produced in clandestine laboratories and typically distributed in a white powder form, to be mixed into heroin or pressed into counterfeit opioid prescription pills.

Fentanyl-related substances are also increasingly becoming available throughout the United States. Fentanyl- related substances are substances in the fentanyl chemical family, with similar pharmacological effects, but with minor variations in the chemical structure.

U-4770

The rise of fentanyl paved the way for other synthetic opioids to enter illicit drug markets. In 2016, DEA first encountered U-47700, a synthetic opioid responsible for at least 80 deaths in the United States for the year. It is approximately 7.5 times the potency of morphine, and is abused for its strong opioid properties. U-47700 primarily arrives in the mail from China, and has been seized in powder and tablet form. DEA temporarily placed U-47700 into Schedule I of the CSA in October 2016 upon the finding U-47700 posed an imminent hazard to public safety.

Officer Safety and Fentanyl

Fentanyl is an extremely deadly substance with the European Monitoring Centre for Drugs and Drug Addiction reporting a lethal dose is only 2 milligrams. Only properly trained and outfitted law enforcement professionals should handle any substance suspected to contain fentanyl or a fentanyl-related substance. If you suspect the presence of fentanyl or a fentanyl-related compound, do not take samples or attempt presumptive color testing and follow approved transportation procedures to transport it to the nearest laboratory. For further guidance on safe handling of suspected fentanyl, please see the November 2016 published guidance on CDC's website from the National Institute for Occupational Safety and Health, and the June 2017 DEA publication titled Fentanyl: A Briefing Guide for First Responders, available on DEA's website.

Figure 46. Fentanyl seized from pickup truck.

Source: Bartow County Police Department

Largest Fentanyl Seizure Occurs in Georgia

The largest recorded single seizure of fentanyl to date occurred in March 2016, on I-75 in Bartow County, Georgia. The Bartow-Cartersville Drug Task Force discovered 40 kilograms of fentanyl powder secreted in various hidden compartments on a pickup truck during a traffic stop (see Figure 46).

These substances are typically sourced as a substitute for fentanyl as traffickers attempt to use fentanyl-like substances that are not yet controlled. In most cases, information such as potency and lethal dosage are unknown.

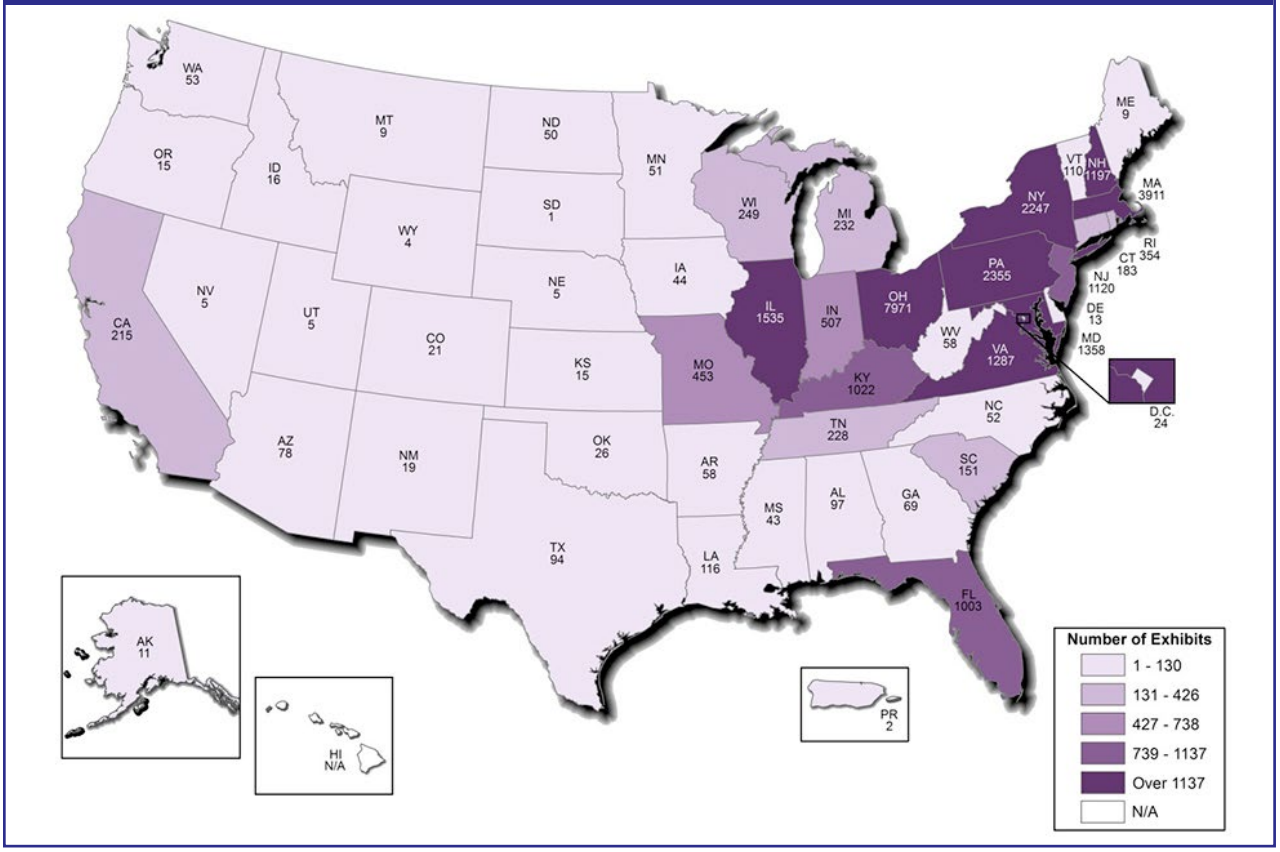
In CY 2016, law enforcement agencies across the United States seized a record-high 287 kilograms of fentanyl; a 72 percent increase from the 167 kilograms seized in 2015. Fentanyl exhibits tested by forensic laboratories and reported to NFLIS in Calendar Year (CY) 2016 shows the large footprint of fentanyl. The data shows a heavy concentration of exhibits in the Northeast, where there has been a historical white powder heroin and opioid problem. Ohio had the greatest number of fentanyl reports, 7,971, in 2016. Massachusetts had the second greatest with 3,911 reports, and Pennsylvania had the third greatest at 2,355 reports (see Figure 47).

Use

Fentanyl and its related compounds are used for their strong opioid properties. Fentanyl is approximately 50 to 100 times more potent than morphine. Like other opioids, fentanyl provides a euphoric high and is incredibly addictive. Adverse effects of fentanyl abuse include nausea, fainting, respiratory failure, and death.

The CDC reported a 79 percent increase in synthetic opioid deaths, from 5,343 in 2014 to 9,580 in 2015. While the synthetic opioid category does include other substances such as Tramadol®, fentanyl largely dominates the category. Additionally, there is a strong relationship between the number of synthetic opioid deaths and the number of fentanyl

Figure 47. Number of Fentanyl Exhibits by State for CY 2016.



Source: DEA

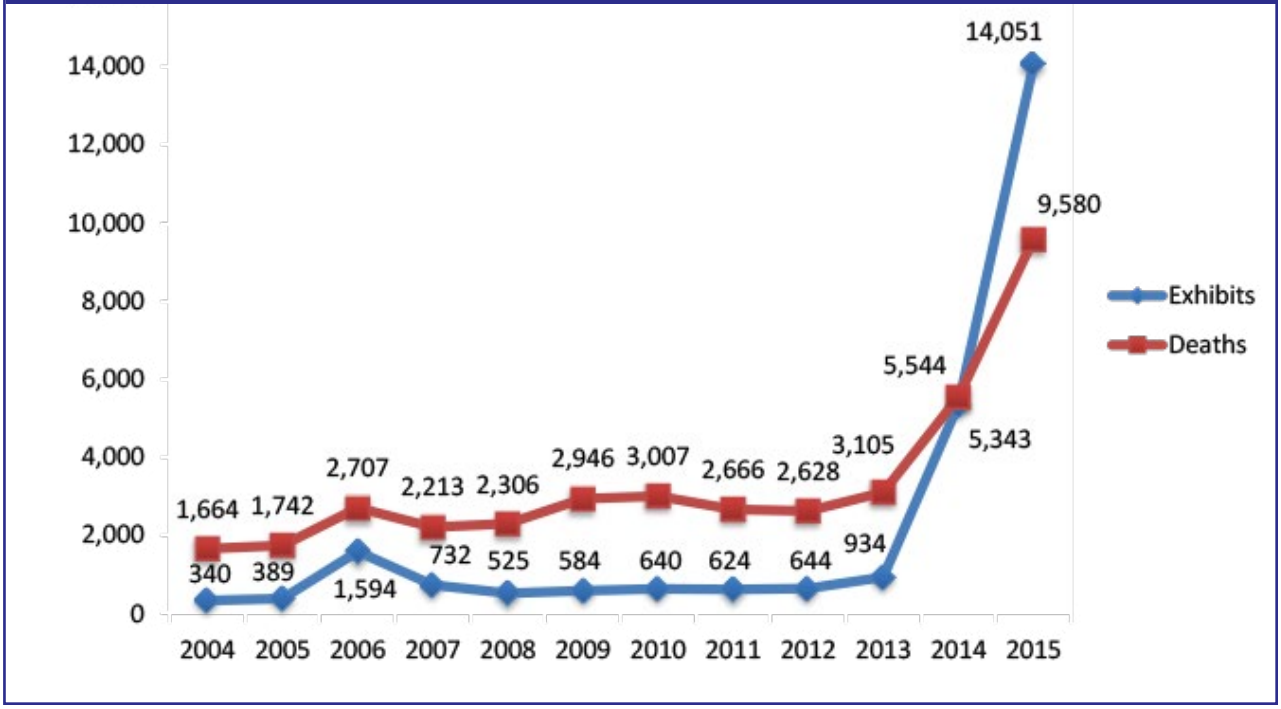
exhibits encountered by forensic laboratories (see Figure 48). When the number of fentanyl exhibits in NFLIS increase, so too does the number of synthetic opioid deaths recorded by the CDC.

Pharmaceutical fentanyl is diverted from healthcare facilities, although the threat posed by diverted fentanyl is smaller than the illicit fentanyl threat. The CDC reports most cases of fentanyl-related morbidity and mortality are linked to illicitly produced fentanyl. Pharmaceutical fentanyl is usually diverted by insiders with access to the drug and stolen to satisfy a personal addiction, or for street-level sales. Users can extract the fentanyl from the gel matrix in transdermal patches (see Figure 49) to smoke or ingest the fentanyl, and intravenous fentanyl solution can be injected directly into the bloodstream.

Illicitly-produced fentanyl is the main type of fentanyl abused in the United States, and is primarily responsible for the fentanyl epidemic. At the outset of the current crisis, illicit fentanyl originally entered illicit drug markets through heroin; fentanyl in powder form is used as an adulterant and mixed into heroin, oftentimes without heroin users knowing. It is increasingly more common for fentanyl to be mixed with adulterants and diluents and sold as heroin, with no heroin present in the product (see Figure 50). In 2016, an overwhelming majority of fentanyl exhibits in NFLIS were fentanyl alone, without heroin, at 22,278 exhibits (see Figure 51). Fentanyl in these forms looks like heroin, is packaged in the same baggies or wax envelopes as heroin, and displays similar stamps or brands as heroin. While many heroin users have no desire to use fentanyl, some do seek it out because of its potency. This can cause public health warnings to have unintended consequences; notifying the community that a particular heroin stamp is known to contain fentanyl or cause overdoses may cause some users to go in search of it.

Illicitly-produced fentanyl is increasingly available in the form of counterfeit prescription pills. Fentanyl traffickers use fentanyl powder and pill presses to produce pills that resemble popular prescription opioids, such as oxycodone and hydrocodone (see Figure 52). The pills

Figure 48. Number of Synthetic Opioid Deaths and Fentanyl Exhibits by Year, 2004-2015.



Source: Center for Disease Control and DEA National Forensic Laboratory Information System

Figure 49. Fentanyl Transdermal Patch.

Source: DEA

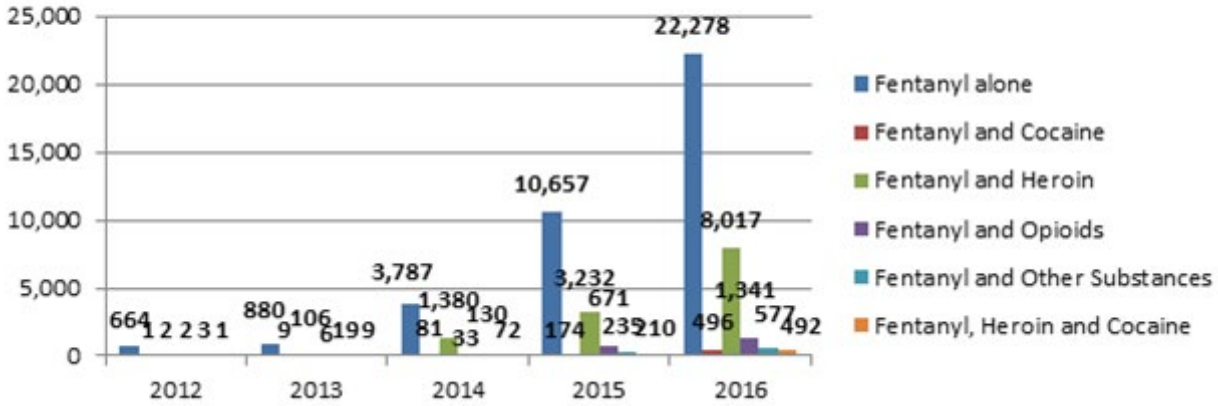
Figure 50. Fentanyl and Heroin Mixture.

Source: DEA

are sold in illicit U.S. drug markets, and users typically do not realize the pills are laced with fentanyl. In many cases, the colorings, markings, and shape of the counterfeit pills were consistent with authentic prescription medications. The presence of fentanyl may only be determined during laboratory analysis.

Expansion of the counterfeit pill market, to include pills containing fentanyl, threatens to circumvent efforts by law enforcement and public health officials to reduce the abuse of opioid medications; the arrival of large amounts of counterfeit prescription drugs containing fentanyl on the market replaces opioid medications taken off of the street. Although a very small percentage of controlled prescription drug users eventually switch to heroin, fentanyl-laced pills give DTOs broader access to the large controlled prescription drug user population, which is reliant upon diversion of legitimate pills. The

Figure 51. Fentanyl Combination Exhibits in NFLIS.



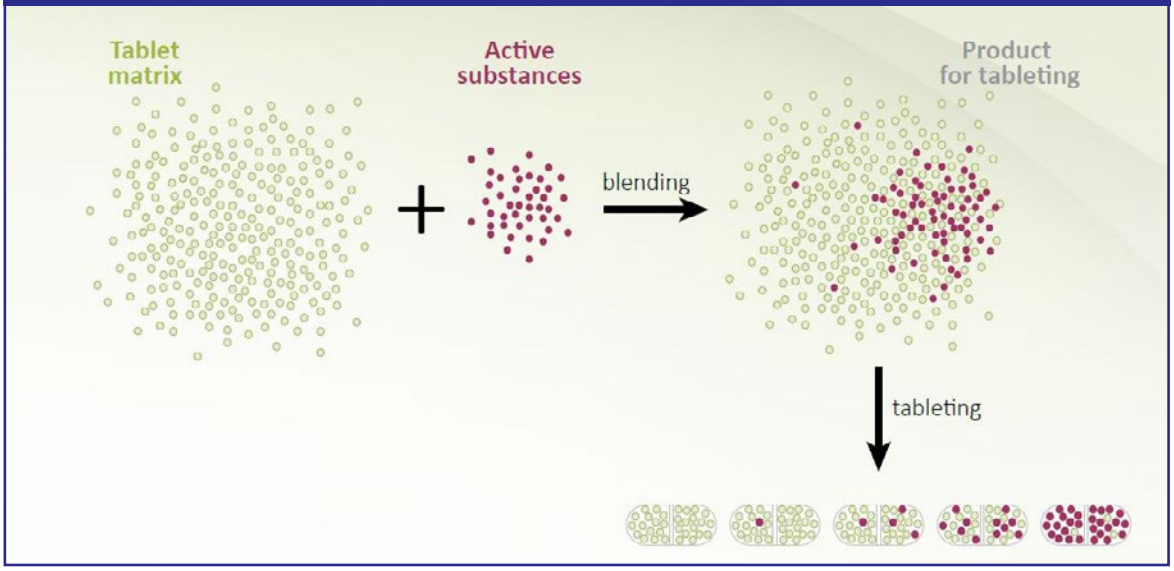
Source: National Forsensic Laboratory Information System August 2017

success traffickers have experienced with secreting fentanyl and related compounds in counterfeit opioid medications will likely result in the emergence of fentanyl and related compounds in a variety of other counterfeit prescription drugs. Between January and March 2016, nine people died from counterfeit Xanax® pills containing fentanyl in Pinellas County, Florida. In March and April 2016, 52 overdoses and 12 deaths occurred in Sacramento, California from counterfeit hydrocodone tablets imprinted with M367. The difficulties in mixing fentanyl into tablet form contribute to such mass overdose events. The amount of fentanyl intended for each tablet is small, and while experienced pill mill

Figure 52. Counterfeit Oxycodone Tablets Containing Fentanyl.

Source: DEA

Figure 53. Variable Dose of Active Substance in Clandestinely Manufactured Pills.



Source: United Nations Office on Drugs and Crime

operators may produce a level of uniformity, amateur operators risk creating hot spots, or areas of higher concentrations of fentanyl in the pills (see Figure 53).

The high profitability of counterfeit prescription pills laced with fentanyl strongly incentivizes traffickers to continue producing them. These pills often retail for between $10 and $20 in illicit street markets, potentially netting traffickers millions of dollars in profit (see Figure 54).

In 2016, law enforcement agencies learned of the availability of fentanyl in new forms, such as on blotter paper, in eye droppers, and in nasal sprays. While the majority of illicit fentanyl is distributed in powder and pill forms, traffickers are experimenting with new preparations to expand the market. New and novel preparations of illicit fentanyl are commonly found on darknet markets.

Production

Illicitly-produced fentanyl, along with its analogues, is manufactured in China and Mexico. Fentanyl is synthesized in laboratories entirely from chemicals, unlike drugs such as heroin, which require plant-based alkaloids. There are two primary methods used to produce fentanyl: the Janssen method and the Siegfried method. The Janssen method is complicated and generally beyond the skill set of novice clandestine laboratory cooks. The Siegfried method was developed in the 1980s, and proves to be much simpler for drug cooks to execute. This method uses the chemical N-phenethyl-4-piperidone (NPP) as its starting point and synthesizes 4-anilino-N-phenethyl- 4-piperidone (ANPP), which is fentanyl's immediate precursor. Since 2015, at least 187 kilograms of ANPP were seized entering the United States at various ports of entry, indicating traffickers are interested in performing fentanyl synthesis either

Figure 54. Potential Fentanyl Profitability.

Drug	Cost Per 1 Kg to DTO	Approximate Number of Kgs Produced from Original Drug Procurement	Wholesale Price per Kg in Massachusetts	Revenue to DTO from 1 Kg
Heroin	$5,000 - 7,000 (Purchased from Colombia)	1 kg	$80,000	$80,000
Pure Fentanyl (99%)	$3,300 -5,000 (Purchased from China)	16-24 kgs	$80,000	$1,280,000 - 1,920,000

Source: DEA

Carfentanil

In 2016, there was an alarming increase in the illicit availability of carfentanil: a fentanyl-related compound 10,000 times more potent than morphine and the most potent commercially used opioid. Carfentanil is a synthetic opioid controlled federally as a Schedule II substance under the Controlled Substances Act and is not approved for use in humans. It is used as a tranquilizing agent by veterinarians in zoos and other large wildlife environments for elephants and other large mammals.

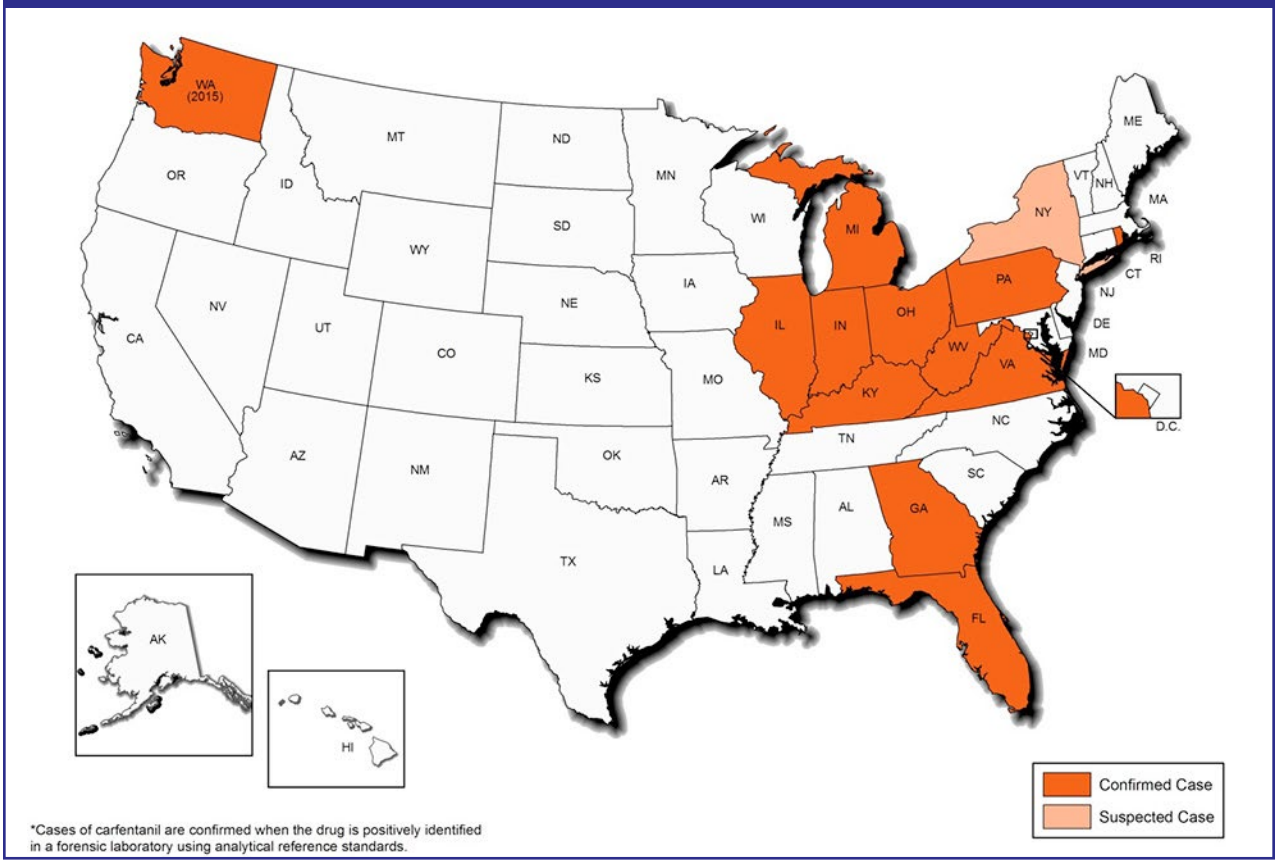
Between July 5 and July 26, 2016, paramedics in Akron, Ohio registered at least 236 drug overdoses with at least 14 being fatal, linked to suspected carfentanil. For perspective, during the January – June 2016 time frame, Akron paramedics responded to 320 overdose incidents. Additional carfentanil overdose events have been reported in Columbus, Ohio. Also, in early September 2016, the Hamilton County, Ohio Coroner's Office confirmed carfentanil was the cause of at least eight overdose deaths in the Cincinnati area since July 2016.

In 2016, DEA's Special Testing and Research Laboratory was notified of at least 413 confirmed identifications of carfentanil in drug samples tested by laboratories in eight states[24]. Laboratory testing in 2015 also revealed a carfentanil drug sample in Washington (see Figure 55). In addition, carfentanil has been identified in blood samples from several overdose deaths in West Virginia. The drug is most commonly encountered in powder form, but it has also been seen in capsule form, tablets, and liquid samples. Carfentanil is most commonly identified either as the only active component or in a mixture with heroin. Carfentanil has been encountered in a number of different mixtures, to include fentanyl; furanyl fentanyl; heroin and fentanyl; and heroin and furanyl fentanyl.

According to the DEA Diversion Control Division's Regulatory Section, there have been no cases of diverted carfentanil reported in DEA's Drug Theft and Loss Database. This indicates the carfentanil in U.S. illicit drug markets is not sourced from DEA registrants, lawful domestic manufacturing, or lawful imports. DEA investigative reporting all indicates the carfentanil that has been seized in multiple states is believed to be arriving from foreign sources via illicit networks and dark web purchases.

[24] Florida, Georgia, Illinois, Indiana, Kentucky, Michigan, Ohio, and Rhode Island.

Figure 55. Confirmed and Suspected Cases of Carfentanil in 2016.



Source: DEA

Fentanyl Pill Mill Operations

Clandestine fentanyl pill press operations occur in the United States. Traffickers usually purchase powdered fentanyl and fentanyl-related compounds and pill presses from China to create counterfeit pills to supply illicit U.S. drug markets. Under U.S. law, DEA must be notified of the importation of a pill press. However, foreign pill press vendors often mislabel the equipment or send it disassembled to avoid law enforcement detection. In March 2016, the DEA Los Angeles FD executed a federal search warrant at a residential location and seized a counterfeit prescription pill operation using fentanyl and other synthetic opiates. Three pill presses, powder mixing equipment, ventilation equipment, and numerous buckets filled with powder were discovered (see Figure 56).

Figure 56. Pill Presses Used to Manufacture Counterfeit Prescription Pills in Los Angeles.

Source: DEA

domestically or in Mexico. DEA regulates NPP as a List I chemical and ANPP as a Schedule II controlled substance.

Traffickers have become interested in these fentanyl variations because oftentimes they are unscheduled and unregulated, yet still provide similar effects to traditional fentanyl. In 2016, DEA's Special Testing and Research Laboratory found that amongst the category of "fentanyl, fentanyl-related substances, and other new opioids," fentanyl accounted for 68 percent, and fentanyl-related substances and other new opioids accounted for 32 percent.

Transportation and Distribution

Fentanyl is transported into the United States in parcel packages directly from China or from China through Canada, and is also smuggled across the SWB from Mexico. Large volumes of fentanyl are seized at the SWB, although these seizures are typically low in purity – on average approximately 7 percent. Conversely, the smaller volumes seized after arriving in the mail directly from China can have purities over 90 percent and be worth much more than the fentanyl seized at the SWB. In addition to supplying the United States with fentanyl, China is a major supplier of fentanyl and fentanyl-related compounds to Canada and Mexico (See Figure 57). China-sourced fentanyl concealed in mail parcels can be difficult for law enforcement officials to trace back to the original sender due to the use of freight forwarders. The original supplier in China will provide the package to a freight forwarding company or individual, who transfers it to another freight forwarder, who then takes custody and presents the package to customs for export. Additionally, these packages are often incorrectly manifested to avoid law enforcement detection. The combination of a chain of freight forwarders and multiple transferals of custody makes it difficult for law enforcement to track these packages. Fentanyl smuggled across the SWB from Mexico is often concealed in hidden automobile compartments, following traditional drug smuggling techniques.

Fentanyl and fentanyl-related compounds are also sold and distributed through illicit drug markets on the darkweb. Purchasers can use anonymizing internet web browsers to order the substances and have them shipped directly to their homes. These darkweb markets also introduce purchasers to newly available fentanyl-related compounds.

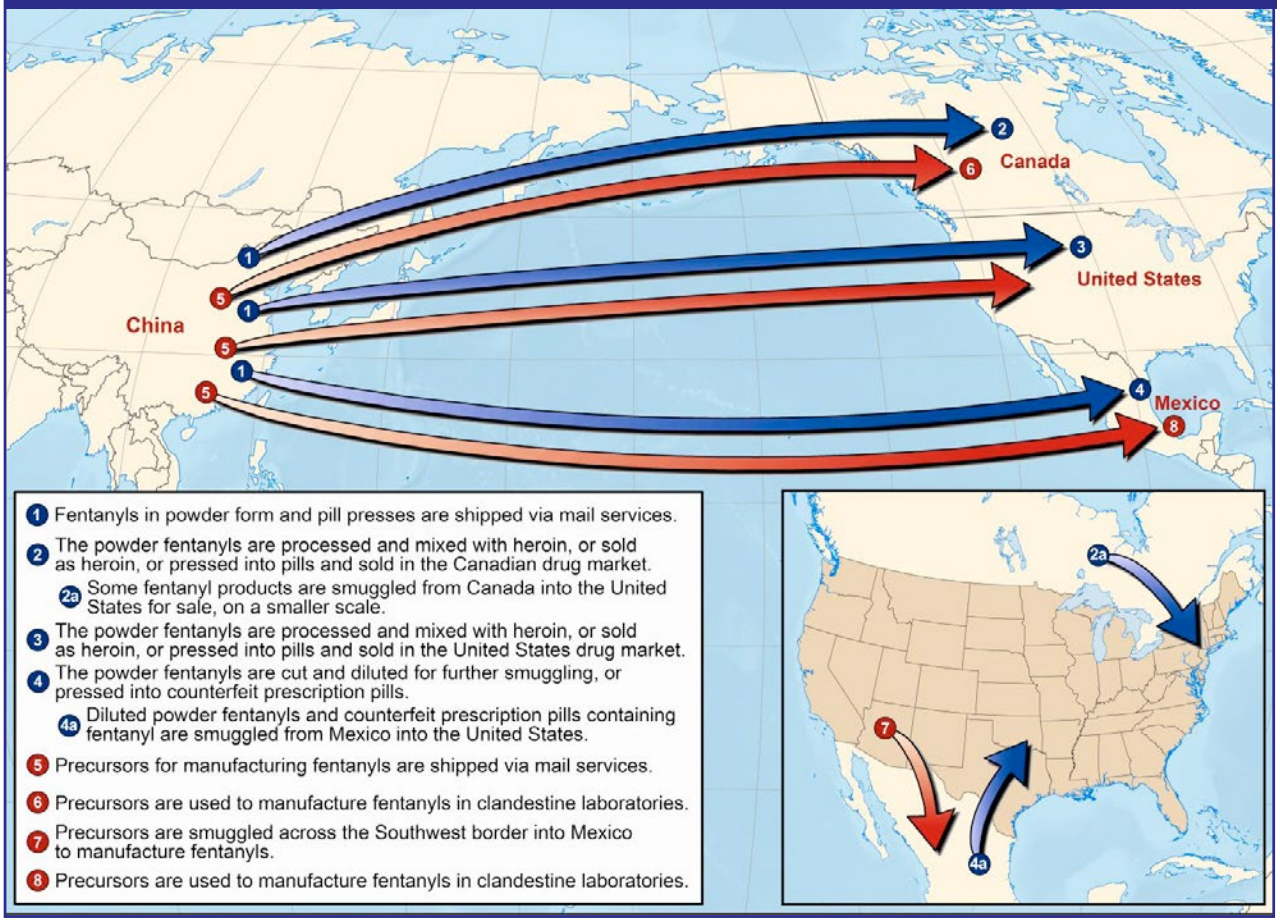
Outlook

Fentanyl will continue to pose a grave threat to the United States while the current illicit production continues, and new forms of synthetic substances emerge. Fentanyl has penetrated mainstream illicit drug markets, and its extreme potency level means a small quantity of the drug can cause mass overdose events, relative to other drugs. The illicit fentanyl market will expand in the near term as new fentanyl products reach a wider variety of drug users. Fentanyl-related substances will continue to pose a serious threat; the majority of these varieties have never been studied in humans, and dosing levels are unclear. It is likely that illicit drug markets will also see the rise, and fall, of new fentanyl-related opioids as traffickers experiment with new compounds to the test the markets, and attempt to evade drug scheduling actions.

China's Increased Controls

Beijing announced that effective March 2017, carfentanil, furanyl fentanyl, acryl fentanyl, and valeryl fentanyl will be controlled substances in China, in an effort to stem availability of the drugs in the United States. China's October 2015 scheduling of 116 synthetic substances resulted in a decrease of their availability in the United States, and additional scheduling is expected to yield similar results.

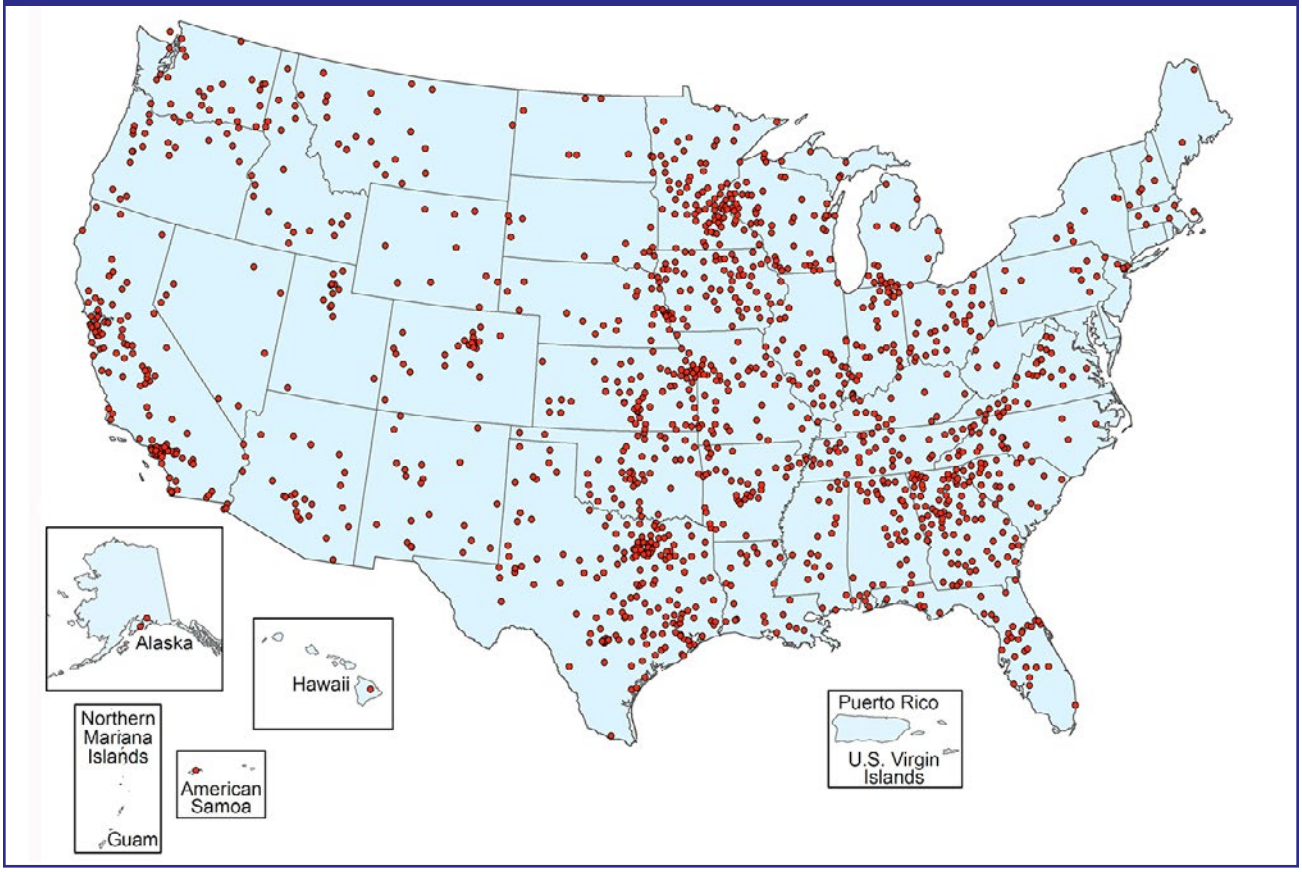
Figure 57. Illicit Fentanyl and Fentanyl Precursor Flow Originating in China.



Source: DEA

METHAMPHETAMINE

Figure 58. 2017 Respondents with Methamphetamine as the Greatest Drug Threat.



Source: National Drug Threat Survey

Overview

Methamphetamine seizures, survey data, price and purity data, and law enforcement reporting indicate methamphetamine continues to be readily available throughout the United States. Most of the methamphetamine available in the United States is produced clandestinely in Mexico and smuggled across the SWB. Domestic production continues to occur at much lower levels than in Mexico and seizures of domestic methamphetamine laboratories have declined since 2010.

According to the 2017 NDTS, 29.8 percent of responding agencies reported that methamphetamine was the greatest drug threat in their areas (see Figure A1 in Appendix A). Additionally, the Midwest and Western United States had the highest concentrations of respondents who reported methamphetamine as the greatest drug threat (see Figure 58). Thirty percent of NDTS respondents nationwide reported methamphetamine as the drug that takes up the most law enforcement resources, second only to heroin with 36 percent of the responses. Additionally, NDTS respondents nationwide reported methamphetamine as the drug that most contributes to violent crime (36%) (see Figure A5 in Appendix A).

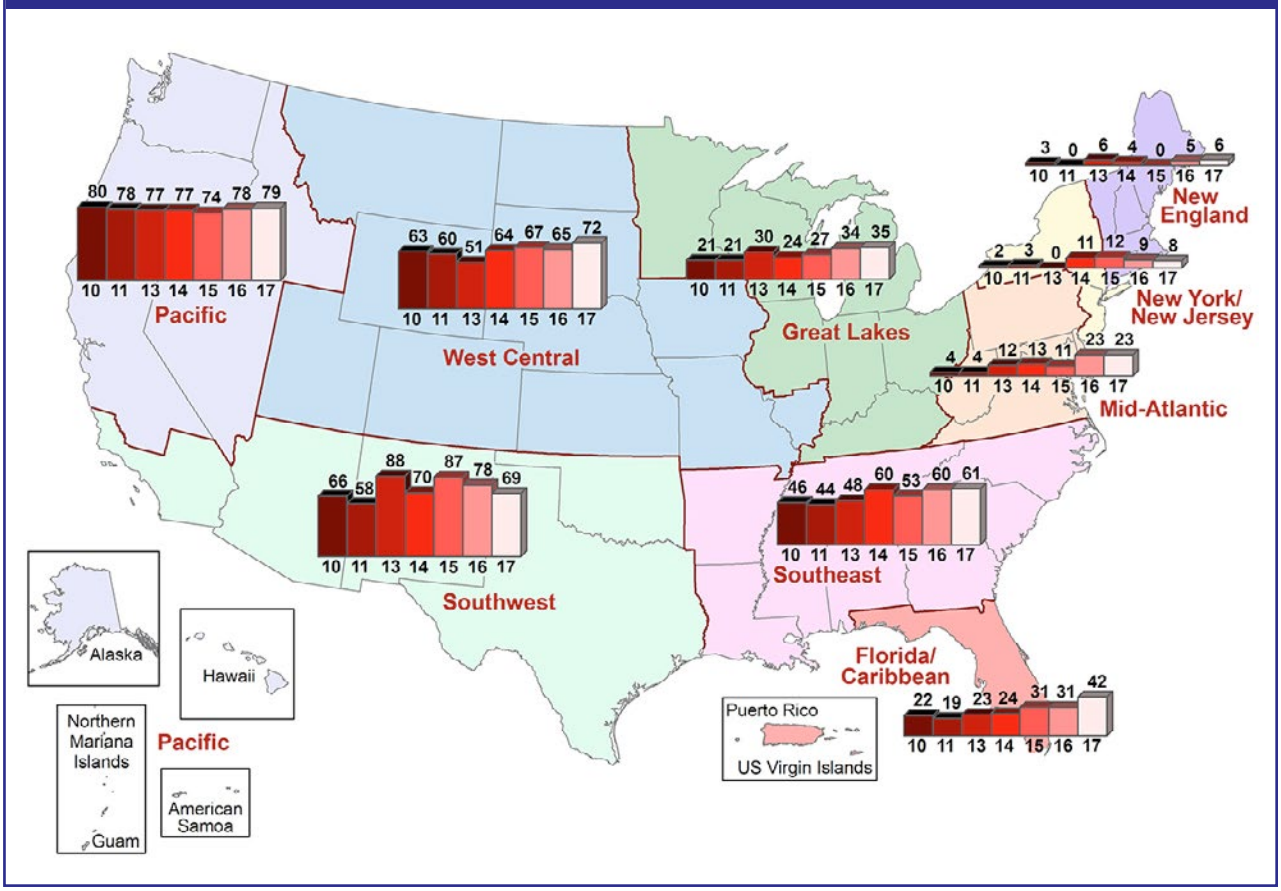
Availability

Methamphetamine is available throughout the United States, with the highest availability in the West and Midwest. According to the 2017 NDTS, 45 percent of responding agencies reported methamphetamine availability was high. The OCDETF regions with the highest percentages of respondents reporting high availability for methamphetamine were the Pacific (79%), West Central (72%), Southwest (69%), and Southeast (61%) (see Figure 59). The highest percentage of NDTS respondents reporting an increase in availability were in the Southeastern and Southwestern U.S., with 57 percent each.

The majority of DEA FDs indicated methamphetamine availability was high throughout the United States. In 2016, 13 of DEA's 21 FDs reported methamphetamine availability was high and five FDs reported methamphetamine availability was moderate. Eight FDs reported methamphetamine was more available compared to the previous reporting period, and the remaining 13 FDs reported stable availability in 2016 (see Figure 60).

Methamphetamine exhibits reported to NFLIS increased 15.5 percent between 2014 (236,175 reports) and 2015 (272,823 reports), the most current year available. In addition, methamphetamine reports increased significantly — 102.3 percent — since 2009 (134,891 reports). NFLIS data also indicates methamphetamine exhibits have continued to represent a larger portion of the total number of exhibits reported. Methamphetamine exhibits have grown from representing eight percent of all exhibits submitted in 2009 to 18 percent of all exhibits submitted in 2015.

Figure 59. Percentage of NDTS Respondents Reporting High Methamphetamine Availability 2010 – 2011, 2013 – 2017.



Source: National Drug Threat Survey

Figure 60. DEA Field Division Reporting of Methamphetamine Availability in the First Half of 2016 and Comparison to Previous Period.

Field Division	Availabillity During First Half of 2016	Availabillity Compared to Second Half of 2015
Atlanta Field Division	High	More
Caribbean Field Division	Low	More
Chicago Field Division	High	More
Dallas Field Division	High	Stable
Denver Field Division	High	Stable
Detroit Field Division	Moderate	More
El Paso Field Division	High	Stable
Houston Field Division	High	More
Los Angeles Field Division	High	Stable
Miami Field Division	Moderate	More
New England Field Division	Low	Stable
New Jersey Field Division	Moderate	Stable
New Orleans Field Division	High	Stable
New York Field Division	Low	Stable
Philadelphia Field Division	Moderate	More
Phoenix Field Division	High	Stable
San Diego Field Division	High	More
San Francisco Field Division	High	Stable
Seattle Field Division	High	Stable
St. Louis Field Division	High	Stable
Washington Field Division	Moderate	Stable

Source: DEA Field Division Reporting

Purity, Potency, and Price

Purity[25], potency[26], and price data indicate methamphetamine availability is increasing in the United States. Through September 2016, DEA reported methamphetamine per-gram purity levels averaged above 90 percent, while prices remained low and stable. Additionally, seizures sampled through the DEA Methamphetamine Profiling Program (MPP) continue to have high purity and potency, indicating high availability of methamphetamine.

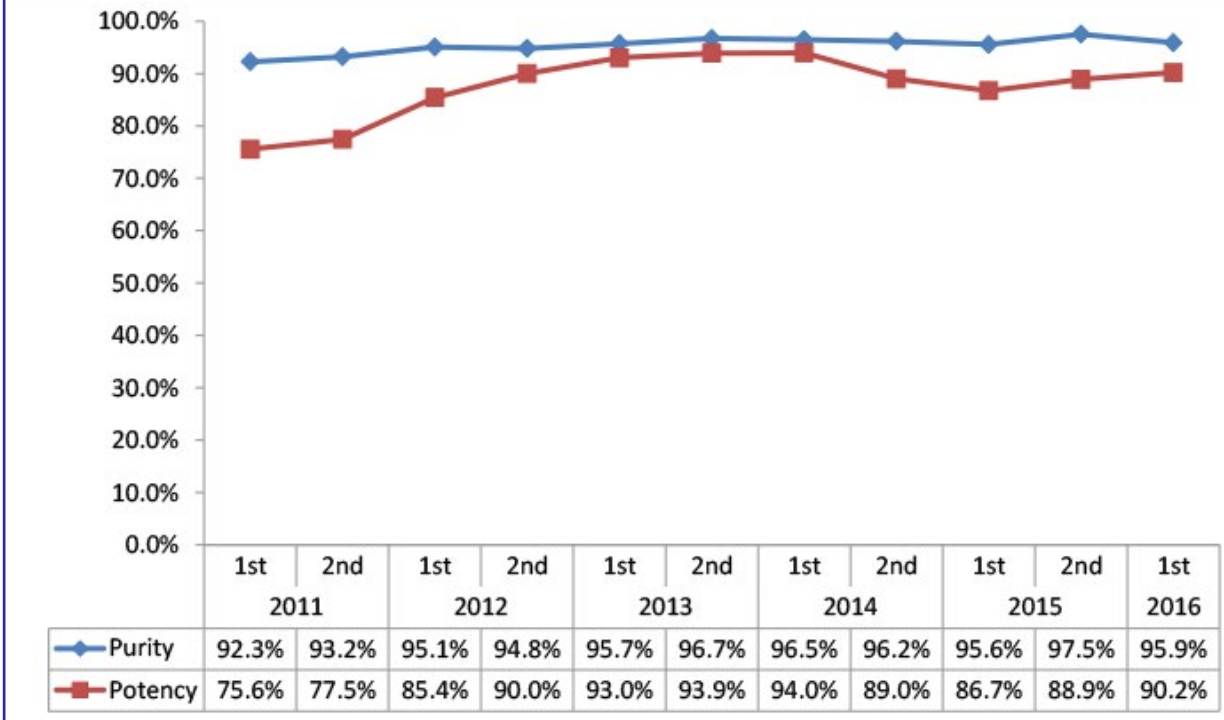
- Methamphetamine sampled through the MPP in the first half of 2016 averaged 95.9 percent purity and 90.2 percent potency (see Figure 61).
- According to the DEA laboratory system, domestic methamphetamine purchases analyzed from January 2011 through September 2016 indicate the price per pure gram of methamphetamine decreased 41 percent from $98 to $58 while the purity increased 9.4 percent from 85.5 percent to 93.5 percent (see Figure 62).

Mexican TCOs' continued production of large kilogram quantities of low-cost, high-purity methamphetamine indicates an oversupply of methamphetamine in Mexico. Due to this consistently high production, methamphetamine prices in the United States remain at record lows and purity remains at record highs. Prices also likely remain low due to increased supply, as more trafficking organizations have become involved in wholesale-level methamphetamine trafficking. To counteract the falling price of methamphetamine, Mexican TCOs are attempting to expand the U.S. methamphetamine market to the East Coast to market the drug to new users.

[25] Purity is defined as a measure of the amount of an illicit substance present in a sample compared to other substances in the sample such as adulterants, diluents, or solvents.

[26] Potency is defined as the measure of drug activity in terms of the dosage required to exert an effect on the body. Potency calculations were based on the assumption that the d-isomer only samples are 100% potent and l- isomer only samples are 0% potent. An unequal d- with l- sample or an l- with d- sample would have potency between 0% and 100%, depending on the amount of lower potency l-isomer present.

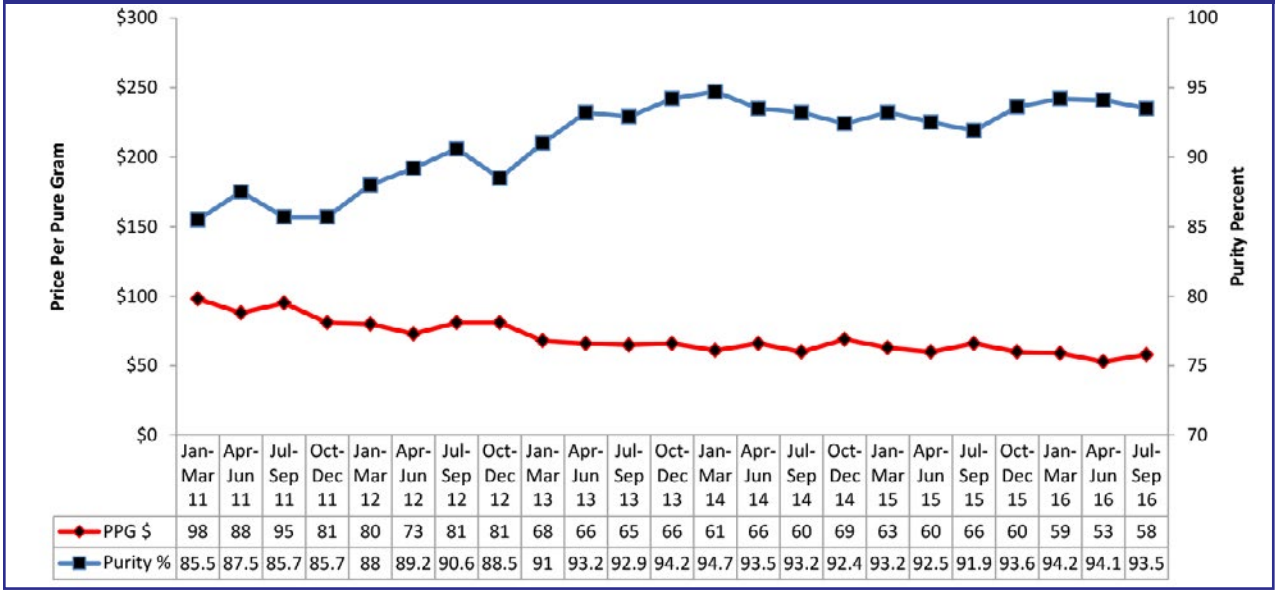
Figure 61. Methamphetamine Purity and Potency.



	1st 2011	2nd 2011	1st 2012	2nd 2012	1st 2013	2nd 2013	1st 2014	2nd 2014	1st 2015	2nd 2015	1st 2016
Purity	92.3%	93.2%	95.1%	94.8%	95.7%	96.7%	96.5%	96.2%	95.6%	97.5%	95.9%
Potency	75.6%	77.5%	85.4%	90.0%	93.0%	93.9%	94.0%	89.0%	86.7%	88.9%	90.2%

Source: DEA Methamphetamine Profiling Program

Figure 62. Domestic Methamphetamine Purchases January 2011 - September 2016.



	Jan-Mar 11	Apr-Jun 11	Jul-Sep 11	Oct-Dec 11	Jan-Mar 12	Apr-Jun 12	Jul-Sep 12	Oct-Dec 12	Jan-Mar 13	Apr-Jun 13	Jul-Sep 13	Oct-Dec 13	Jan-Mar 14	Apr-Jun 14	Jul-Sep 14	Oct-Dec 14	Jan-Mar 15	Apr-Jun 15	Jul-Sep 15	Oct-Dec 15	Jan-Mar 16	Apr-Jun 16	Jul-Sep 16
PPG $	98	88	95	81	80	73	81	81	68	66	65	66	61	66	60	69	63	60	66	60	59	53	58
Purity %	85.5	87.5	85.7	85.7	88	89.2	90.6	88.5	91	93.2	92.9	94.2	94.7	93.5	93.2	92.4	93.2	92.5	91.9	93.6	94.2	94.1	93.5

Source: DEA

Fentanyl and Methamphetamine Combinations

Since 2014, there have been seizures of methamphetamine mixed with fentanyl and fentanyl-related compounds in select markets of the United States, albeit at low levels. Although fentanyl is typically either mixed with or sold as heroin, DEA forensic laboratories analyzed four exhibits seized in CY 2014, three exhibits seized in CY 2015, and 16 exhibits seized in CY 2016 containing methamphetamine and fentanyl. These exhibits contained various combinations of methamphetamine with fentanyl, carfentanil, heroin, and cocaine (see Figure 63). These combinations have been seized in multiple states across the country to include Florida, Georgia, Pennsylvania, Massachusetts, Michigan, New Jersey, New York, North Carolina, Tennessee, and Washington.

Figure 63. Number of Exhibits Analyzed by DEA Laboratories Containing Methamphetamine Mixtures, 2014 - 2016.

Methamphetamine with …	Number of Exhibits
Fentanyl	9
Carfentanil	1
Fentanyl and Heroin	10
Fentanyl and Cocaine	1
Fentanyl, Heroin, and Cocaine	2
Total	23

Source: DEA

DEA's Methamphetamine Profiling Program

The DEA MPP provides an in-depth chemical analysis of selected methamphetamine samples to establish trends associated with the manufacture of methamphetamine seized primarily in the United States. The MPP further establishes the method used to manufacture methamphetamine, as well as tracking purity levels and other related trends. However, the MPP is unable to determine the source origin of methamphetamine samples because the drug is synthetically produced, unlike heroin and cocaine, which are extracted from organic sources. It should also be noted that the MPP data set is only reflective of the MPP sampling plan, and is not representative of all methamphetamine samples submitted to the DEA laboratory system.

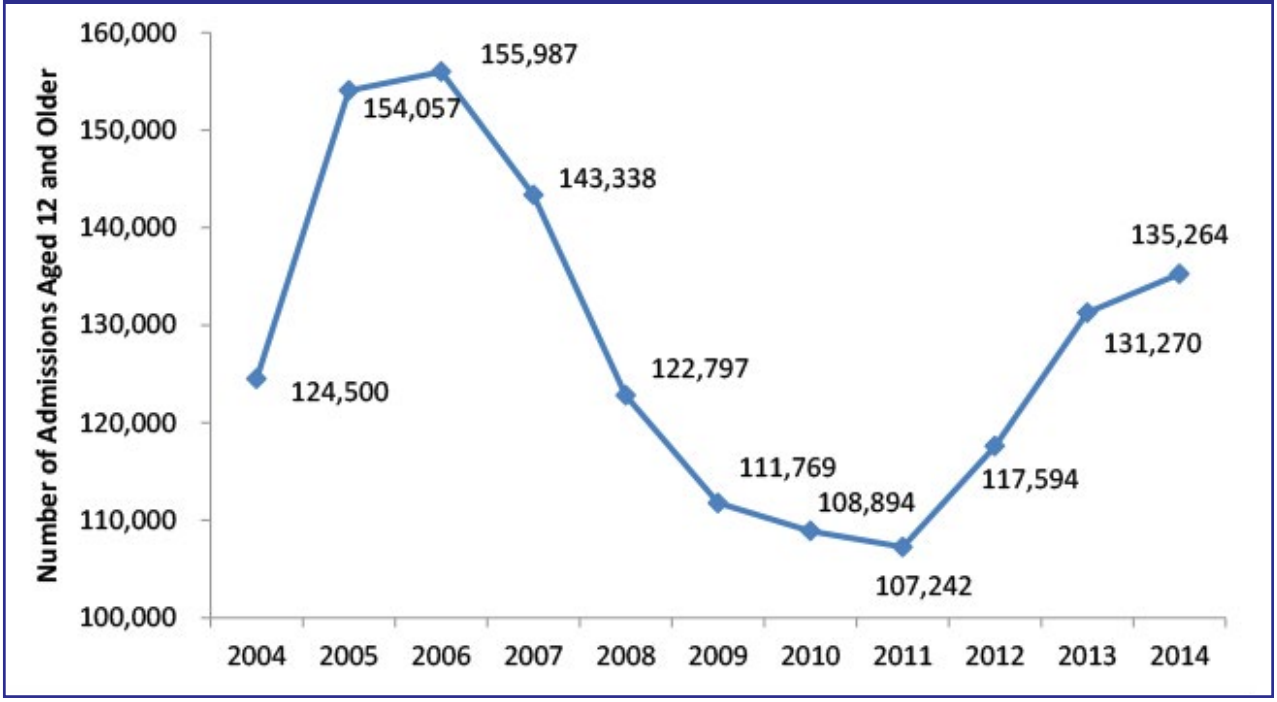
Use

National-level survey and treatment data indicate methamphetamine use may be increasing. According to the 2017 NDTS, 41 percent of respondents reported an increased demand for methamphetamine, while 42 percent said demand remained the same.

- According to NSDUH[27], the number of current users 12 years or older was 897,000 representing 0.3 percent of the population. The majority (757,000) of current users were 26 or older. In 2015, the number of methamphetamine initiates was 225,000 of which 49 percent were 26 or older.
- The number of methamphetamine-related treatment admissions continues to increase. TEDS data indicates the number of methamphetamine-related treatment admissions to publicly-funded facilities increased to 135,264 in 2014, which is a three percent increase from 2013 admissions. However, this increase follows a steady decrease that occurred between 2006 and 2011 (see Figure 64).
- The percentage of positive workplace drug tests for methamphetamine in the general workforce decreased five percent from .21 percent in 2015

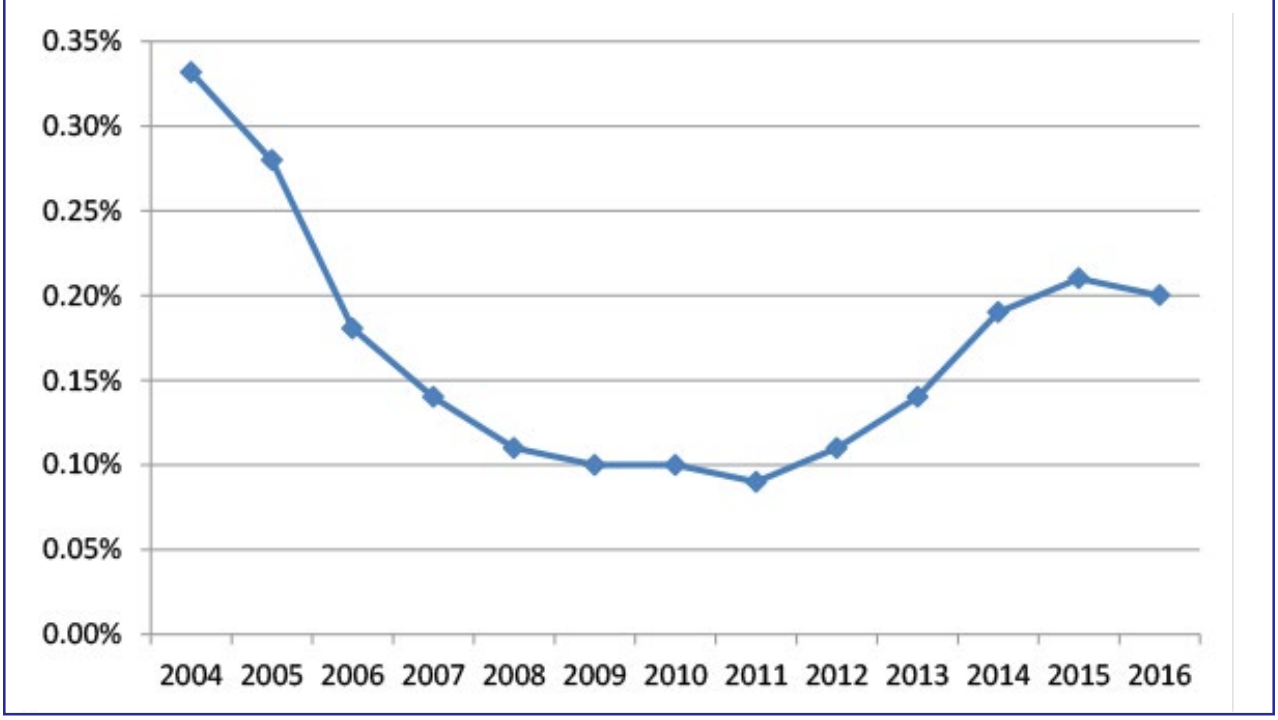
[27] The NSDUH questionnaire underwent a partial redesign in 2015. A separate section with methamphetamine questions was added, replacing the methamphetamine questions that were previously asked within the context of prescription stimulants. These changes let to potential breaks in the comparability of 2015 estimates with estimates from prior years.

Figure 64. Methamphetamine Primary Admissions to Publicly-Funded Treatment Facilities.



Source: Treatment Episode Data Set

Figure 65. Percentage of Positive Workplace Methamphetamine Drug Tests.

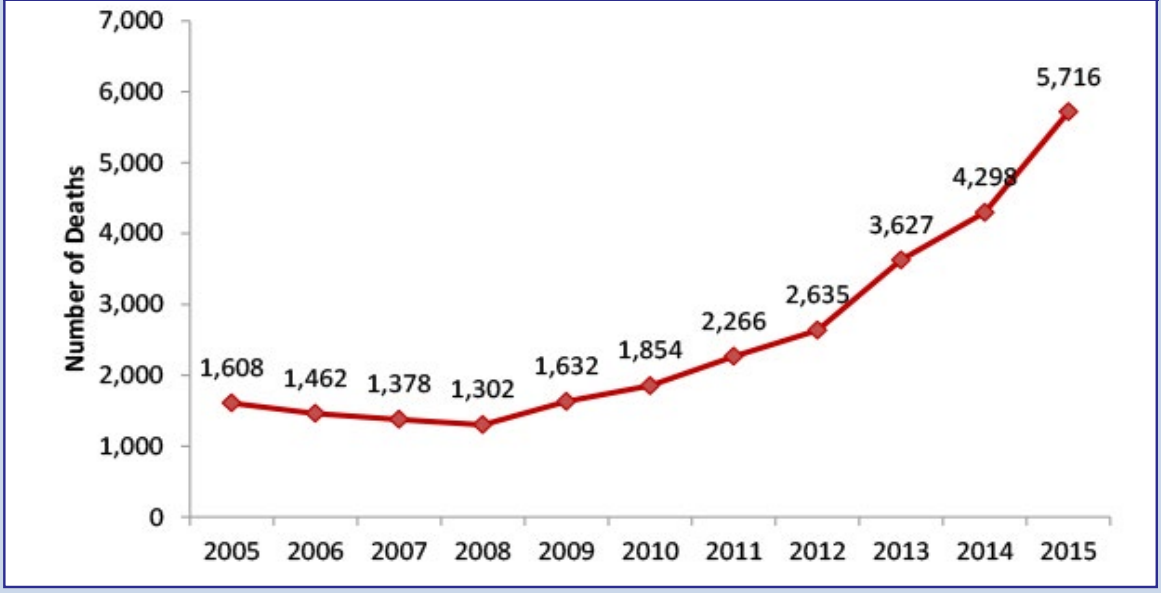


Source: Office of National Drug Control Policy, Quest Diagnostics

Methamphetamine Drug Poisoning Deaths

According to the CDC, the number of deaths in the category "psychostimulants with abuse potential" continues to increase significantly. The psychostimulants with abuse potential category includes multiple drugs such as MDMA, caffeine, phenylethylamine, ethylone, cathinones, amphetamine, and methamphetamine. Although the value changes from year to year, in recent years (2010 – 2015) approximately 85-90% of the drug poisoning deaths that were reported under psychostimulants mentioned methamphetamine in the death certificate. According to the CDC, in 2015 there were 5,716 psychostimulant drug poisoning deaths in the United States, representing a 255 percent increase since 2005 (see Figure 66).

Figure 66. Psychostimulants with Abuse Potential Drug Poisoning Deaths, 2005 - 2015.



National Center for Health Statistics/Centers for Disease Control

to .20 percent in 2016. This decrease follows a steady increase from 2011 to 2015 (see Figure 65).

Production

Methamphetamine laboratory seizures continue to decrease across the United States, and are at the lowest level in almost 16 years. The passage of the Combat Methamphetamine Epidemic Act (CMEA) as well as the increased availability of Mexican methamphetamine curtailed much of the domestic methamphetamine production. Most of the methamphetamine available in the United States is now produced in Mexico and smuggled across the SWB and is a high-purity, high-potency, low-cost alternative. Mexican TCOs continue to adapt to precursor chemical restrictions in Mexico,

The Combat Methamphetamine Epidemic Act (CMEA) of 2005

The CMEA of 2005 was signed into law on March 9, 2006 to regulate, among other things, retail, over-the-counter sales of ephedrine, pseudoephedrine, and phenylpropanolamine products. Retail provisions of the CMEA include: daily sales limits and 30-day purchase limits, placement of product out of direct customer access, sales logbooks, customer ID verification, employee training, and self-certification of regulated sellers. The CMEA is found as Title VII of the USA Patriot Improvement and Reauthorization Act of 2005 (Public Law 109-177).

finding alternative methods to manufacture methamphetamine.

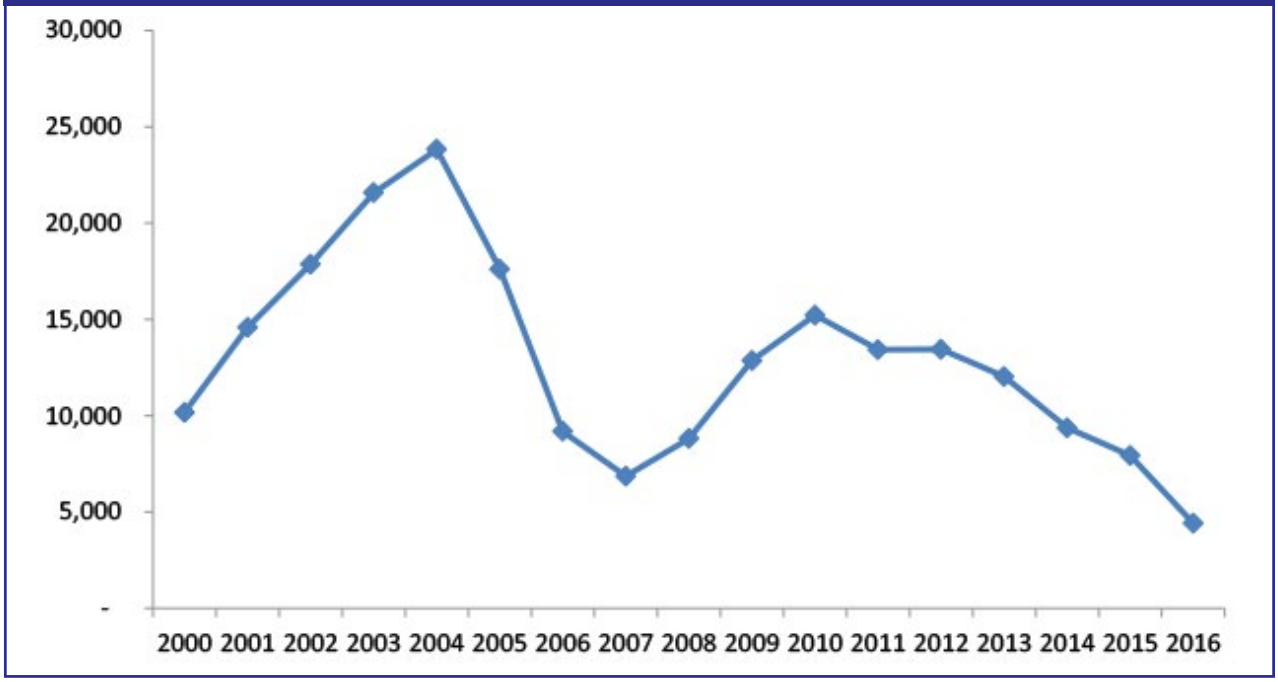
Domestic Production

In the early 2000s, methamphetamine laboratories were on the rise in the United States, and peaked in 2004 with approximately 23,800 methamphetamine laboratory incidents[28] reported to the El Paso Intelligence Center (EPIC) National Seizure System[29] (NSS). Domestic methamphetamine production has been generally decreasing since 2004 and is the lowest it has been since 2000 (see Figure 67). According to the 2017 NDTS, 43 percent of the responding agencies reported methamphetamine production was low, while only eight percent of the responding agencies reported methamphetamine production was high (see Figure 68).

According to NSS reporting, methamphetamine is the most frequently manufactured drug seized in clandestine laboratories in the United States; however, domestic production levels are limited when compared to foreign-produced methamphetamine in U.S. markets. Clandestine laboratories can be set up anywhere: in private residences, motel and hotel rooms, apartments, house trailers, mobile homes, campgrounds, and commercial establishments.

In 2016, most of the seized domestic laboratories were small-capacity production laboratories, known as the "one-pot" or "shake-and-bake" methamphetamine laboratories. Generally, these laboratories are small-scale, easy to conceal, and produce two ounces or less of methamphetamine per batch. The ingredients, which are common household items (e.g. pseudoephedrine/ephedrine

Figure 67. Number of Methamphetamine Laboratory Incidents, 2000 – 2016.



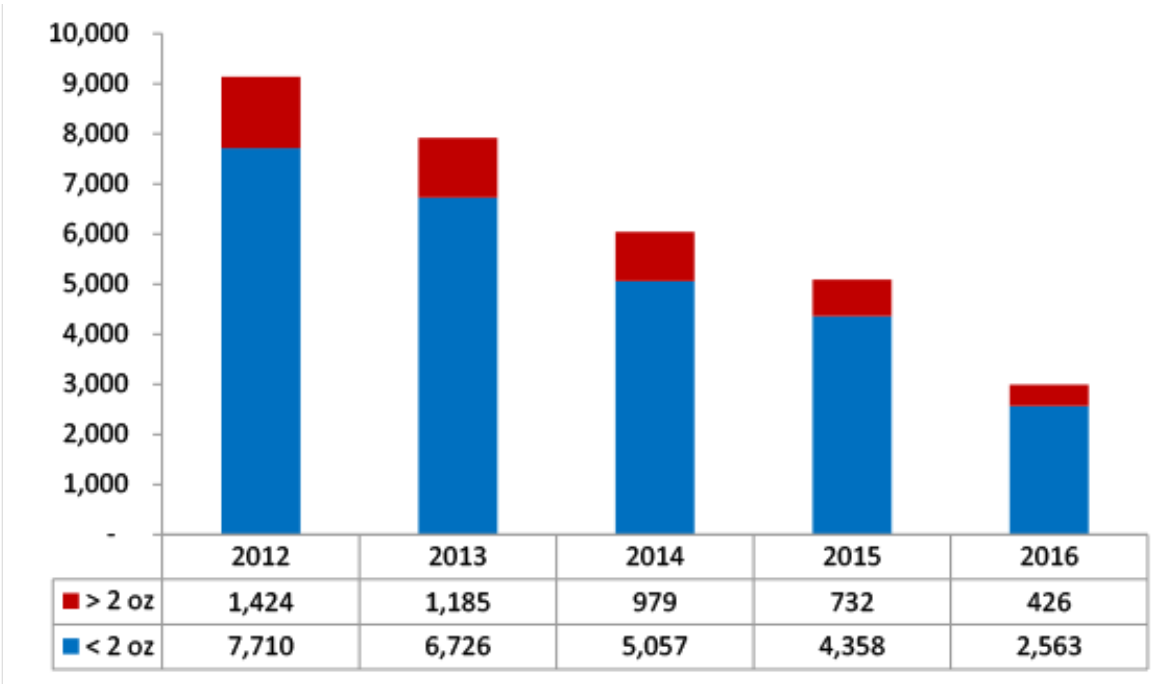
Source: EPIC National Seizure System as of April 2017

[28] Incidents includes Dumpsites, Chemical Only or Equipment Only Seizures, and Laboratory Seizures

[29] NSS includes only that information that has been reported to EPIC by contributing agency/ies and may not necessarily reflect the total seizures nationwide. Data in NSS is reported without corroboration, modification, or editing by EPIC, and accordingly, EPIC cannot guarantee the timeliness, completeness, or accuracy of the information reported herein. The data and any supporting documentation relied upon by EPIC to prepare this report are the property of the originating agency

Figure 68. 2017 NDTS Respondents Reporting Methamphetamine Production (Percentage).					
	High	Moderate	Low	Not Produced	Don't Know
Nationwide	8.4	21.8	42.8	19.4	7.4
Source: 2017 National Drug Threat Survey					

Figure 69. Number of Methamphetamine Laboratories Seized, by Capacity, 2012 – 2016.[30]



	2012	2013	2014	2015	2016
> 2 oz	1,424	1,185	979	732	426
< 2 oz	7,710	6,726	5,057	4,358	2,563

Source: El Paso Intelligence Center/ National Seizure System

tablets, lithium batteries, camp fuel, starting fluid, cold packs, and drain cleaner), are mixed in a container, such as a plastic soda bottle. This provides a portable method of producing small amounts of methamphetamine. "One-pot" laboratories are extremely dangerous, and, in many cases, cause fires, which can lead to injury and death.

- The number of domestic methamphetamine laboratory seizures decreased 67 percent from 2012 (9,134) to 2016 (2,989). Additionally, in 2016, 86 percent of all methamphetamine laboratories seized in the United States were small laboratories; capable of producing two ounces or less of methamphetamine (see Figure 69).
- In 2016, the majority of domestic laboratories were in the Great Lakes and Southeast OCDETF Regions. Indiana and Michigan had the most laboratory incidents with 945 and 665 respectively, representing 36 percent of all laboratory incidents nationwide (see Figure 70).

Foreign Production

Although domestic production has been decreasing, methamphetamine production in Mexico has increased, as Mexican TCOs have adapted to precursor chemical restrictions on the precursor pseudoephedrine. Mexican TCOs produce methamphetamine using the reductive amination method, which uses the precursor

[30] These seizures are laboratory seizures only and do not include chemical and dumpsite seizures.

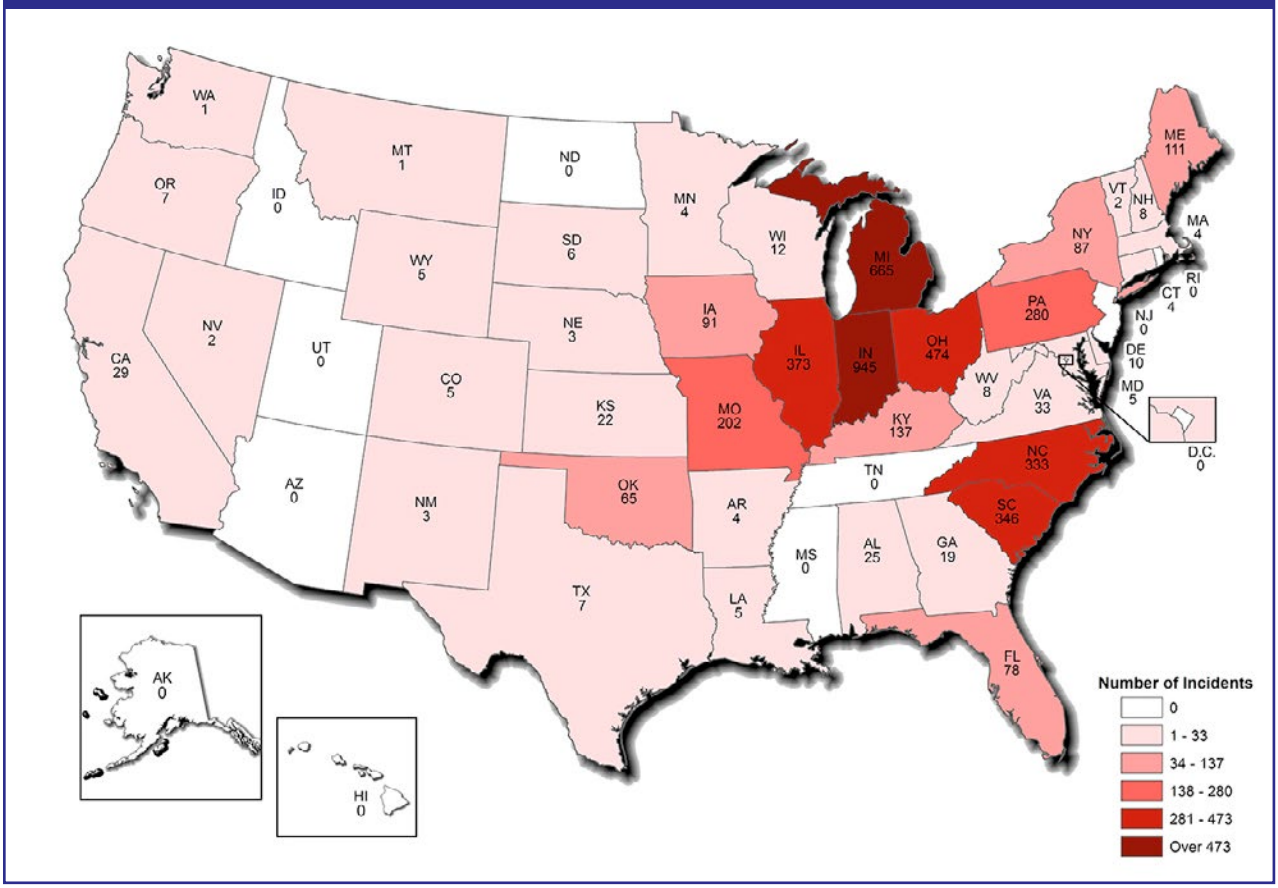
Phenyl-2-Proponone (P2P) instead of pseudoephedrine. Mexico-produced methamphetamine is particularly pure and potent. According to the DEA MPP, 98 percent of samples analyzed during the second half of CY 2016 were produced using the reductive amination method, using P2P as the precursor chemical.

In mid-2014, a new forensic profile emerged for samples from the Mexico border and other domestic locations. This new profile is believed to be linked to an alternate P2P recipe, which starts with benzaldehyde and nitroethane as the key precursors. DEA's MPP refers to this method as the nitrostyrene method because a nitrostyrene is produced in the reaction of benzaldehyde and nitroethane. This nitrostyrene intermediate is then converted into P2P using a second chemical reaction. The nitrostyrene method has become the primary method of production for samples seized at the U.S.-Mexico border and also in the interior of the country. The new P2P category (nitrostyrene-based) is now in the majority of methamphetamine made using P2P with 66 percent (see Figure 71).

DEA reporting suggests precursor chemical availability and price drives the P2P production technique used by Mexican methamphetamine manufacturers. In October 2015, the Government of Mexico formally scheduled the P2P precursor chemicals benzaldehyde and nitroethane, thus applying legal and regulatory controls over the importation and use of these chemicals in Mexico. DEA investigative reporting indicated prices for these chemicals increased over 300 percent on the black market.

DEA reporting reveals significant methamphetamine producers in Mexico will adopt alternative P2P production techniques to keep up with demand, rather than waiting on precursors for their preferred P2P production method. Furthermore, Mexico-based manufacturers continue attempting to self-synthesize monomethylamine, the most critical precursor chemical to the synthesis of methamphetamine, as opposed to importing this chemical directly or indirectly from China.

Figure 70. Total of All Methamphetamine Clandestine Laboratory Incidents Including Laboratories, Dumpsites, and Chemical/Equipment Seizures, CY 2016.



Source: EPIC National Seizure System as of April 2017

Transportation and Distribution

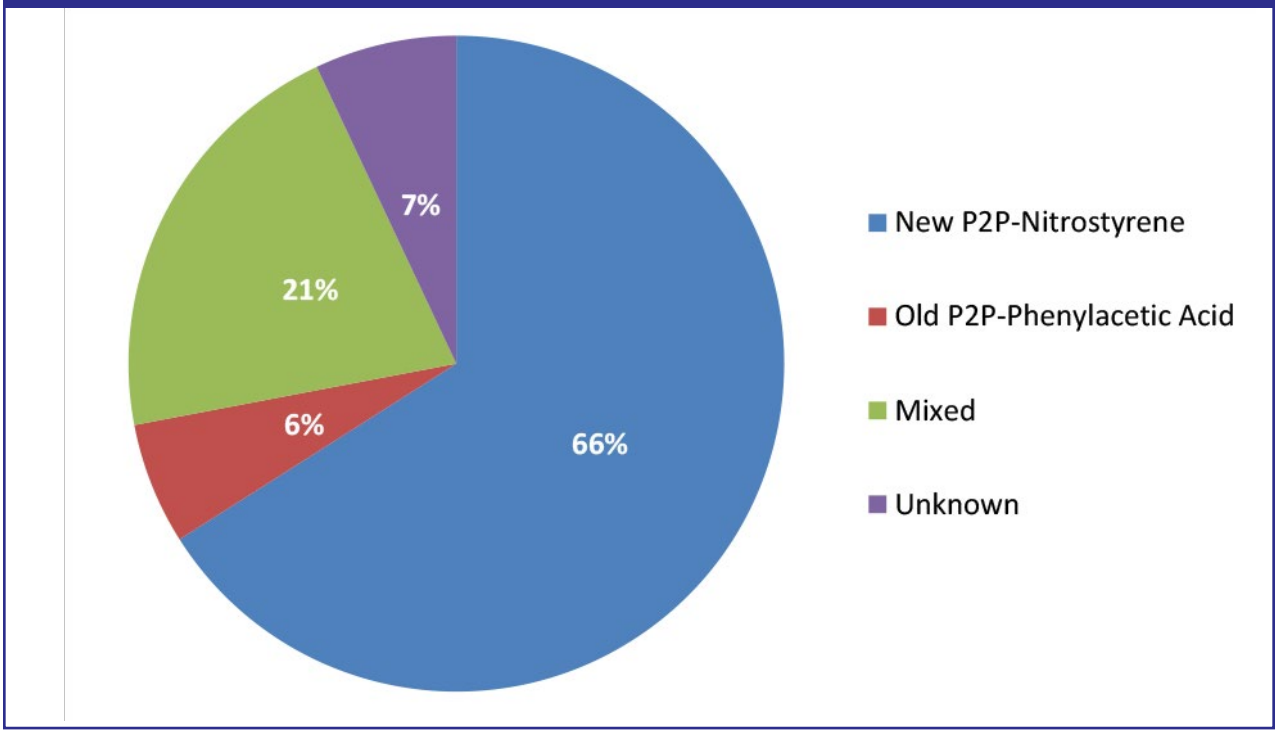
According to the 2017 NDTS, 40 percent of respondents reported an increase in the distribution of methamphetamine and 37 percent of respondents reported an increase in the transportation of methamphetamine. While market demands vary, methamphetamine is seized in every state in the United States, and several U.S. territories. Mexican TCOs control wholesale methamphetamine distribution, while both Mexican and Caucasian criminal groups typically control retail distribution in the United States.

The SWB remains the main entry point for the majority of methamphetamine entering the United States. Methamphetamine seizures along the SWB increased 157 percent from CY 2012 (8,213 kg) to CY 2016 (21,121 kg) (see Figure 72). The majority (47%) of methamphetamine seized along the SWB in CY 2016 occurred in the San Diego corridor. Seizures increased in every corridor along the SWB (see Figure 73).

Traffickers employ various methods and techniques in the concealment of methamphetamine, such as human couriers, commercial flights, parcel services, and commercial buses. Traffickers most commonly transport small, multi-kilogram shipments of methamphetamine in privately-owned vehicles.

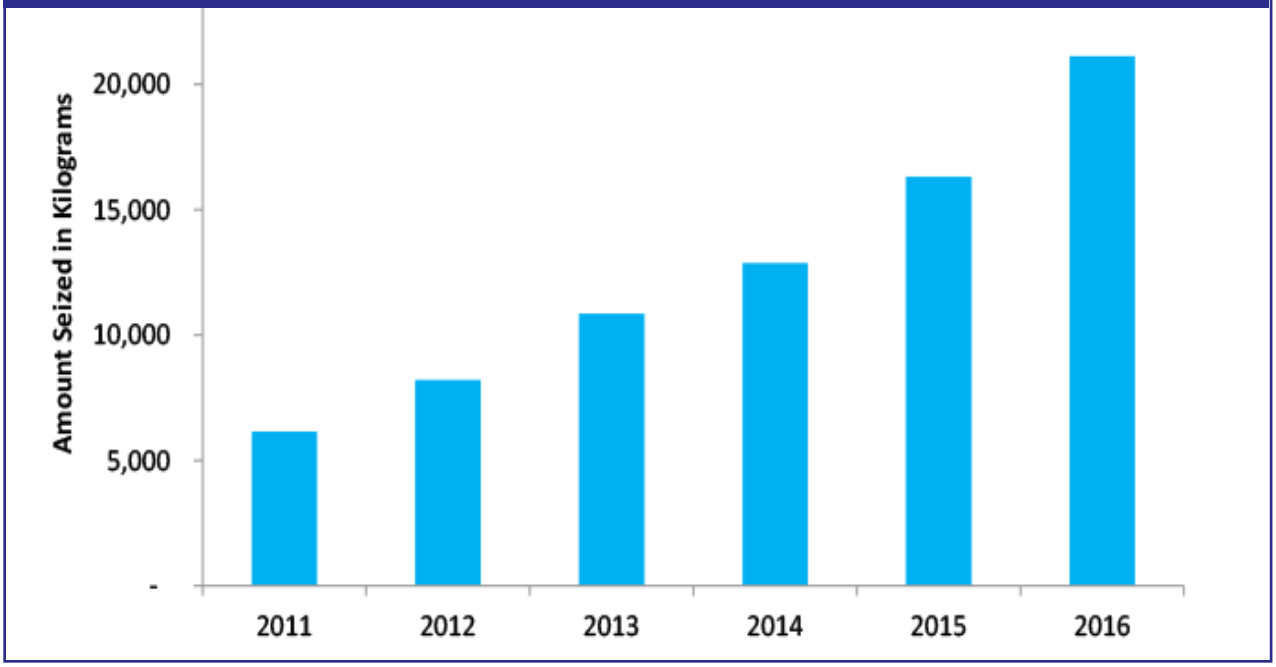
- In January 2017, CBP officers at the Calexico East POE discovered 83 pounds of methamphetamine concealed inside the bed of a pickup truck. A CBP K-9 team screening conveyances alerted to the truck's undercarriage (see Figure 74).
- In December 2016, CBP officers seized approximately 200 pounds of suspected crystal methamphetamine at the World Trade Bridge POE in Laredo, Texas. A canine (K-9) and non-intrusive inspection led to the discovery of methamphetamine concealed within 45 fiberglass pots (see Figure 75).
- In October 2016, CBP officers seized almost three pounds of methamphetamine at the Morley Pedestrian crossing in Nogales, Arizona. Officers working with a CBP narcotics-detection K-9 discovered

Figure 71. P2P Sub-Category Results for the 2nd-Half 2016.



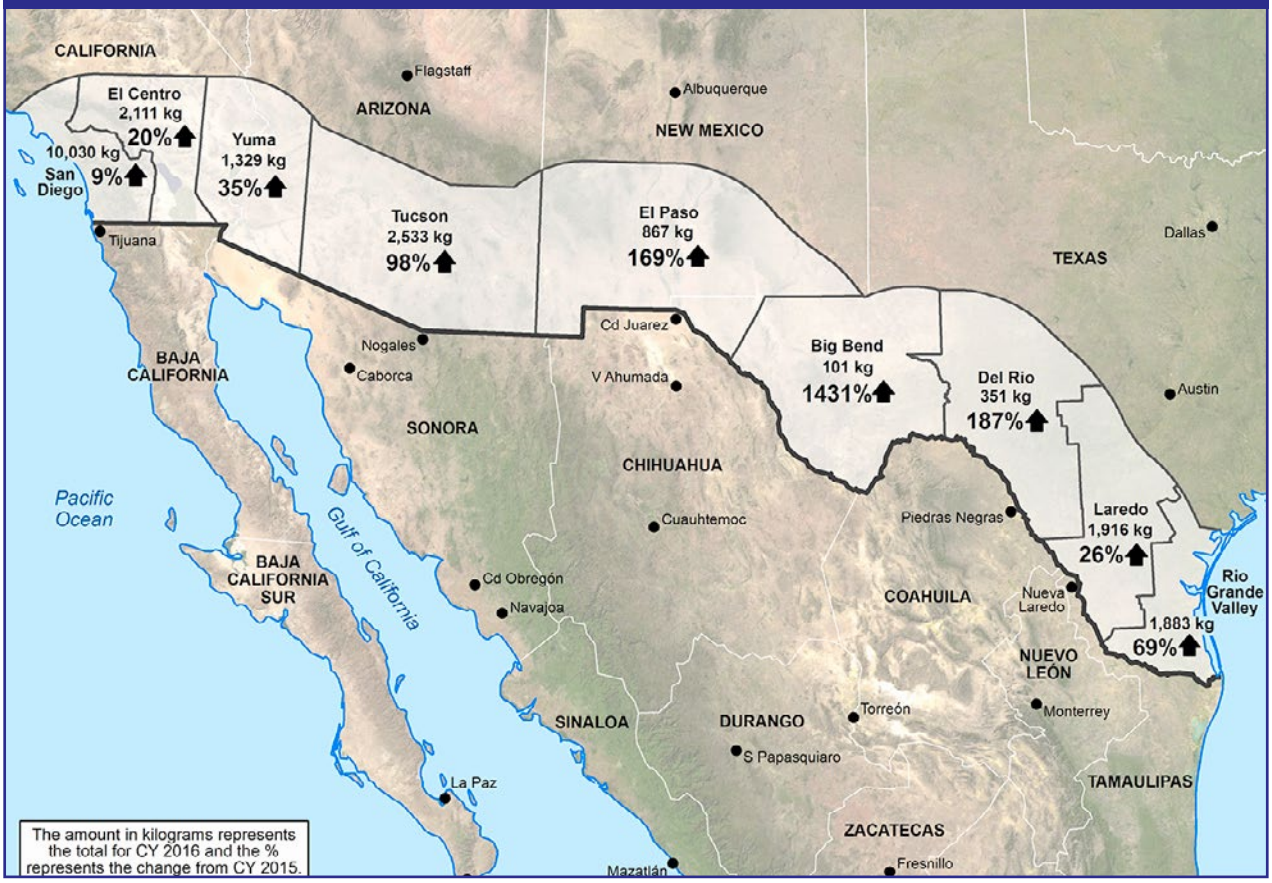
Source: DEA Methamphetamine Profiling Program

Figure 72. CBP SWB Methamphetamine Seizures, CY 2011 – CY 2016.



Source: U.S. Customs and Border Protection

Figure 73. CBP Methamphetamine Seizures by Southwest Border Corridor in CY 2016, with Percent Change from CY 2015.



Source: DEA and U.S. Customs and Border Protection

the methamphetamine concealed inside packages of tortillas (see Figure 76).

In addition to the previously mentioned methods, methamphetamine can be dissolved in a variety of liquids, including vehicle fluids, water, and alcoholic beverages. This concealment method continues to make searching for and identifying methamphetamine challenging; however, canine (K-9) support to law enforcement and other more complex search methods have helped identify shipments. Methamphetamine in solution seizures have increased in the last five years, however, these seizures continue to account for only a small percentage of all methamphetamine seizures.

- In January 2017, CBP officers at the Hidalgo, Texas POE encountered a traveler with iced tea bottles containing 100 pounds of alleged methamphetamine in solution (see Figure 77).

Figure 74. Methamphetamine Concealed inside the Bed of Pickup Truck.

Source: U.S. Customs and Border Protection

Figure 75. Methamphetamine Concealed within Fiberglass Pots.

Source: DEA and U.S. Customs and Border Protection

Figure 76. Methamphetamine Concealed Inside of Tortillas.

Source: U.S. Customs and Border Protection

Figure 77. Methamphetamine Concealed in Tea Bottles.

Source: U.S. Customs and Border Protection

methamphetamine or to reconstitute methamphetamine in solution back into crystal methamphetamine (see Figures 79, 80, 81, 82, and 83). The majority of conversion laboratories are seized in California. Each year since 2000, the number of conversion laboratories seized in California has accounted for over 60 percent of all conversion laboratories seized that year. The number of conversion laboratories seized in California in 2016 accounted for 70 percent of all conversion laboratories seized nationwide.

Figure 78. Methamphetamine Concealed in Bottles of Horse Shampoo.

Source: U.S. Customs and Border Protection

- In January 2017, CBP officers at Hidalgo POE encountered a vehicle with horse shampoo bottles containing nearly 62 pounds of alleged methamphetamine in solution (see Figure 78).

Conversion Laboratories

Methamphetamine conversion laboratories are not production laboratories, but are instead used either to convert powder methamphetamine into crystal

Although most of the conversion laboratories are seized in California or other SWB states, there have been laboratories seized in states farther from the border. In 2016, there were conversion laboratories seized in Georgia, Kansas, Nevada, North Carolina, and Oklahoma.

Figure 79. Thermal Coolers Used to Store Methamphetamine in Solution.

Source: DEA

Figure 80. Supplies and Equipment Used in Conversion Laboratory.

Source: DEA

Conversion Laboratory Seized in Residence Across from Elementary School

In September 2016, the DEA Atlanta FD, along with DeKalb County Narcotics and the Atlanta Clandestine Enforcement Team, executed a search warrant at a residence in Stone Mountain, Georgia. The residence was located directly across the street from an elementary school, and in close proximity to a high school and middle school. A large methamphetamine conversion/extraction laboratory was located in the residence, along with approximately 300 pounds of methamphetamine in solution and approximately 108 pounds of finished crystal methamphetamine. In addition to the methamphetamine, three kilograms of cocaine and two kilograms of heroin were also seized. Based on the amount of items seized in the residence it was determined that this laboratory was capable of producing a yield of 500+ pounds of methamphetamine.

Figure 81. Solidified Methamphetamine Crystals.

Source: DEA

Figure 82. Plastic Storage Container Full of Crystal Methamphetamine.

Source: DEA

Figure 83. Conversion Laboratory Cleanup.

Source: DEA

Outlook

Mexican TCOs will continue to produce and traffic high-purity, high-potency methamphetamine across the SWB into the United States. Mexican TCOs will continue to adapt their production methods as restrictions are placed on precursors, or precursor chemicals become temporarily unavailable or cost-prohibitive. The price of methamphetamine has continued to decline possibly due to high availability; however, as Mexican TCOs continue to explore new markets in an attempt to increase the methamphetamine customer base, the price may begin to rebound. Methamphetamine seizures along the SWB will likely increase as demand in the United States remains high. Domestic production will likely continue to decline as methamphetamine produced in Mexico continues to be a low-cost, high-purity, high-potency alternative. Conversion laboratories will likely continue to increase as methamphetamine in solution remains an effective concealment method.

COCAINE

Overview

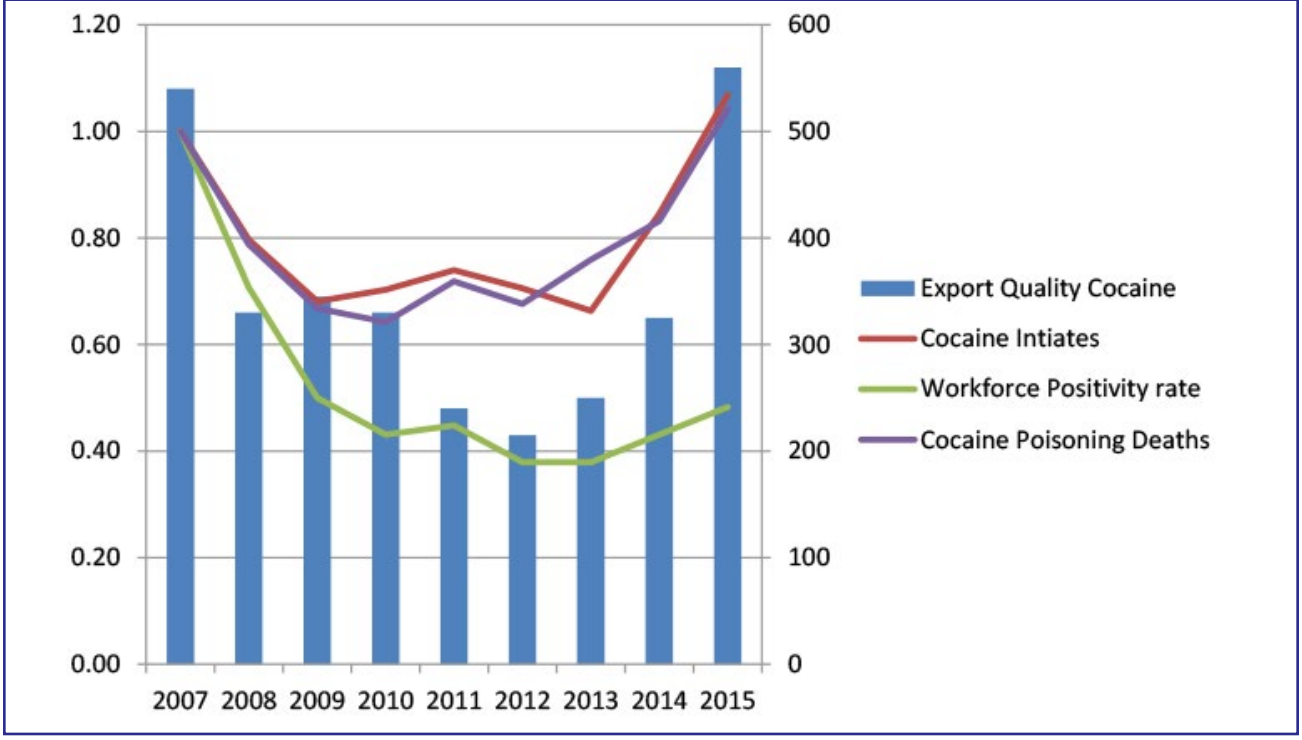
Cocaine availability and use in the United States increased between 2015 and 2016, with some indicators (including past year cocaine initiates, and cocaine-involved poisoning deaths) reaching levels equal to or greater than 2007 availability levels, and are likely to continue increasing in the near term (see Figure 84). This increase is due to elevated levels of coca cultivation and potential pure cocaine production in Colombia, the primary source for cocaine seized in the United States, which may indicate more cocaine is available for traffickers who want to invest in the U.S. cocaine market.

Availability

The majority of DEA FDs in 2016 indicated cocaine availability was moderate in their area, meaning cocaine is accessible. Four DEA FDs — Houston, Los Angeles, Philadelphia, and Washington — indicated that cocaine availability was high, meaning cocaine is easily obtained at any time. Three DEA FDs — Chicago, Dallas, and Houston — reported cocaine was more available compared to the previous reporting period (see Figure 85).

Responses to the 2017 NDTS reveal the majority of law enforcement respondents across the U.S. perceive cocaine availability as stable. Of all the drugs surveyed, cocaine received the second lowest percentage (3.2%) of nationwide responses identifying it as the greatest drug threat for a given law enforcement agency, greater only than NPS (see Figure 86 and Figure A2 in Appendix A). In addition, 22.5% of 2017 NDTS respondents indicated high availability of cocaine (see Figure A12 in Appendix A). The Caribbean, Miami, and Houston DEA FDs had the largest percentage of respondents identify cocaine as their greatest drug threat when compared with the other divisions.

Figure 84. U.S. Cocaine Indicators and Colombia Export Quality Cocaine Production, Based on 2007 Value, 2007 – 2016.



Source: DEA

Figure 85. DEA Field Division Reporting of Cocaine Availability in the First Half of 2016 and Comparison to Previous Period.

Field Division	Availabillity During First Half of 2016	Availabillity Compared to Second Half of 2015
Atlanta Field Division	Moderate	Stable
Caribbean Field Division	Moderate	Stable
Chicago Field Division	Moderate	More
Dallas Field Division	Moderate	More
Denver Field Division	Moderate	Stable
Detroit Field Division	Moderate	Stable
El Paso Field Division	Moderate	Stable
Houston Field Division	High	More
Los Angeles Field Division	High	Stable
Miami Field Division	Moderate	Stable
New England Field Division	Moderate	Stable
New Jersey Field Division	Moderate	Stable
New Orleans Field Division	Moderate	Stable
New York Field Division	Moderate	Stable
Philadelphia Field Division	High	Stable
Phoenix Field Division	Moderate	Stable
San Diego Field Division	Moderate	Stable
San Francisco Field Division	Moderate	Stable
Seattle Field Division	Moderate	Stable
St. Louis Field Division	Moderate	Stable
Washington Field Division	High	Stable

Source: DEA Field Division Reporting

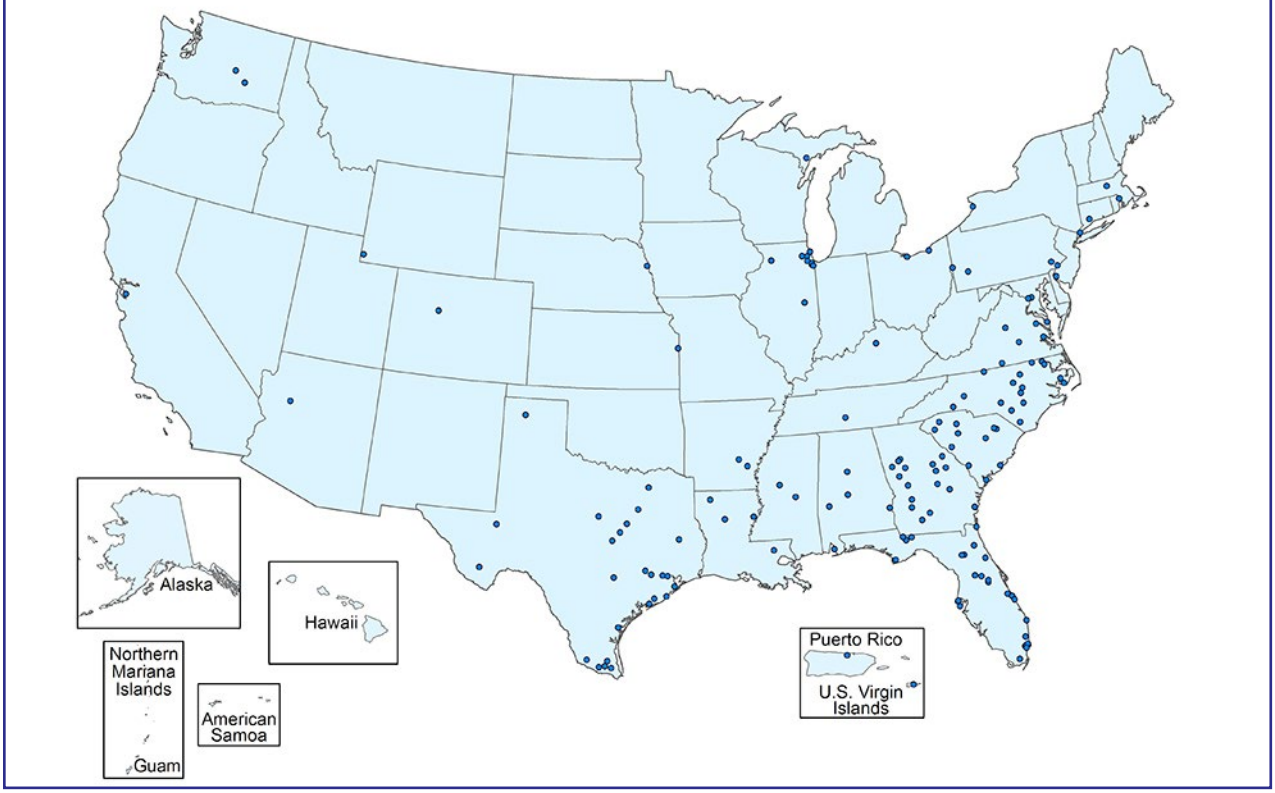
The majority (60+ %) of NDTS respondents surveyed nationwide indicated cocaine availability, demand, distribution, and transportation were stable in their AORs. Among DEA FDs, Phoenix, New England, and Detroit had the largest percentage of respondents in their AORs indicating cocaine availability increased. Additionally, in the Caribbean and Miami FD AORs, over 50 percent of survey respondents reported cocaine availability as high[31], which corresponds to other DEA reporting which shows cocaine is prevalent in these areas (see Figure 87).

Colombia continues to act as the source for the majority of the cocaine seized domestically. According to DEA's CSP, preliminary analysis indicates in 2016, approximately 92 percent of cocaine samples seized in the continental United States were of Colombian origin, six percent were of Peruvian origin, and two percent were of unknown origin (see Figure 88).[32] The average purity for all cocaine bricks analyzed was 77.1 percent. Of all cocaine bricks tested, 12 percent were uncut, while the rest of the bricks analyzed were cut with various diluents. The large majority (87%) of cocaine bricks contained levamisole and/or levamisole mixtures with dexamisole, while only one percent of bricks contained various other cutting agents.

[31] Cocaine availability results from the 2017 NDTS cannot be compared to previous years as a result of combining the "crack cocaine" and "powder cocaine" responses from prior years into a single "cocaine" response.

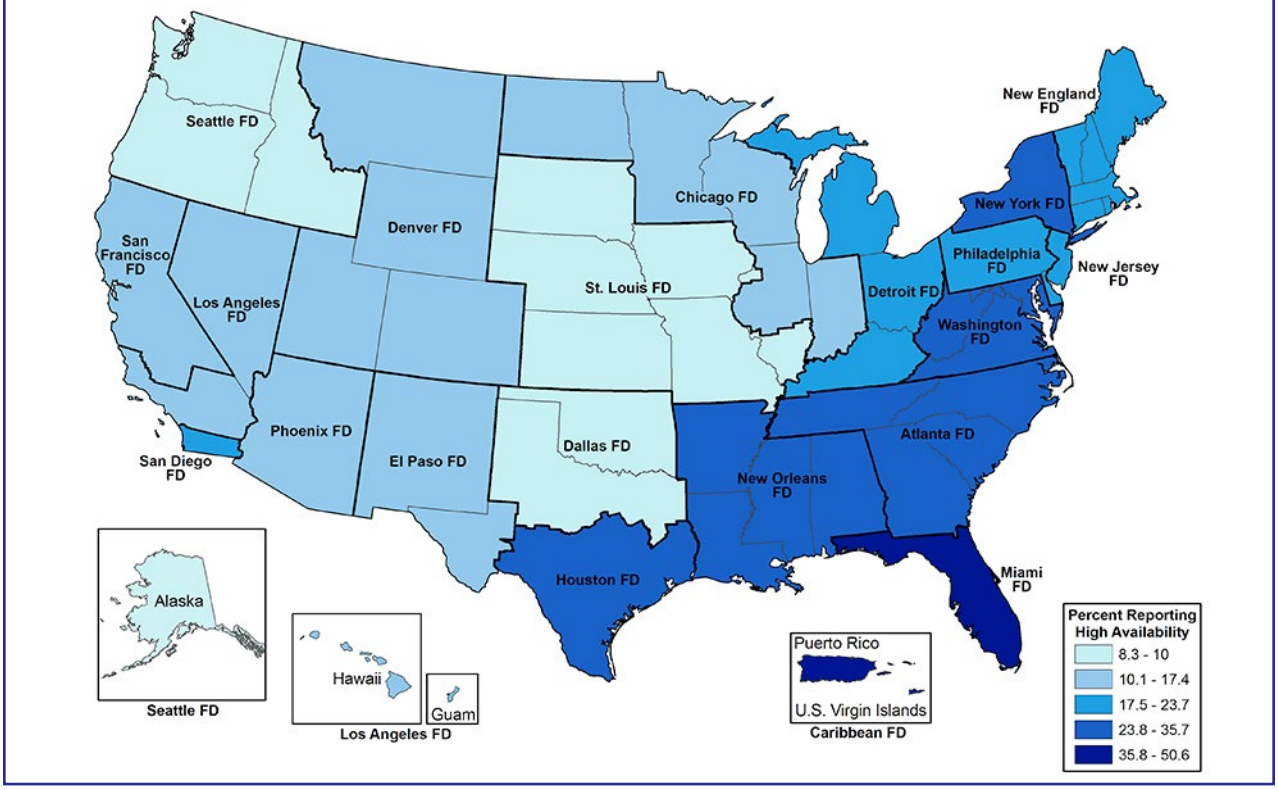
[32] Source country origins are based on CSP analysis of preliminary 2016 seizure data representing approximately 70-75 percent of expected total 2016 samples. CSP data is not intended to reflect United States market share per se—as it is not based on a systematic random sampling of all domestic cocaine seizures. California, Texas, and Florida account for approximately 80 percent of analyzed 2016 continental United States seizures.

Figure 86. 2017 NDTS Respondents with Cocaine as the Greatest Drug Threat.



Source: DEA

Figure 87. Percentage of NDTS Respondents Reporting High Cocaine Availability, 2017.



Source: DEA

DEA's Cocaine Signature Program

Each year, through the CSP, in-depth chemical analyses are performed on approximately 2,500 cocaine hydrochloride (HCl) exhibits obtained from bulk seizures made throughout the United States. The program also examines a smaller number of cocaine exhibits seized from around the world. Additionally, samples of solvents, reagents, and other materials seized from South American illicit cocaine laboratories are examined. Analytical methodologies developed at the DEA Special Testing and Research Laboratory give evidence of how and where the coca leaf was processed into cocaine base (geographical origin), and how cocaine base was converted into cocaine hydrochloride (processing method). State-of-the-art scientific methods can determine the geographic origin of the coca leaf, down to the sub-regional growing region used to produce a cocaine exhibit with a confidence level exceeding 96 percent.

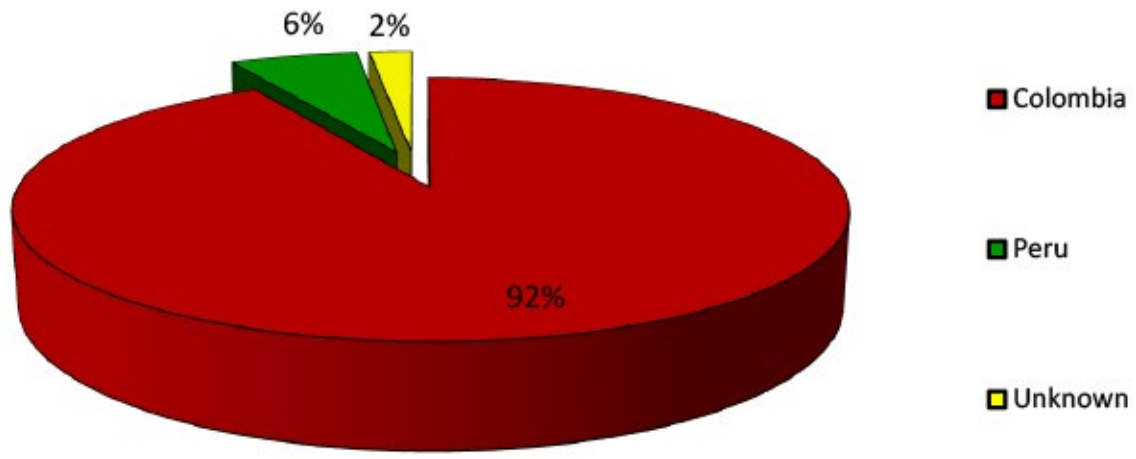
CSP analysis has consistently indicated that Colombian-origin cocaine dominates the market in the United States. These forensic findings are consistent with all available law enforcement intelligence and investigative reporting. CSP data is not intended to reflect U.S. market share, but is rather a snapshot of current trends. The CSP also provides a huge dataset (over 47,000 exhibits since 1998) for strategic intelligence analysis that reflects random cocaine samples taken from all wholesale-level domestic seizures (submitted to all DEA laboratories) that total metric tons of cocaine each year.

The annual average purity of one gram of cocaine in the United States remained relatively stable between 2009 and 2015 at 45.3% to 49.1%, well below the 61.1% average purity observed in 2007, before increasing to 56.4% in 2016. Similarly, the average annual price per pure gram of cocaine nearly doubled between 2007 and 2015, from $116 USD to $202 USD, prior to dropping to $165 USD in 2016. Between 2011 and 2016, price decreased 4.6 percent ($173 to $165) and purity increased 14.9 percent (49.1% to 56.4%), possibly indicating higher cocaine availability than in the prior five years (see Figure 89). Between 2015 and 2016, the average retail price for cocaine decreased and the average purity increased. Retail cocaine prices decreased 18.3 percent ($202 to $165) and purity increased 15.1 percent (49% to 56.4%) during this timeframe.

Since 2007, average annual cocaine purity in the United States has had a relatively strong relationship with Colombian cocaine production, although the relationship between cocaine production and domestic prices is weak. This may mean other factors, including competition within drug markets, and changes in the user population, have more influence on domestic prices than previously recognized.

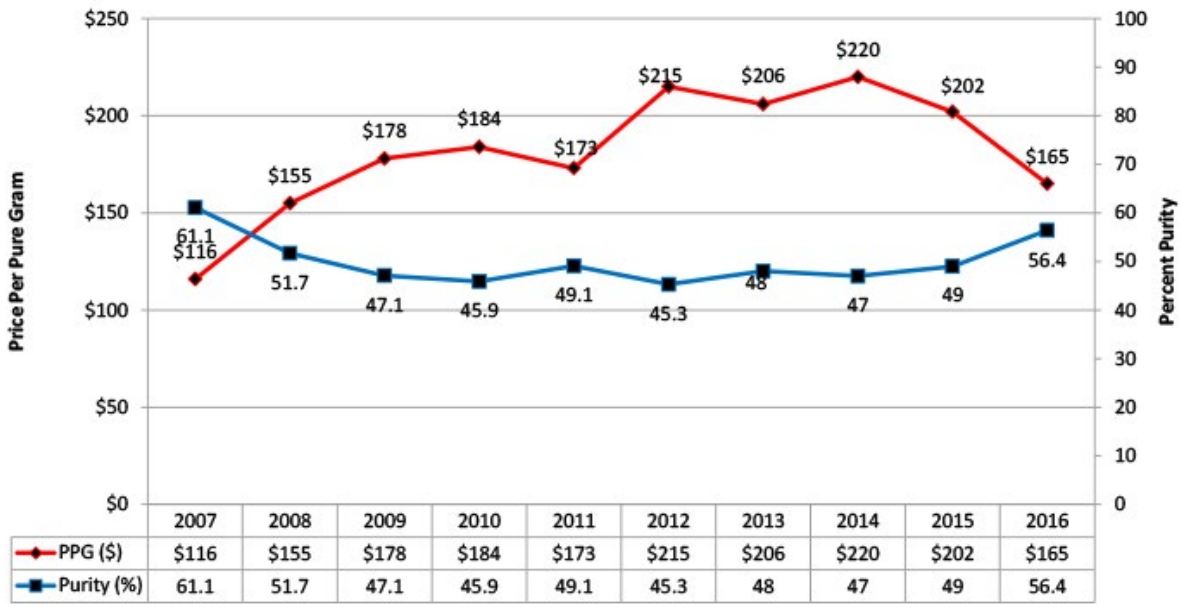
According to NFLIS, the number of cocaine exhibits analyzed remained relatively stable between 2014 and 2015 after steadily decreasing from 2006 through 2014. Nationally, 14 percent of all drugs in NFLIS were identified as cocaine. Laboratories representing cities in the South and Northeast reported the highest levels of cocaine, including McAllen, Miami, Orlando, New York City, Baltimore, Philadelphia, Augusta, Columbia, and Tampa.

Figure 88. Origin of Cocaine Samples Seized in the United States Mainland, 2016.



Source: DEA

Figure 89. Annualized Price and Purity of Domestic Cocaine Purchases, 2007 – 2016.



	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
PPG ($)	$116	$155	$178	$184	$173	$215	$206	$220	$202	$165
Purity (%)	61.1	51.7	47.1	45.9	49.1	45.3	48	47	49	56.4

Source: DEA

Cocaine and Fentanyl

The emergence of cocaine mixed with fentanyl and fentanyl-related substances in select markets is a potential trend of concern. When fentanyl is mixed with cocaine, it is typically for the purpose of "speedballing", the same purpose as heroin and cocaine mixtures. The desired outcome is for the user to experience the "high" from the cocaine with the depressant (heroin or fentanyl) helping ease the otherwise sharp comedown after the effects of the cocaine subside. Law enforcement and NFLIS reporting indicate "speedball" mixtures of cocaine and fentanyl are relatively rare in the United States, and national use and death reporting cannot distinguish which drug between cocaine and fentanyl is the primary cause of death.

- Although fentanyl is typically either mixed with or sold as heroin, DEA forensic laboratories analyzed 25 exhibits of cocaine mixed with fentanyl for CY 2015 and 26 exhibits through September of CY 2016. These analyzed exhibits have identified mixtures of cocaine with fentanyl HCl, acetyl fentanyl, carfentanil, butyryl fentanyl, and 4-ANPP. The top three states where fentanyl/cocaine mixtures were seized between CY 2015 and September 2016 were Florida (17 exhibits), Massachusetts (8 exhibits), and New York (6 exhibits).
- In October 2016, the DEA New England Cross Border Initiative Task Force, with the assistance of Methuen, Massachusetts, Police Department, seized approximately 200 grams of suspected fentanyl and arrested two suspects for narcotics trafficking. According to DEA forensic analysis, the samples submitted tested positive for a mixture of fentanyl, cocaine, caffeine, and acetaminophen. This marked one of the largest analyzed seizures of a fentanyl/cocaine mixture between 2015 and 2016.

In 2016 and 2017, multiple DEA FDs reported increases in the quantity and purity of cocaine available in their AORs. These reports mark a significant contrast from previous years, when DEA reporting regularly indicated U.S.-based organizations cut cocaine to stretch supplies and charged higher prices to recoup lost profits.

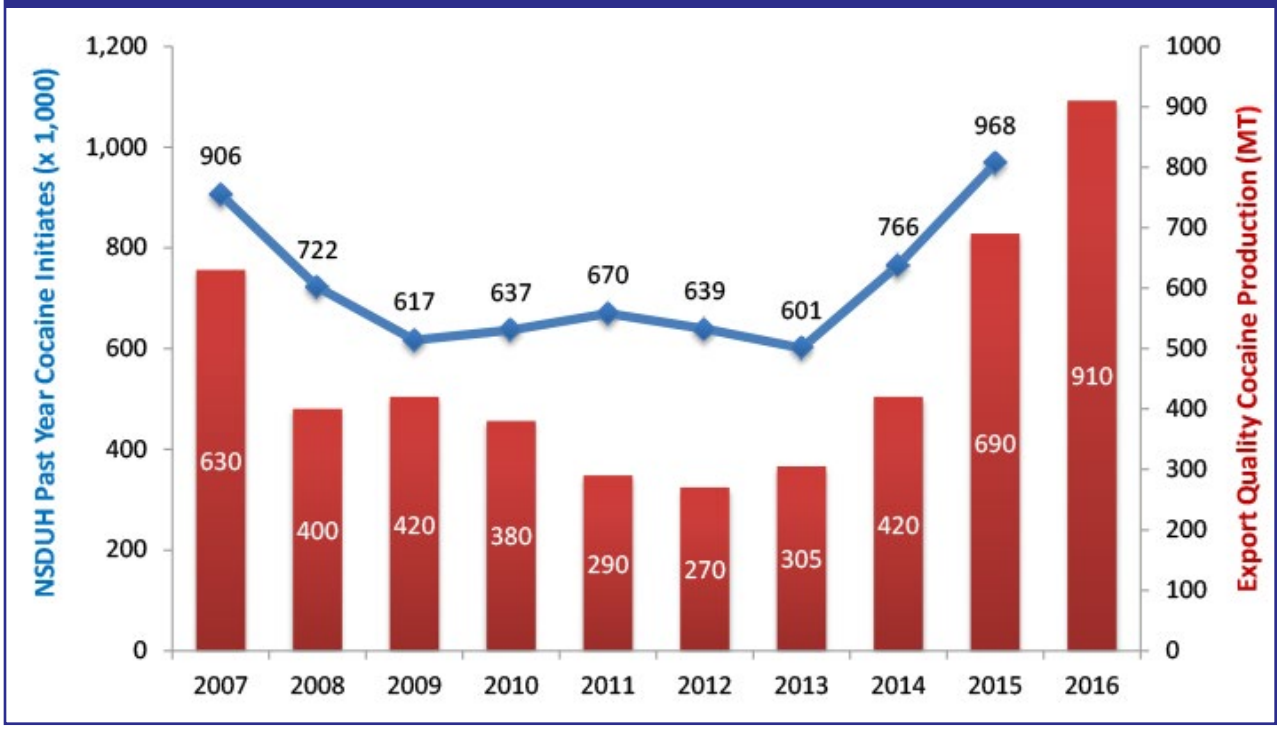
- In late 2016, DEA reporting indicated a Denver, Colorado distributor had received multiple kilograms of cocaine throughout the previous year from a Mexico-based source. The cocaine was described as "almost 100 percent pure." One local customer tested the cocaine by converting a quantity to crack, and was reportedly impressed by the quality of it.
- In January 2017, DEA reporting indicated cocaine was making a "comeback" in western Pennsylvania. DEA reporting specified the purity of the cocaine available in Pittsburgh is relatively high due to cocaine dealers competing with heroin dealers, who can consistently offer high quality, high purity heroin.
- In January 2017, DEA Miami reporting indicated there was a significant increase of Colombia-produced cocaine being shipped in the prior four months, especially via Pacific routes. DEA reporting revealed DTOs with cocaine originating in areas with a significant FARC or former-FARC presence [in Colombia] were attempting to get as much product shipped as possible before implementation of the peace accord complicated the process. The resulting surplus led to a demand for greater purity cocaine in Central America and a rejection of lower purity product, which is building up after being rejected.

Use

Cocaine use shows further signs of increase in the United States. According to the 2015 NSDUH, there were an estimated 1.9 million persons aged 12 or older who were current cocaine users (meaning they had used the drug within the past month). This is a statistically significant increase in current cocaine users from the 1.53 million users in 2014 and marks a departure from the previous trend of current user estimates reported at lower levels between 2009 and 2013.

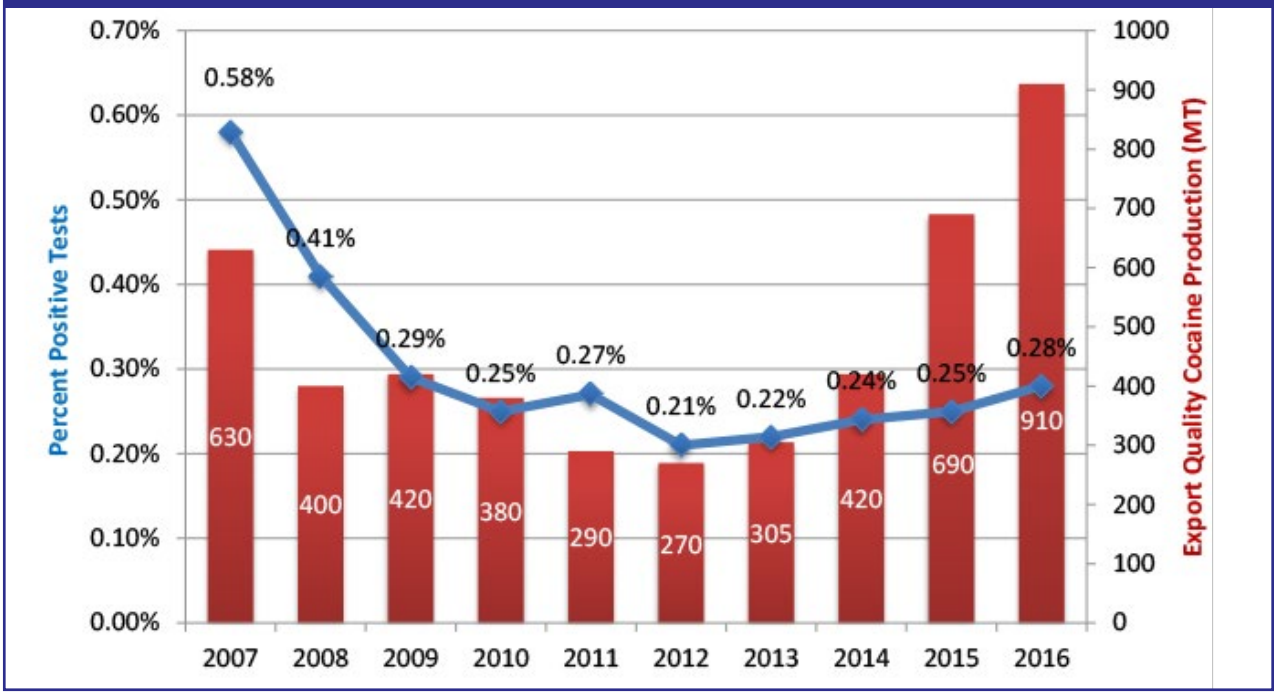
- In 2015, past year cocaine initiates became the first major use indicator to surpass 2007 benchmark levels for cocaine use. The number of past year cocaine initiates increased 26 percent from 766,000 in 2014 to 968,000 in 2015, passing the 906,000 initiate benchmark from 2007 (see Figure 90). According to NSDUH data, 1.2 million out of the approximately 1.9 million current cocaine users were aged 26 and older in 2015.
- The percentage of positive workplace urine drug tests for cocaine in the general workforce increased 12 percent between 2015 and 2016, from .25 percent to .28 percent (see Figure 91). This marks the fourth consecutive year workplace urine drug tests for cocaine showed increases in positive tests, and represents the highest percentage of positive cocaine tests in the general workplace since 2009. However, this data still represents a significant decline from 2007 workplace positive drug testing rates of .58 percent.

Figure 90. Past Year Cocaine Initiates and Export Quality Cocaine Production, 2006-2016.



Source: National Survey on Drug Use and Health and DEA

Figure 91. U.S. Workplace Positive Urine Drug Tests and Colombian Export Quality Cocaine Production, 2007-2016.

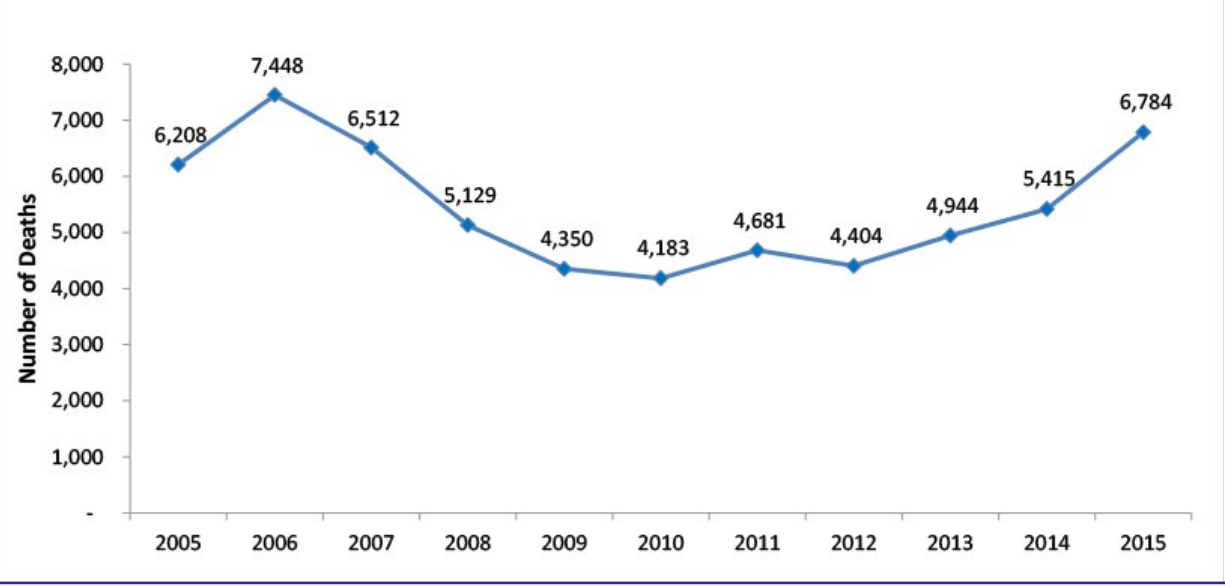


Source: U.S. Government estimates and Quest Diagnostics

The CDC reported cocaine-involved drug poisoning deaths in 2015 increased for the third straight year, with more cocaine deaths recorded in 2015 (6,784) than any other year in the prior decade except 2006 (see Figure 92). This represents a 25.2 percent increase in cocaine-related overdose deaths from 2014 to 2015. Cocaine contributes to a significant number of drug poisoning deaths in the United States, with some regions of the United States seeing significant increases in cocaine-related deaths and other areas continuing to report decreases in fatalities concurrent with low levels of cocaine availability and use. Analysis of state-level 2015 drug overdose data reveals the greatest age-adjusted drug-overdose rates for cocaine deaths were in Rhode Island, Ohio, Massachusetts, West Virginia, and Washington DC.

- According to the Florida Medical Examiners Commission, in 2015 cocaine caused the second most deaths compared to the other drugs analyzed (benzodiazepines were ranked first) in Florida. Use of cocaine in overdose deaths increased by 21.6 percent and deaths caused by cocaine increased 34.3 percent compared to 2014. Cocaine-related deaths were highest in the Miami Medical Examiner District and increased 23.5 percent in that district between 2014 and 2015, from 234 deaths to 289 deaths. This represents the highest number of cocaine deaths in the Miami Medical Examiner District since at least 2001 (the first year for which data is available in this report).
- According to the Virginia Department of Health, the total number of fatal cocaine-related overdoses statewide has slowly been increasing since 2013. Fatal cocaine overdoses from 2007-2015 typically occurred with cocaine as the only substance causing or contributing to death, or with cocaine used in a lethal combination with one or more opioid prescription drugs, heroin, and/or alcohol. The first nine months of 2016 had a 73.4 percent increase in the number of fatal cocaine overdoses compared to the same time frame of 2015.

Figure 92. Drug Poisoning Deaths Involving Cocaine, 2005 – 2015.



Source: National Center for Health Statistics/Centers for Disease Control

Production

Potential pure[33] cocaine production in Colombia is estimated to have increased 35 percent between 2015 and 2016, from 520 metric tons to 710 metric tons (see Figure 93). Current production estimates are at the highest levels ever recorded. According to 2016 estimates, Colombia's coca cultivation increased 18 percent in 2016, from 159,000 hectares to 188,000 hectares, due in part to decreases in aerial and manual eradication as well as countermeasures taken by coca farmers to both block manual eradication teams and shift coca fields to areas where eradication is already prohibited. Between 2007 and 2016, export quality cocaine purity in Colombia ranged from 73% to 83%, with an average export quality of 77%.

Colombia-sourced cocaine continues to dominate the U.S. market. According to DEA's CSP, approximately 95% of samples analyzed in CY 2016 were sourced from Colombia. Therefore, production estimates for Peru are less significant for the United States cocaine market compared to production estimates for Colombia. Colombian TCOs continue to dominate the cocaine supply to the United States due to their experience and long standing working relationships with Caribbean, Central American, and Mexican traffickers.

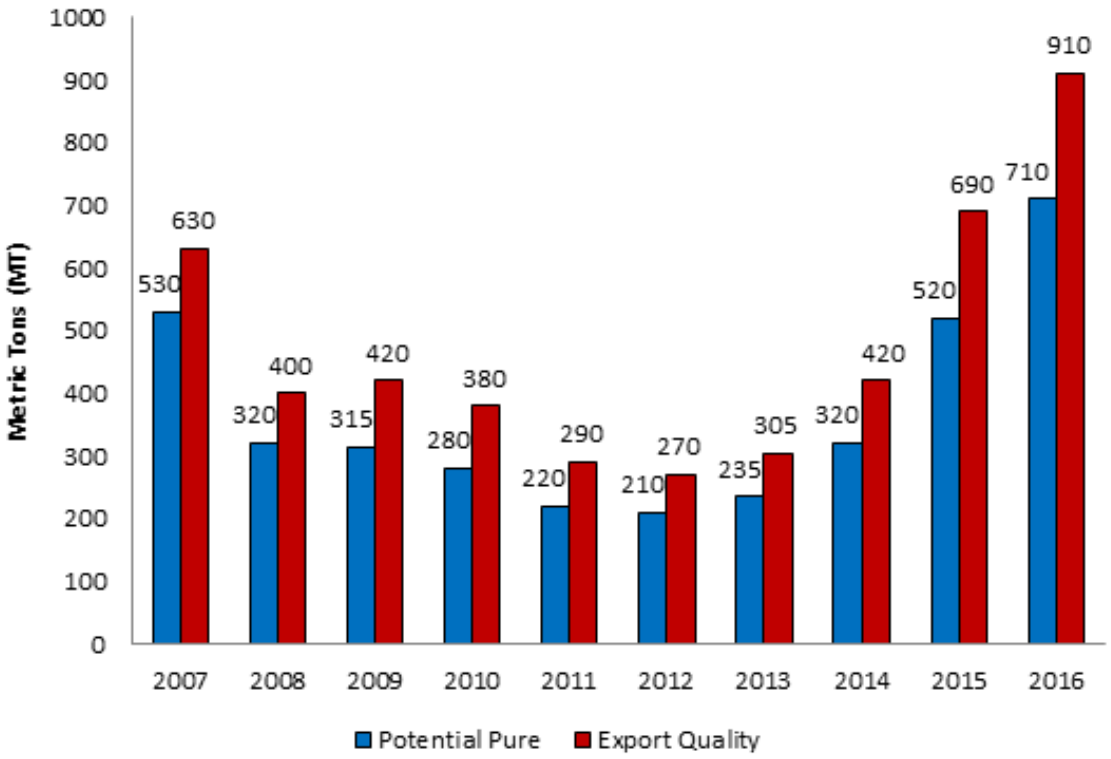
Transportation and Distribution

Due to a greater supply of cocaine, north-bound cocaine movement from South America increased from 2014 to 2016. In 2016, at least 82 percent of the documented cocaine departing South America transited the Eastern Pacific, with smaller amounts transshipped directly through the Western and Central/Eastern Caribbean (11 percent and 7 percent, respectively). Significant increases in north-bound cocaine movement were driven primarily by increases in coca cultivation in the Andean region and increases in documented flow through the Eastern Pacific Vector. Increased flow was also documented in the Caribbean Corridor, although the Caribbean Corridor's overall share of flow was less than observed in 2015 (see Figure 94). As in previous years, by volume, the majority of this documented movement was via go-fast vessels.

The SWB remains the key entry point for the majority of the cocaine entering the United States, according to U.S. Customs and Border Protection data. Cocaine seizures along the SWB increased 20 percent from CY 2015 to CY 2016 — from 9,018 kilograms to 10,839 kilograms — the most cocaine seized along the SWB since CY 2011. This marks the second consecutive year cocaine seizures along the SWB have increased, following a decrease in seizures between CY 2013 and CY 2014 (see Figure 95).

[33] Potential pure production refers to the amount of 100% pure cocaine that can be produced from the cultivation of coca. Potential pure production estimates are used to make comparisons between different years and source countries easier.

Figure 93. Colombian Cocaine Production, 2007- 2016.



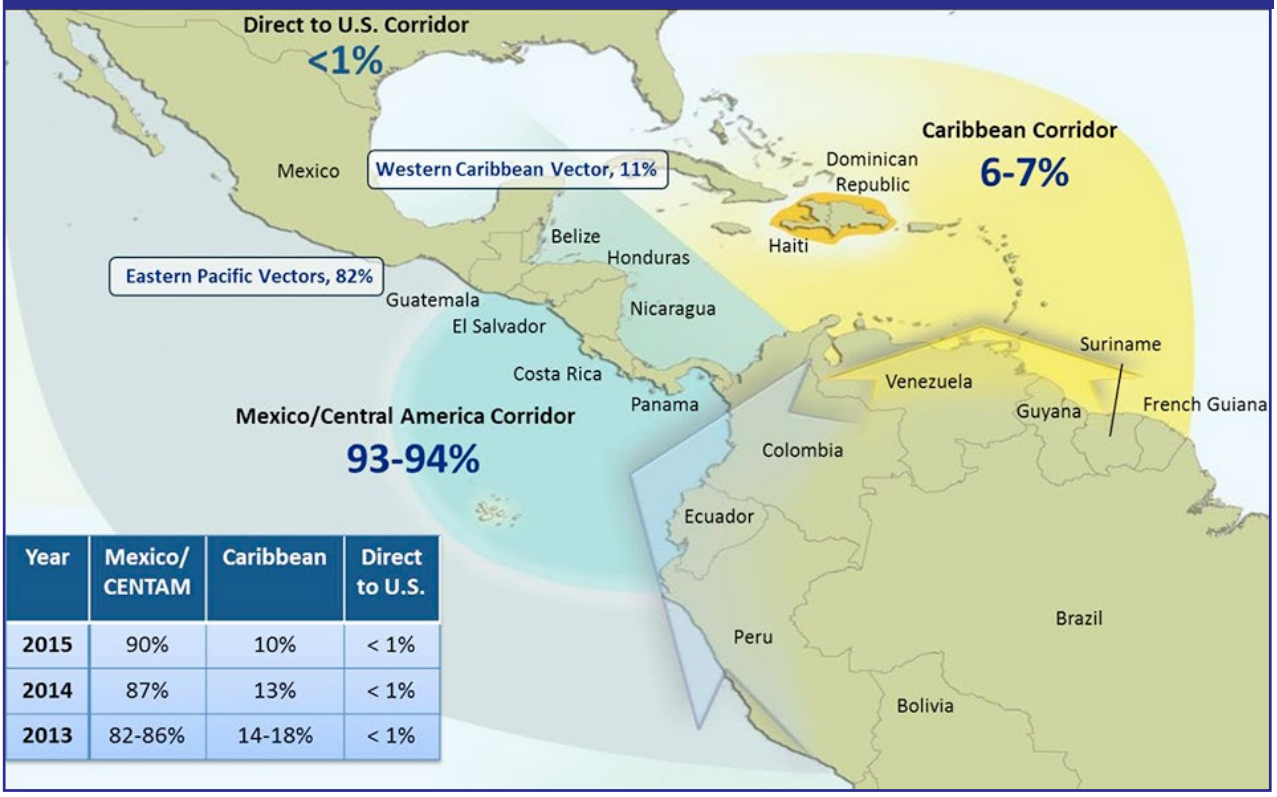
Source: U.S. Government estimates

Implications of the FARC – Government of Colombia Peace Agreement for Cocaine

The peace accords signed in November 2016 between the Colombian Government and the FARC require that the FARC demobilize and end all involvement in the drug trade. The long-term implications of the peace process for the Colombian drug trade are uncertain. This notwithstanding, DEA assesses that Colombia's coca cultivation is likely to expand in 2017, partly due to increased coca farmer profits. Average farmer profits increased more than 120 percent between 2012 and 2016. A Colombian coca farmer tending a mature quarter-hectare field realized some $1,200 in profits in 2016. This rise in potential profits provides the coca farmers with a strong economic incentive to grow more coca.

Domestically, the United States shows some indications cocaine availability and use are beginning to rise after remaining relatively stable over the past five years. DEA has documented a historical correlation between increased Colombian coca cultivation and increased cocaine use in the United States. In addition to recent Colombian coca cultivation and cocaine production increases, north-bound cocaine movement from South America has increased, indicating higher supply of cocaine in the United States and other countries around the world.

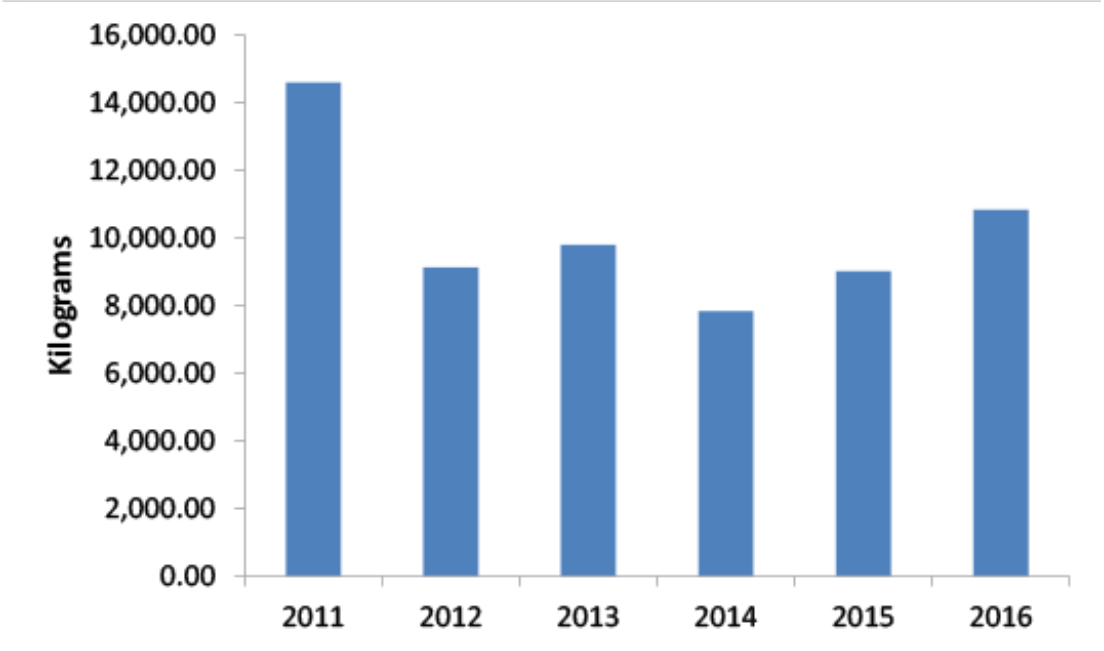
Figure 94. Cocaine Movement North from South America, 2016.



Year	Mexico/ CENTAM	Caribbean	Direct to U.S.
2015	90%	10%	< 1%
2014	87%	13%	< 1%
2013	82-86%	14-18%	< 1%

Source: U.S. Government database of drug seizures and movement

Figure 95. U.S. Customs and Border Protection Southwest Border Cocaine Seizures, CY 2011 – CY 2016.

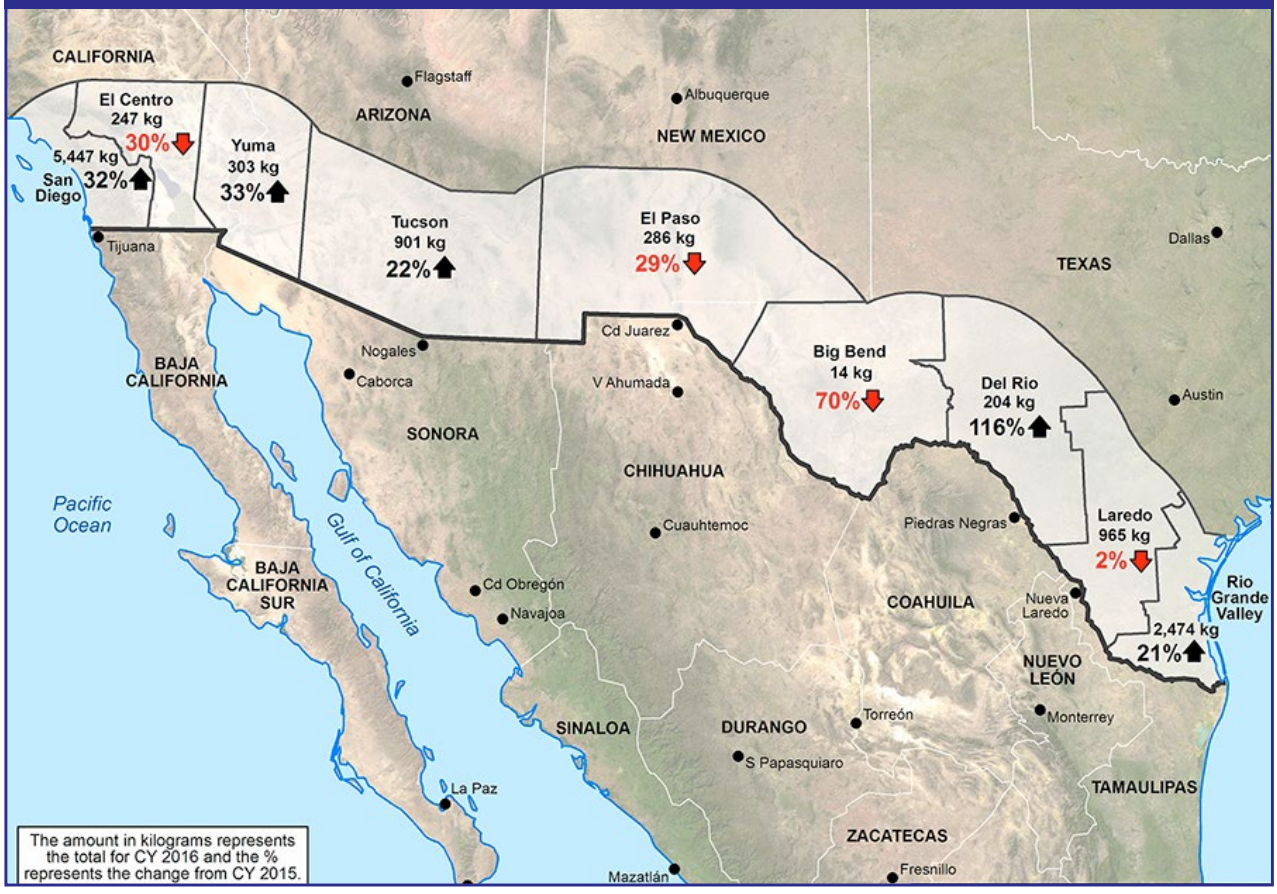


Source: U.S. Customs and Border Protection (CBP)

Most of the cocaine seizures along the SWB in CY 2016 occurred in the San Diego corridor (5,447 kg or 50%) and Rio Grande Valley corridor (2,474 kg or 23%). In addition, seizures in the San Diego corridor increased 32 percent between CY 2015 and CY 2016, while seizures in the Rio Grande Valley corridor increased 21 percent during the same time period (see Figure 96). This marks the second consecutive year seizures in the San Diego corridor have increased, while seizures in the Rio Grande Valley corridor previously decreased between CY 2014 and CY 2015. Traffickers most commonly smuggle cocaine into the United States via privately owned vehicles passing through ports of entry along the SWB. Cocaine is hidden amongst legitimate cargo on commercial trucks or secreted inside hidden compartments built within passenger vehicles.

Commercial air smuggling is another important conveyance method for cocaine traffickers looking to smuggle cocaine from South America and the Caribbean into the United States. This type of air smuggling has four different aspects to it: couriers, cargo, mail/express consignment, and internal conspiracy. In courier cases, passengers—and sometimes crew members—smuggle small quantities of cocaine, ranging from .5 to under 10 kilograms, on commercial flights, most often originating in the Caribbean. Cocaine in concealed cargo shipments ranges from under a kilogram to several hundreds of kilograms in a single shipment. Express consignment shipments of cocaine are more likely to transit the United States than mail shipments. In FY 2015 and 2016, CBP seized about 1,500 kilograms of cocaine in express consignments versus around 50 kilograms of cocaine from mail shipments destined for non-US countries. These express consignment shipments typically originate in South American or the Caribbean before transiting through the United States. Corrupt airline or airport personnel at both ends of a flight have also conspired to traffic five to 20 kilograms of cocaine concealed in "left over baggage" or secreted somewhere on the aircraft.

Figure 96. CBP Cocaine Seizures by Southwest Border Corridor in CY 2016, with Percent Change from CY 2015.



Source: DEA and U.S. Customs and Border Protection

- In February 2017, a recently concluded investigation resulted in the indictment of 12 defendants, including six current and former Transportation Security Administration (TSA) screeners, for helping smuggle 20 tons of cocaine through Puerto Rico during an 18-year operation. To accomplish this operation, an airport bag handler would pick up suitcases containing cocaine from smugglers at the check-in counter and put them through X-ray machines staffed by cooperative TSA workers.

Cocaine trafficking organizations use a wide variety of methods to transport cocaine into and throughout the United States. Privately owned vehicles remain the primary conveyance used to smuggle cocaine across the SWB.

- In March 2017, CBP officers at the San Ysidro California POE apprehended a traveler for concealing 65 pounds of cocaine and 6,767 pills of oxycodone. The suspect was driving a vehicle and applied to enter into the United States when a K-9 team screening vehicles alerted to the suspect's vehicle's front bumper.

- In February 2017, CBP officers at the Gateway International Bridge intercepted 13 packages containing approximately 31 pounds of cocaine. The suspect was driving a vehicle and applied for entry into the United States at the Brownsville Texas POE, when the vehicle was referred to secondary screening based on a K-9 alert.

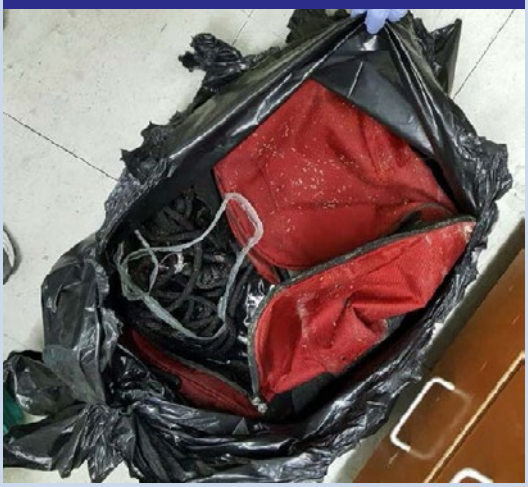
- In December 2016, members of the Airport Investigations and Tactical Team (AirTAT) assigned to Luis Muñoz Marin International Airport, in coordination with the Puerto Rico Police Department and Homeland Security Investigations, arrested an individual who attempted to smuggle 16.7 kilograms of cocaine from Puerto Rico to New York. AirTAT agents, conducting random and routine interdictions and examinations in the departing gates area, encountered a passenger and obtained consent to search his or her carry-on bag. The search yielded 15 brick-shaped objects which tested positive for cocaine (see Figure 98).

Submerged Cocaine Anchored to Ocean Floor

In July 2016, recreational divers contacted the United States Coast Guard (USCG) to report the discovery of five kilograms of cocaine anchored to the ocean floor approximately 55 miles west of Key West, Florida. The divers discovered a duffle bag at a depth of approximately 50 feet in an area off the coast of Key West between Dry Tortugas National Park and the Marquesas Keys. Inside the duffle bag were several plastic first aid kits containing kilogram quantities of cocaine wrapped in different layers and waterproofed with expandable foam (see Figure 97).

This demonstrates how trafficking organizations have evolved their methods for conducting cocaine transactions through technology. Organizations transport kilograms of cocaine in waterproof packaging to a predetermined location, anchor it to the ocean floor for retrieval by other DTO members who have the contraband's GPS location. This allows members of trafficking organizations to compartmentalize, as it separates maritime transporters from land-based cocaine distributors.

Figure 97. Cocaine-laden duffel bag anchored to the ocean floor.



Source: DEA

Figure 98. Cocaine bricks inside carry-on bag.

Source: Puerto Rico/U.S. Virgin Islands HIDTA

- In June 2016, the Harrison Mississippi County Sheriff's Office seized 185 pounds of cocaine, in 84 bundles, from a tractor-trailer after a consensual search of the vehicle (see Figure 99). The cocaine was concealed inside a false compartment in one of the fuel tanks.
- In October 2016, the Central Oklahoma Metropolitan Interdiction Team conducted a consensual search of a tractor-trailer after a traffic stop and seized 12.7 kilograms of cocaine commingled with the legitimate cargo. The vehicle contained shaving kits, which were being transported from California to Pennsylvania. (see Figure 100).
- In November 2016, CBP Air and Marine Operations (AMO) in Puerto Rico seized 149 kilograms of cocaine and arrested two men after intercepting a "yola" type wooden vessel near Desecheo Island (see Figure 101). CBP detected the small 22-foot wooden vessel approximately seven nautical miles west of Desecheo Island, heading eastbound. CBP Interceptors observed the two men on board throwing packages overboard from a cooler.
- In December 2016, California Highway Patrol officers in Victorville, California, conducted a traffic stop on a tractor-trailer traveling northbound on Interstate 15 and seized 118 kilograms of cocaine following a consent search and a K-9 alert to the trailer. The cocaine was commingled with a legitimate cargo shipment destined for Oakville, Ontario, Canada. The boxes containing cocaine packages were located on the bottom pallet of a double-stacked pallet and visually indistinguishable from the legitimate cargo (see Figure102).

Mexican TCOs dominate cocaine transportation throughout the United States, but are reliant on local criminal groups for retail-level distribution. Colombian trafficking networks still supply wholesale quantities of cocaine to East Coast drug markets, but have largely been replaced by Mexican TCOs throughout the rest of the United States. After Mexican and Colombian trafficking organizations transport cocaine into the United States, mid- and retail-level distribution is carried out by local U.S. criminal groups and street gangs. Mexican and Colombian TCOs actively seek to limit their involvement with U.S. law enforcement and, as a result, tend to limit themselves to wholesale-level transportation. Dominican organizations are heavily involved in cocaine distribution along the East Coast and often have ties to both Mexican TCOs and local street gangs. Based on Mexican TCOs' strong working relationships with U.S. criminal groups and street gangs, as well as their control over all major cocaine trafficking routes, there is currently no trafficking organization that has the power to challenge Mexican TCOs for control of the cocaine market in the United States.

- Atlanta FD reporting reveals large scale Mexican TCOs serve as the primary cocaine sources of supply for customers in the Atlanta FD AOR. The cocaine is distributed to mid/street level members of African American and Hispanic drug trafficking organizations, as well as local street gangs. Atlanta FD reporting indicates the Metropolitan Atlanta area continues to serve as the Southeast's largest hub for the transport and distribution of wholesale cocaine. Other Southeastern

Figure 99. Cocaine seized from a hidden compartment in a fuel tank.

Source: Gulf Coast High Intensity Drug Trafficking Area

Figure 100. Cocaine packages with shaving kits.

Source: El Paso Intelligence Center

cities, including Columbia, South Carolina; Charlotte, North Carolina; and Memphis, Tennessee, serve as transshipment points for loads destined for the Northeastern corridor.

- Chicago FD reporting reveals Mexican TCOs are the primary sources of supply for cocaine in the Chicago FD AOR. Mexican TCOs obtain multi-kilogram quantities of cocaine from the SWB region of the US and maintain a tight control of distribution down to the retail level. At the street level, distribution is carried out by African-American street gangs, Mexican street gangs, and Caucasian independent traffickers. Chicago's extensive transportation infrastructure makes

Figure 101. Cocaine bricks inside vessel compartments.

Source: U.S. Customs and Border Protection

Figure 102. Cocaine packages with legitimate cargo.

Source: El Paso Intelligence Center

it an attractive transportation hub to move cocaine throughout the Midwest and money back to the SWB.

- New York FD reporting reveals cocaine is transported from Colombia to the New York FD AOR by Colombian, Mexican, Dominican, and Hispanic organizations. Retail distribution is controlled by Dominican, Hispanic, and African American DTOs as well as by street gangs and outlaw motorcycle gangs. Organizations trafficking cocaine into New York at the wholesale level typically obtain their supplies from the SWB; however, other popular routes for the New York FD AOR include air trafficking from the Caribbean to New York and from South America to New York. In these instances, cocaine is typically shipped from the Dominican Republic, Puerto Rico, or Colombia into New York.
- Los Angeles FD reporting reveals Mexican trafficking organizations dominate the transportation of multi-kilogram quantities of cocaine through the Los Angeles FD AOR. Mexican organizations routinely receive bulk quantities of cocaine directly from sources of supply based in Mexico and Colombia. Mexican organizations are also heavily involved in cocaine distribution, as are African-American, Caucasian, and Hispanic organizations, as well as Pacific Islanders and local Hawaiians in Hawaii. Interstate shipments of cocaine are routinely transported from the Riverside, California area to other metropolitan areas throughout the United States.

Outlook

The United States can expect to see increased levels of cocaine supply and use, at least through 2018. As coca cultivation and cocaine production in Colombia increase, the United States will very likely see continued increases in cocaine-related deaths, new initiates, seizures, and positive workplace drug tests. Some domestic indicators— new initiates and deaths— have surpassed 2007 levels, while other indicators—current use and retail purity— are on pace to meet or surpass 2007 levels in 2017. Other domestic availability indicators, including seizures and workplace drug tests, have not seen significant increases relative to other U.S.-based indicators, and historical analysis indicates retail price will remain difficult to predict.

MARIJUANA

Overview

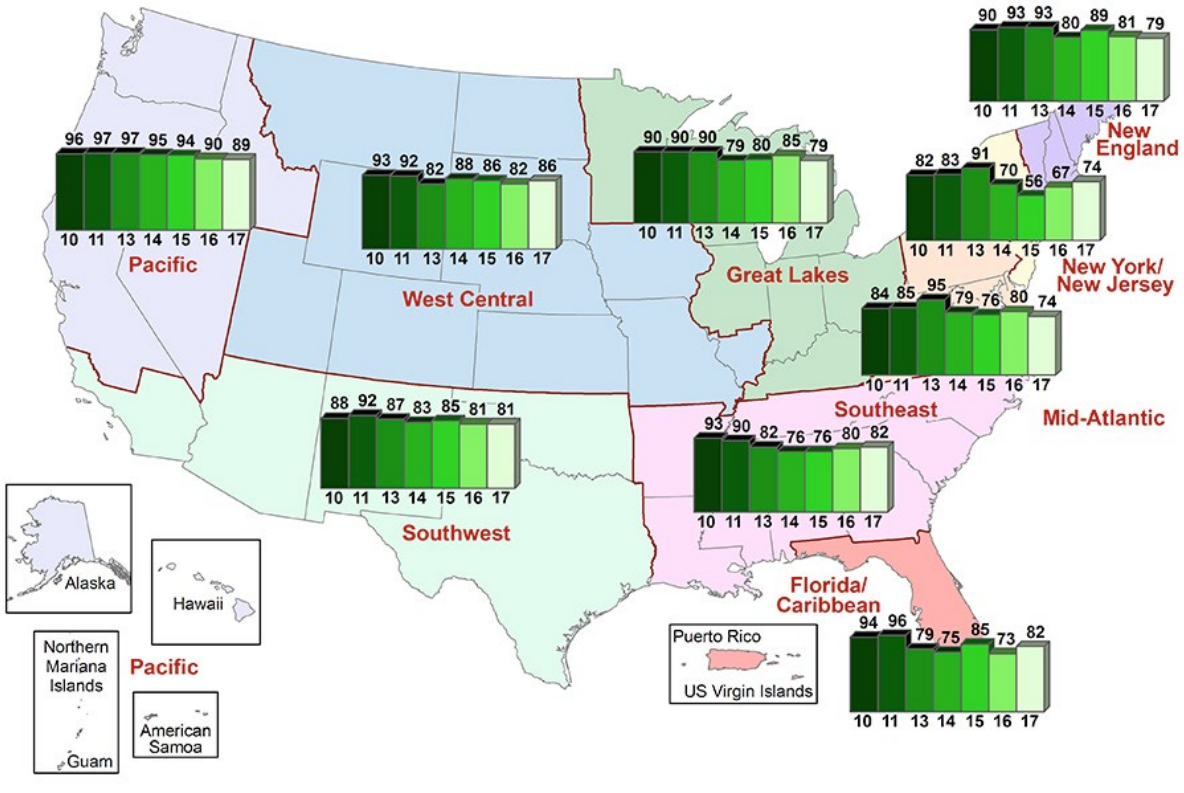
Marijuana is the most widely available and commonly used illicit drug in the United States. While marijuana remains illegal under federal law, many states have passed legislation, or voted on referendums and initiatives, approving the cultivation, possession, and use of marijuana. Marijuana is cultivated in all 50 states, with the majority cultivated on the West Coast, with an emphasis on cultivation in California. There is a diverse range in the size, and type, of criminal organization involved with illegal marijuana cultivation in the United States.

Mexico remains the most significant foreign source for marijuana in the United States. Along the Southwest Border, U.S. Customs and Border Protection seized over 800,000 kilograms of marijuana from over 21,000 incidents during FY 2016. From FY 2015 to FY 2016, there was a 14.5 percent decline in the total weight of marijuana seized, and a 3.9 percent decline in total number of marijuana incidents along the Southwest Border. Lesser volumes of marijuana are smuggled into the United States from Canada and the Caribbean.

Availability

Marijuana is readily available in all areas of the United States. Per the 2017 NDTS, 80 percent of responding agencies reported marijuana availability was high in their jurisdictions (see Figure 103), meaning marijuana is easily obtained at any time, and 15 percent reported marijuana availability was moderate. In addition, 59 percent of respondents reported marijuana availability had stayed the same, while 35 percent reported availability increased over the past year. Per the 2017

Figure 103. Percentage of NDTS Respondents Reporting High Availability of Marijuana 2010 – 2011, 2013 – 2016.



Source: National Drug Threat Survey

Figure 104. DEA Field Division Reporting of Marijuana Availability in the First Half of 2016 and Comparison to Previous Period.

Field Division	Availabillity During First Half of 2016	Availabillity Compared to Second Half of 2015
Atlanta Field Division	High	Stable
Boston Field Division	High	Stable
Caribbean Field Division	Moderate	More
Chicago Field Division	High	Stable
Dallas Field Division	High	Stable
Denver Field Division	High	More
Detroit Field Division	High	Stable
El Paso Field Division	High	Stable
Houston Field Division	High	Stable
Los Angeles Field Division	High	Stable
Miami Field Division	High	Stable
New Jersey Field Division	Moderate	Stable
New Orleans Field Division	High	Stable
New York Field Division	Moderate	Stable
Philadelphia Field Division	High	Stable
Phoenix Field Division	High	Less
San Diego Field Division	High	Stable
San Francisco Field Division	High	Stable
Seattle Field Division	High	Stable
St. Louis Field Division	High	Stable
Washington Field Division	High	Stable

Source: DEA Field Division Reporting

NDTS, 35.8 percent of respondents reported demand for marijuana increased, while 58.2 percent reported demand remained the same.

Of the 21 DEA FDs, 18 reported high availability, and three reported moderate availability of marijuana in their jurisdictions during the first half of 2016. The Denver and Caribbean FD reported increased availability of marijuana from the previous year, while the Phoenix FD reported decreased availability, and the other 18 FDs reported availability remained stable (see Figure 104).

Nationally, only 5.6 percent of NDTS respondents reported marijuana as their greatest drug threat. Marijuana is widely available in the Pacific and West Central regions and many criminal organizations operate in these areas; however, most law enforcement respondents do not report marijuana as their greatest drug threat, likely due to changing public perceptions on marijuana and law enforcement attention on other illicit drug threats, such as opioids.

State-Approved Marijuana Measures

The Federal prohibition on marijuana has existed since the 1937 Marijuana Tax Act, which was later replaced by the 1970 CSA. In August 2016, DEA denied two petitions to reschedule marijuana under the CSA. In response to the petitions, DEA requested a scientific and medical evaluation and scheduling recommendation from the Department of Health and Human Services (HHS), which was conducted by the U.S. Food and Drug Administration (FDA). Based on the legal standards in the CSA, marijuana remains a Schedule I controlled substance because it does not meet the criteria for currently accepted medical use in treatment in the United States, there is a lack of accepted safety for its use under medical supervision, and it has high potential for abuse.

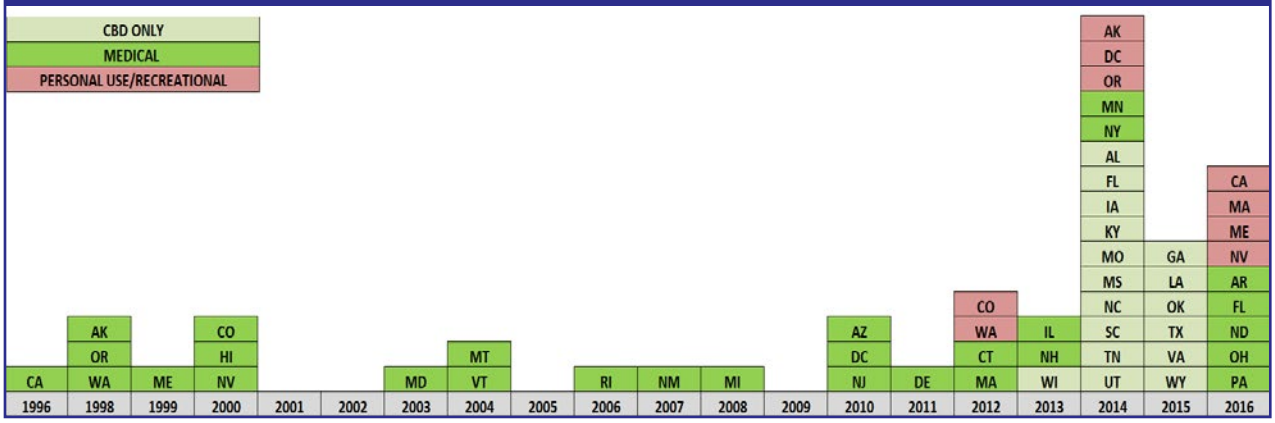
Marijuana remains illegal under federal law; however, many states have approved the cultivation, possession, and/or use of marijuana within their respective states. Figures 105 and 107 reflect the various categories of state-approved marijuana measures passed as of January 2017.

State-Approved Marijuana Decriminalization: In 1973, states began to decriminalize marijuana. Currently, 20 states and Washington DC have decriminalized marijuana. Decriminalization typically means a minor penalty or fine is imposed for possession of small "personal use" amounts of marijuana, but there is no jail sentence.

State-Approved Medical Marijuana[34]: In 1996, states began passing medical marijuana laws. Currently, 28 states, Washington DC,

[34] When the term "medical marijuana" is used in this publication, it is exclusively in reference to state-approved "medical marijuana." Marijuana is a Schedule I substance under the Controlled Substances Act (CSA) with no current accepted medical use in the United States.

Figure 105. Timeline of State-Approved Marijuana Measures.



Source: DEA

Guam, and Puerto Rico have approved medical marijuana. Regulations and scopes of medical marijuana programs vary significantly between the states (see Figure 106). In states with medical marijuana, typically an annual doctor recommendation (not prescription) is needed to cultivate or possess marijuana for medical purposes. Some states require marijuana patients to be registered with the state, while other states have voluntary registries. For example, California has a voluntary registry and only 6,667 people registered in 2016; Colorado has a mandatory registry and 94,577 patients were registered as of December 2016. Some states allow their patients to personally grow marijuana, others do not. Patients are usually allowed to grow 4 to 24 plants depending on state guidance; however, some states allow for extended plant counts. These extended plant counts have often been used as a facade to grow and sell marijuana for profit (see Domestic Production section and Figure 116 for details).

State-Approved Personal Use[35] Marijuana: In 2012, states began passing personal use marijuana laws. Currently, eight states and Washington DC have approved personal use marijuana laws. These jurisdictions allow their citizens to possess smaller, user-amounts of marijuana on their person (one ounce or less for Alaska, California, Colorado, Massachusetts, Nevada, Oregon, and Washington; two ounces or less for DC; and 2.5 ounces or less for Maine). Approved user-amounts of marijuana-infused edibles and

Figure 106. Comparison of Two Medical Marijuana Programs.

Colorado	New York
(Population: 5.3 million)	**(Population: 19.75 million)**
▪ 94,577 Registered Patients (12/2016) ▪ 526 Dispensaries/Stores (1/2017) ▪ *Additional 440 retail cultivators* ▪ 751 Licensed Cultivators/Growers (1/2017) ▪ *Additional 623 retail cultivators* ▪ All Forms of Marijuana Allowed ▪ Personal Home Cultivation Allowed with Extended Plant Counts	▪ 16,992 Registered Patients (1/2017) ▪ 20 Dispensaries/Stores (1/2017) ▪ 5 Licensed Cultivators/Growers (1/2017) ▪ No Smokable Forms of Marijuana Allowed ▪ No Personal Home Cultivation Allowed

Source: DEA

[35] When the term "personal use" is used in this publication, it is in reference to state-approved personal use laws often referred to as recreational or retail marijuana laws.

marijuana concentrates vary by state as well. These jurisdictions, except for Washington, allow their citizens to personally grow personal use marijuana. Alaska, California, Colorado, Massachusetts, Maine, and Washington DC allow for up to six plants to be grown, and Oregon allows for up to four plants to be grown. Washington DC has not approved the retail sales of marijuana for personal use.

State-Approved Cannabidiol (CBD) Medical Marijuana: In 2014, states started passing legislation regarding marijuana that is typically referred to as "Limited Access" or "Cannabidiol (CBD)-only medical marijuana." CBD is a cannabinoid/chemical compound of marijuana. CBD marijuana - typically ingested in the form of oils, oil-filled capsules, and tinctures - is extracted from marijuana that contains low levels of delta-9-tetrahydrocannabinol (THC) and high levels of CBD. Many medical marijuana advocates and parents of children with epilepsy claim CBD helps control epileptic seizures. At this time, there is anecdotal evidence that CBD benefits those with seizure disorders. In December 2016, GW Pharmaceuticals announced positive clinical trials of the CBD drug Epidiolex® to treat Dravet syndrome and Lennox-Gastaut syndrome (LGS). In addition to the 28 states with medical marijuana, 16 states have approved legislation regarding CBD-only marijuana. Most of these states passed CBD-only laws, which permit small, controlled studies to be conducted at universities in these states. Some of these states have passed legislation that does not define or provide in-state methods of access to, or production of, CBD-only marijuana. In 2015 and 2016, the Food and Drug Administration (FDA) issued warning letters to firms that marketed unapproved drugs which allegedly contained CBD. FDA testing found the products did not contain the levels of CBD the firm had claimed and the FDA has not approved a drug product containing CBD.

Industrial Hemp: At least 30 states have laws in place related to industrial hemp. A provision of the U.S. Agricultural Act of 2014, which became law in February 2014, changed federal law regarding the cultivation of industrial hemp. The new law, codified at 7 United States Code (U.S.C.) § 5940, defines industrial hemp as a cannabis plant or any part thereof that contains no more than 0.3 percent THC. The law further provides that, notwithstanding the CSA or any other federal law, an institution of higher education or state departments of agriculture may cultivate industrial hemp as part of a pilot program for agricultural research if such activity is allowed under the law of the state in which such institution of higher education or state department of agriculture is located, and the growing site is "certified by, and registered with, the state department of agriculture."

In August 2016, the U.S. Department of Agriculture, in consultation with the DEA and FDA, published a Statement of Principles (SOP) on Industrial Hemp to inform the public how federal law applies to industrial hemp activities in accordance with Section 7606 of the Agricultural Act of 2014. This SOP reiterated the Agricultural Act of 2014 only allowed cultivation for research purposes and not for general commercial activity. Section 7606 did not remove industrial hemp from CSA scheduling.

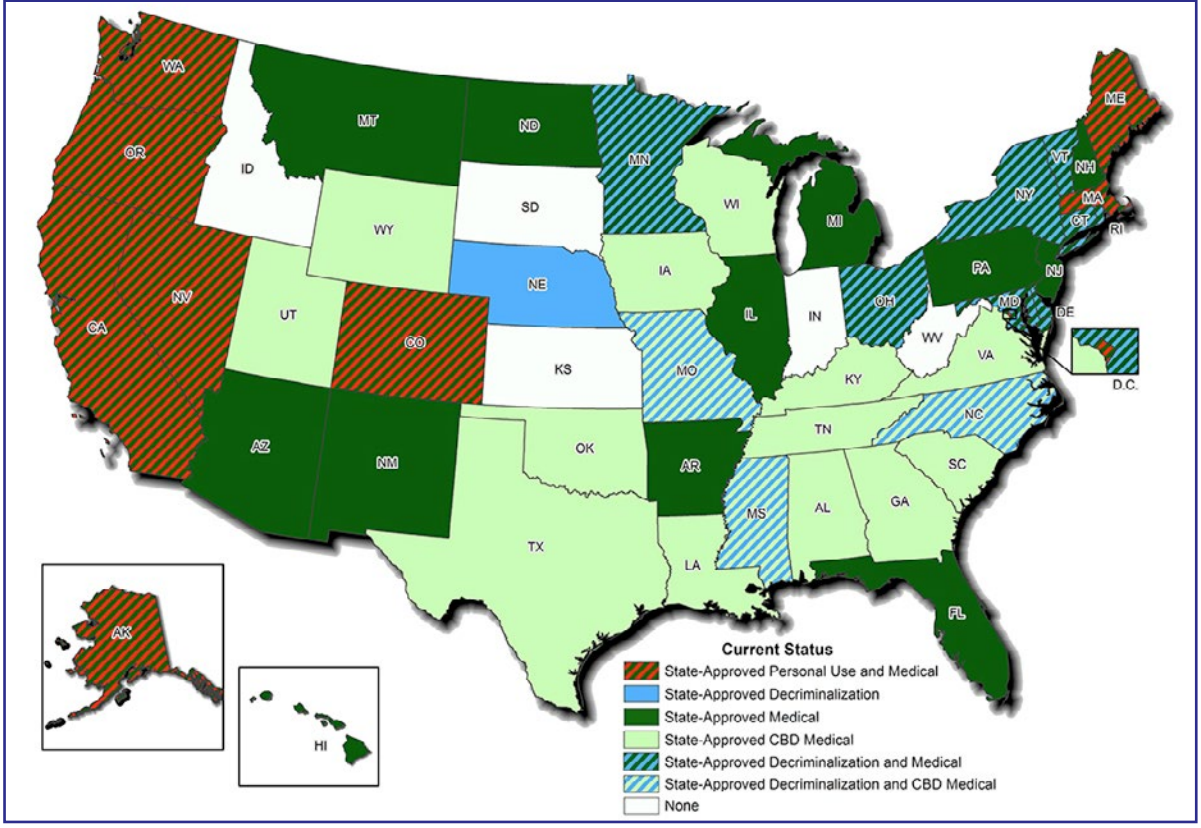
Use

Marijuana is the most commonly used illicit drug in the United States. For 2015, NSDUH estimated over 36 million people (13.5 percent of the population) used marijuana at least once annually and 22.2 million people (8.3 percent of the population) used marijuana at least once monthly. In the past 10 years, there has been a 38 percent increase in the number of monthly marijuana users; however, from 2014 to 2015, the number remained stable (see Figure 108).

Monthly marijuana use rates were higher than the national average in states with personal use marijuana laws, per NSDUH model-based prevalence estimates (see Figure 109). Monthly use rates were highest in Colorado, Vermont, Alaska, Maine, and Rhode Island. Use rates were lowest in North Dakota, Mississippi, Alabama, Utah, and Iowa.

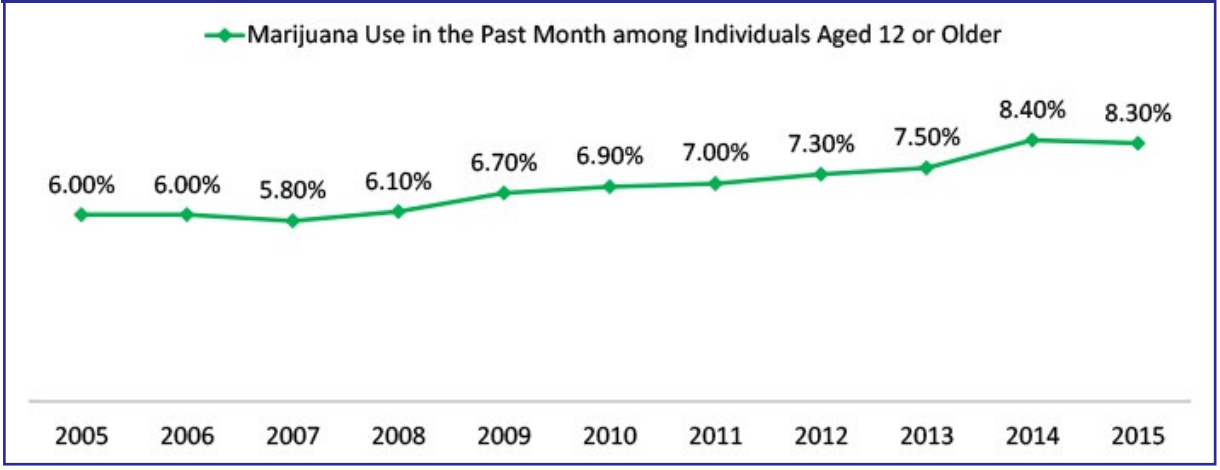
After increasing for several years, the annual prevalence of marijuana use for students has leveled out and declined since 2010. In 2016, 35.6 percent of 12th grade students reported using marijuana at least once in the prior 12 months (see Figure 110). Of more importance, perhaps, is six percent of 12th grade students report daily or near daily marijuana use

Figure 107. Current State-Approved Marijuana Status, August 2017.



Source: DEA

Figure 108. Percentage of Past Month Marijuana Users Among People Aged 12 or Older, 2005-2015.

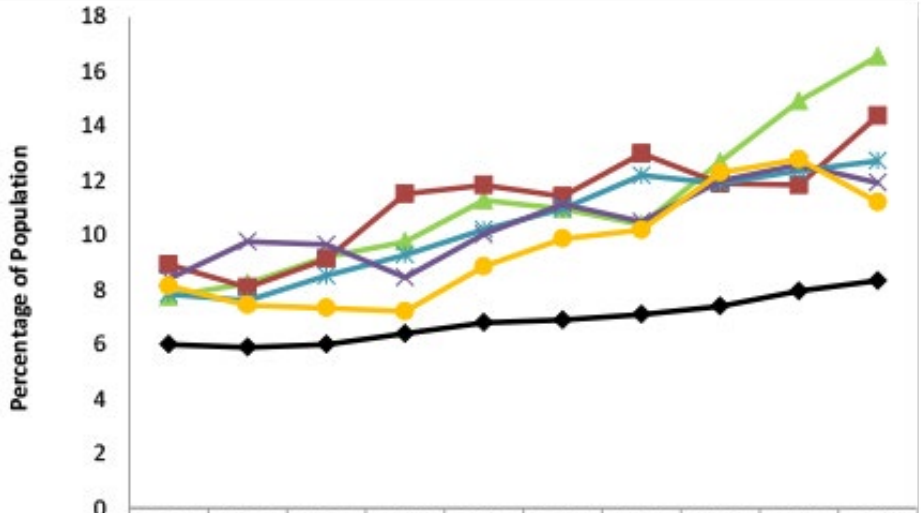


Source: National Survey on Drug Use and Health

(defined as smoking marijuana on 20 or more occasions in the past 30 days). These rates have changed rather little since 2010, but are three to six times higher than their low point in 1991.

The rates of both the perception of marijuana use as harmful and the disapproval of regular marijuana use are declining for middle and high school students per the 2016 Monitoring the Future Survey. In 2016, only 31.1 percent of 12th grade students reported perception of regular marijuana use as being harmful, which represents a 46 percent decline from 2006 (see Figure 111). Disapproval of regular marijuana use is decreasing, but remains high, at 68.5 percent of 12th grade students disapproving of regular marijuana use.

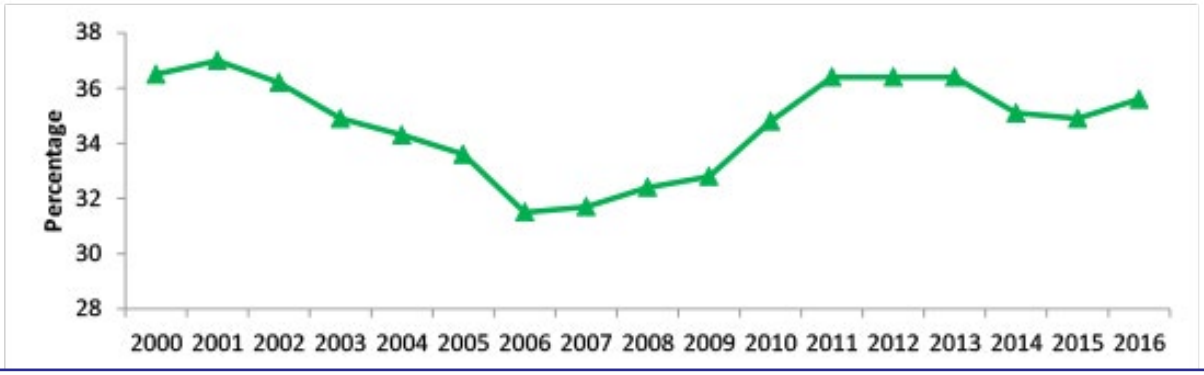
Figure 109. Percentage of Marijuana Use in the Past Month, U.S. Average Compared to States with Approved Personal Use/Recreational Laws.[36]



	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Colorado (2012)	7.8	8.2	9.2	9.8	11.3	11.0	10.4	12.7	14.93	16.57
Alaska (2014)	8.9	8.1	9.1	11.5	11.8	11.4	13	11.9	11.85	14.38
Oregon (2014)	7.9	7.6	8.5	9.3	10.2	11.0	12.2	11.9	12.38	12.73
District of Columbia (2014)	8.4	9.8	9.7	8.5	10.0	11.2	10.5	12	12.60	11.93
Washington (2012)	8.1	7.4	7.3	7.2	8.9	9.9	10.2	12.3	12.79	11.22
U.S. Average	6	5.9	6	6.4	6.8	6.9	7.1	7.4	7.96	8.34

Source: National Survey on Drug Use and Health

Figure 110. Annual Prevalence of Marijuana Use Among 12th Grade Students, 2000 to 2016.



Source: Monitoring the Future

[36] In the column with state names, the year following the state name refers to the year marijuana personal use laws were enacted in that state.

Marijuana use continues to surpass tobacco use by youth. In 2016, 22.5 percent of 12th grade students used marijuana in the past 30 days compared to 10.5 percent who smoked tobacco cigarettes.

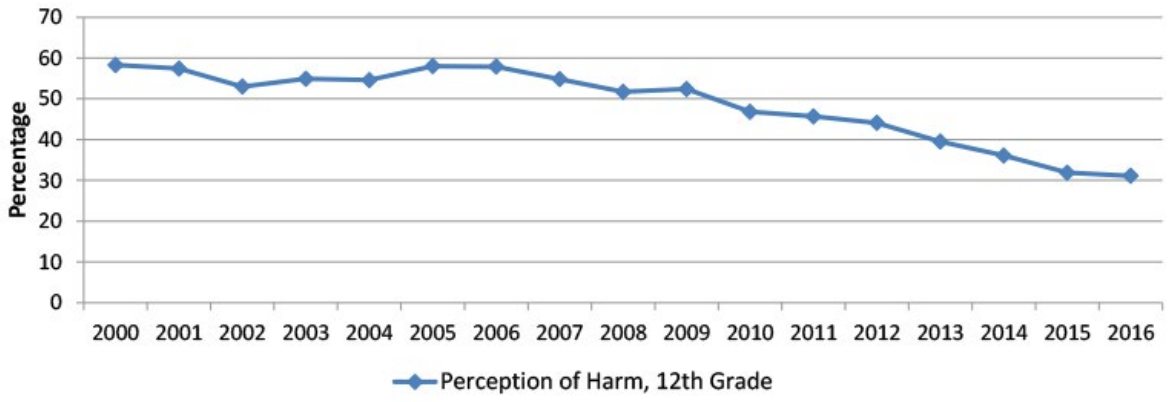
Marijuana accounts for a significant portion of publicly-funded treatment admissions in the United States. Per 2014 TEDS data, 15 percent of the primary substances reported for treatment admissions were for marijuana. Nearly three-quarters (72 percent) of primary marijuana admissions were males, and the average age at admission was 26 years. The number of publically-funded substance abuse treatment admissions for marijuana has declined since 2009 (see Figure 112).

Marijuana admissions increased from 64 percent of adolescent admissions in 2004 to 76 percent in 2014; however, the total number of adolescent marijuana admissions decreased by 36 percent (from 93,474 to 59,549) between 2004 and 2014. In 2014, 41 percent of all adolescent admissions that were marijuana-involved were referred by a court/criminal justice system. Personally-funded substance abuse treatment admissions are not calculated in these numbers.

U.S. Marijuana Markets

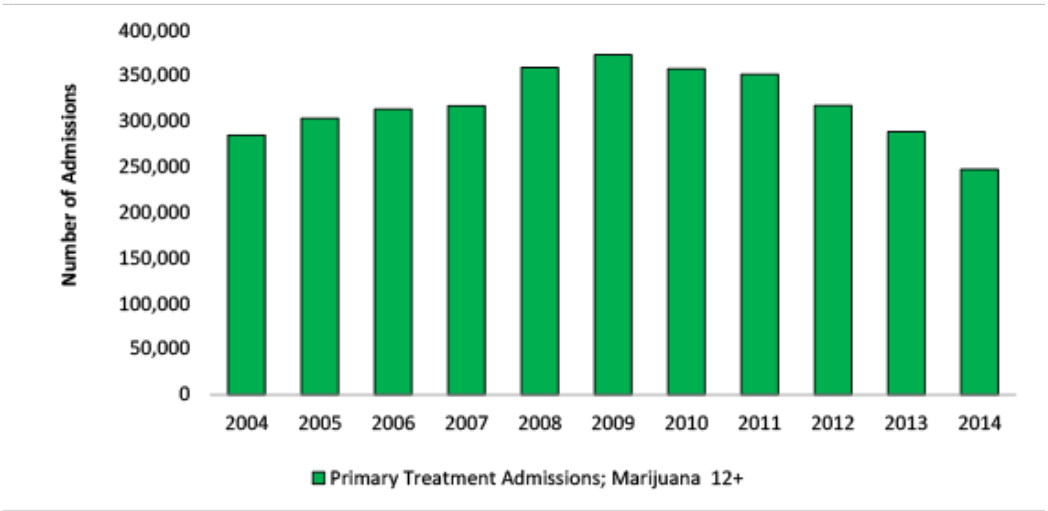
There are three types of marijuana markets operating in the United States: illicit markets, state-approved medical marijuana

Figure 111. Perception of Regular Marijuana Use being Harmful Among 12th Grade Students, 2000-2016.



Source: Monitoring the Future

Figure 112. Number of Publicly-Funded Primary Substance of Abuse Marijuana Treatment Admissions for the United States, 2004 to 2014.



Source: Treatment Episode Data Set

markets, and state-approved personal use/recreational markets. Federally, these three markets are the same in that they are illicit; however, these markets operate differently and should be described independently.

Illicit markets are supplied by illicit domestic-produced marijuana, diverted domestic state-approved marijuana, and foreign-produced marijuana trafficked into the United States.

- Illicit domestic-produced marijuana is cultivated by various types and sizes of organizations, which range from individuals growing a limited number of plants to supplement their income, to organized groups growing large quantities of marijuana to distribute across the United States to glean profit.
- State-approved marijuana is diverted to the illicit market in several ways. Some individuals or groups operate under the guise of state-legality using valid or counterfeit state-approved medical recommendations. Instead of using the marijuana they purchase, they sell some or all of their marijuana to the illicit market. Some people purchase medical or personal use marijuana, and then resell it out of state to glean profit.
- State-approved medical and personal use markets are supplied by a growing number of state-approved producers and retail stores. Each state has created unique laws, and many of these laws are in flux, creating a challenging environment for law enforcement.

Production

Foreign Production

Marijuana is smuggled into the United States from Mexico in large volumes, and in smaller volumes from Canada and the Caribbean. Marijuana from Mexico is typically classified as "commercial-grade" or "low-grade" marijuana. The quality of marijuana produced in Mexico and the Caribbean is thought to be inferior to the marijuana produced in the United States and Canada; however, law enforcement reporting indicates Mexican cartels are attempting to produce higher-quality marijuana to keep up with U.S. demand for high-quality marijuana.

Marijuana Tablets

In December 2016, the DEA North Central Laboratory in Chicago, Illinois received two homemade boxes which had been seized in Calumet City, Illinois. The boxes contained a total of approximately 20,000 round, dark brown tablets with a greenish cast that had an embossed marijuana leaf on one face and an embossed boxed M on the opposite face, and suspected to contain a controlled substance. The tablets were slightly tacky and easily crushed. Analysis confirmed the presence of THC and a small amount of CBD; no plant material was noted. This was the first such submission to the North Central Laboratory (see Figure 113).

Figure 113. THC Tablets in Illinois.

Source: DEA

Domestic Production

Domestic production is increasing, as well as domestic marijuana product innovation. Criminal organizations of all sizes and types are involved in illegal cannabis cultivation throughout the United States; simultaneously, state-approved organizations are involved with state-approved cultivation in many states.

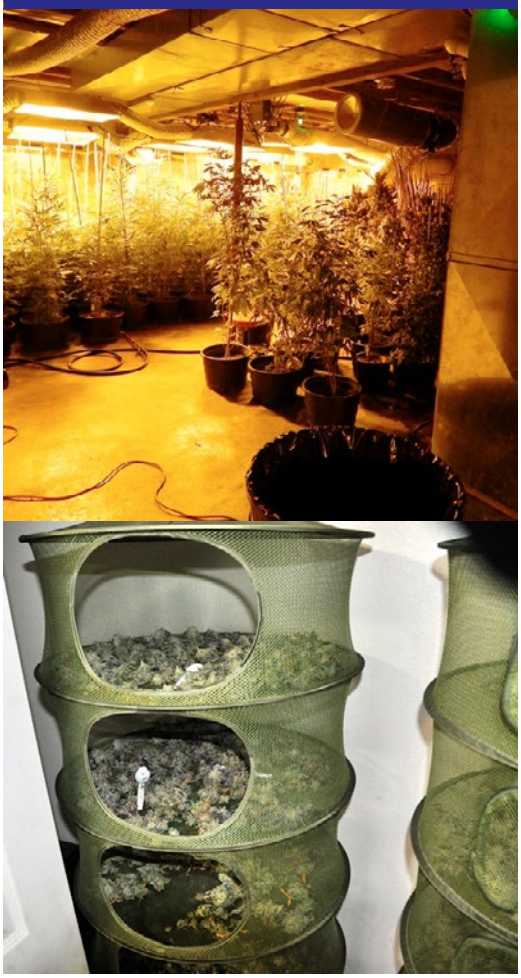
Establishment of new state-approved marijuana markets is impacting the supply of marijuana in the United States. Five years ago, there were no state-approved personal use marijuana sales, and medical sales have only recently begun in many states. The Colorado Department of Revenue announced sales of

marijuana were $1.3 billion for 2016. Denver's Marijuana Enforcement Division (MED) reported an average of 225,917 additional cannabis plants cultivated per month in 2016, compared to the first six months of 2015. For the month of June 2016 alone, there were over 826,000 state-approved cannabis plants being cultivated and tracked by the MED in Colorado.

Some state laws are easily abused by criminal organizations. Personal state-approved marijuana cultivation, often referred to as "home grows," attracts drug traffickers to Colorado and California, where they can establish networks of grow houses to produce large amounts of marijuana to sell in out-of-state markets. As of December 2016, Colorado's medical marijuana patient registry had over 2,700 patients with extended plants counts of 75-100 plants. California doesn't require patients to be on a registry, and it is unknown how many people may be operating under the guise of state-approved medical marijuana legality. Other medical marijuana states have either capped the number of plants allowed or prohibited personal home grows. Colorado House Bill (HB) 1220, signed on June 8. 2017, stated, *"large-scale, multi-national crime organizations have exploited Colorado laws, rented multiple residential properties for large-scale cultivation sites, and caused an influx of human trafficking and large amounts of weapons as well as the potential for violent crimes in residential neighborhoods."* HB 1220 attempts to address this issue by limiting only 12 plants per residential property, or 24 plants if a medical marijuana patient or caregiver registers with the state licensing authority. HB 1220 maintains local control, meaning, if a local jurisdiction has a different plant count ordinance, that law is the ruling authority. Patients with extended plant counts can still produce more than 12 or 24 plants on non-residential property, including warehouses, industrial parks, or other properties not containing residential structures. The ability to regulate and monitor the capacity of the various sizes and types of personal grows is challenging and provides opportunity for individuals and organizations to profit from illegal production/sales under the guise of legality.

- Law enforcement in Pueblo, Colorado conducted an investigation of an organization transporting marijuana from Colorado to Florida. In March 2016, search warrants resulted in the seizure of two active extraction labs; 1,896 marijuana plants; 17 pounds of processed marijuana; and nine firearms (see Figures 114 and 115).

Figures 114 and 115. Pueblo, Colorado Illegal Home Grow, March 2016.



Source: DEA

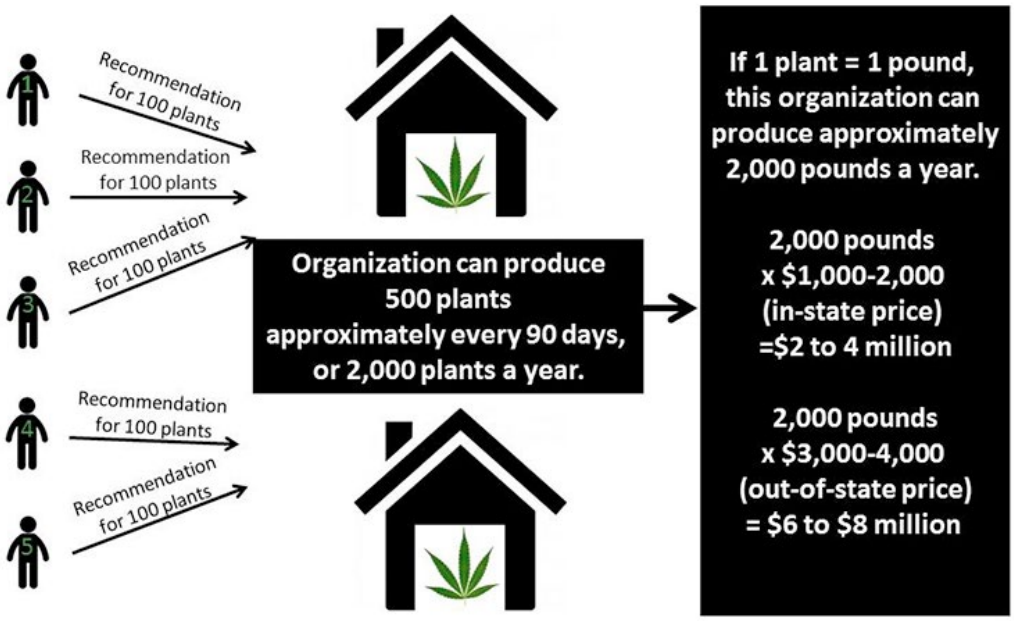
Marijuana can be grown both outdoors and indoors. Indoor production is more difficult for law enforcement to discover and has the advantage of not having to rely on climate conditions or growing seasons. Outdoor grows are often located on public lands, private residential yards or farms, and operated by American citizens or foreign nationals. Indoor grows are often located in residential houses and larger warehouses.

Responding to marijuana grow sites is an increasing concern for first responders. Homes where marijuana is grown indoors often sustain structural damage. Moisture, condensation, and molds can spread

Operating Under the Guise of Legality

The following is a plausible example of how an organization could operate a marijuana grow under the guise of legality: Five people obtain doctor-extended plant count recommendations to grow 100 plants each. Those five people can grow up to 500 plants every 90 days. If this group possesses average growing skills and knowledge, they can produce approximately one pound of finished marijuana per marijuana plant. This could result in this group producing roughly 500 pounds of marijuana every 90 days, or 2,000 pounds per year. If the group sold their marijuana at $2,000 per pound, they could make $4 million per year. If they transported the marijuana to some eastern U.S. markets, they could double their profit (see Figure 116).

Figure 116. Example of Operating Under the Guise of Legality with Extended Plant Count Recommendations.



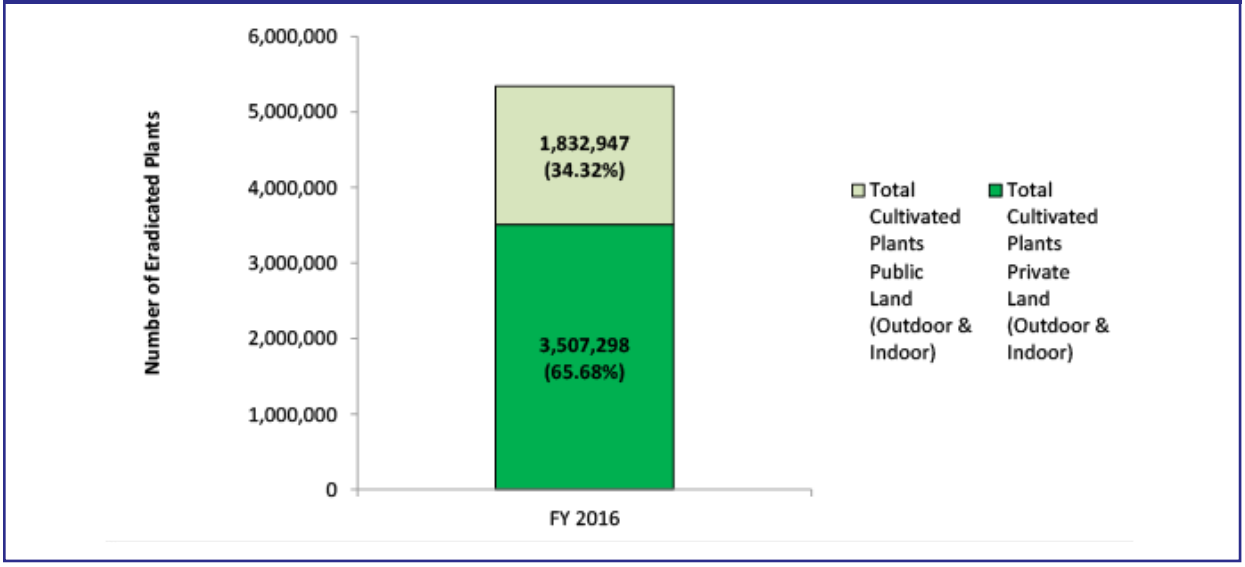
Source: DEA

throughout the residence. Growers often cut holes in floors and exterior walls to install ventilation tubes, and tamper with electrical systems to supply multiple high-power grow lights and industrial air-conditioning units. These alterations are often done by tenant growers with little regard for fire risk, or local building and safety codes. Booby traps and weapons are often encountered at grow sites. Altered electrical systems with loose and entangled wires, flammable fertilizers and chemicals, explosive materials such as propane and butane, holes cut into subfloors for venting, booby traps, and weapons all pose clear hazards to firefighters or police officers responding to the residence in an emergency situation.

For FY 2016, the Domestic Cannabis Eradication/Suppression Program (DCE/SP), in coordination with state and local law enforcement, eradicated over 5.3 million plants located in 7,378 grow site locations throughout the United States (see Figure 117). Under the DCE/SP program, 70 percent (3.7 million) of the eradicated plants were from California, and 10 percent (552,326) of the eradicated plants were from Kentucky.

Marijuana production has environmental ramifications, and systematic research surrounding these implications is limited. Marijuana cultivation is associated with illegally diverted water, illegal deforestation, and soil contamination. Additionally, rodenticide and insecticide toxicants are

Figure 117. Number of Cannabis Plants Eradicated on Public and Private Land by the Domestic Cannabis Eradication and Suppression Program, FY 2016.



Source: DEA

frequently discovered on marijuana cultivation sites and are detrimental to wildlife. In 2016, the Department of Environmental Science at the University of California (UC) Berkeley published research on one of the main cannabis growing regions of the United States – Humboldt County, California. Humboldt, Mendocino, and Trinity Counties are located in the Northwest California cannabis growing region often referred to as the "Emerald Triangle" (see Figure 118). Using open source imagery from 2014, over 4,400 cannabis grow sites were identified in Humboldt County alone. The UC Berkeley research emphasized the need for basic information on cannabis agriculture and associated environmental hazards.

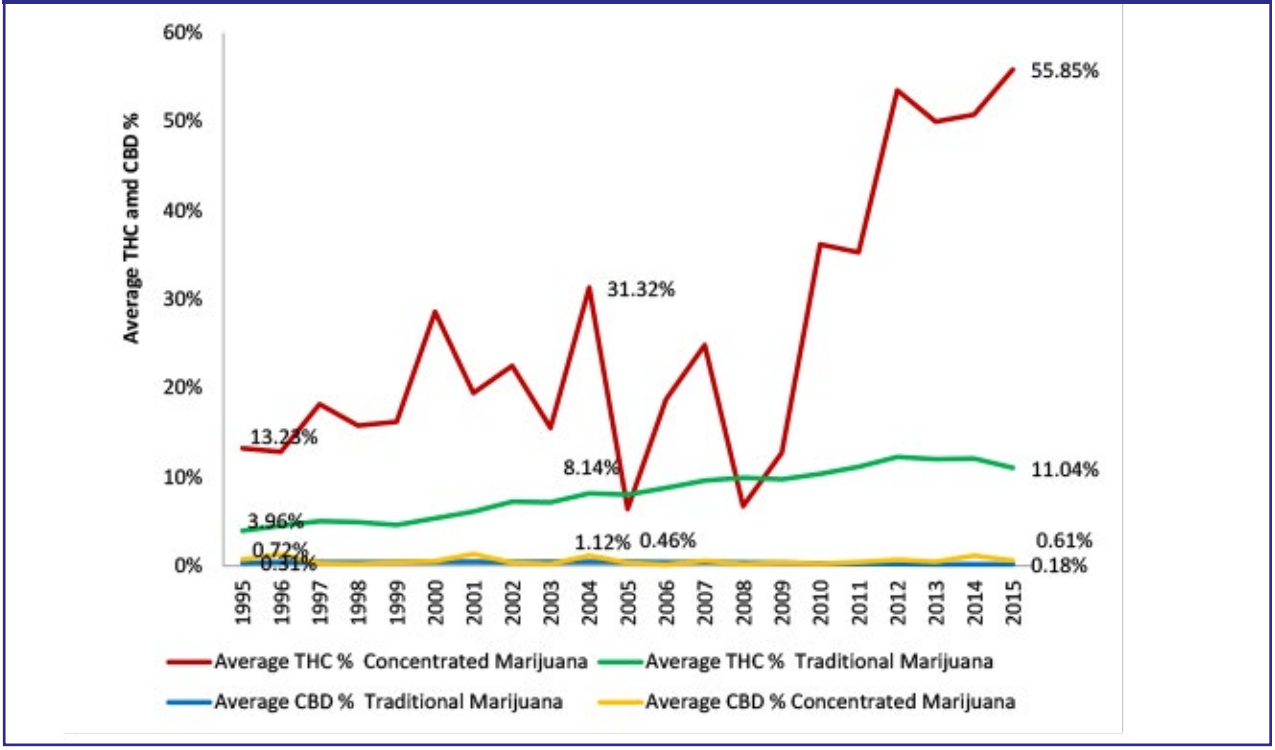
Figure 118. Emerald Triangle: Mendocino, Humboldt, and Trinity Counties.

Source: DEA

Increasing THC Potency of Marijuana

The two main cannabinoids of the cannabis plant are THC and CBD. The average THC content of seized marijuana has increased over the past 20 years (see Figure 119). The average THC potency of traditional leafy marijuana seizures increased from four percent in 1995 to 11 percent in 2015. The highest level of THC tested for traditional marijuana by the University of Mississippi's Potency Monitoring Program was 37 percent. The average THC potency of marijuana concentrate seizures, referred to as "hash-oil," increased from 13.23 percent in 1995 to 55.85 percent in 2015; however, some years have minimal samples making comparative historical analysis incomplete. Some "hash-oil" seizures have

Figure 119. Potency Monitoring Program – Average THC and CBD Percentage, Marijuana Seizures, 1995 – 2015.



Source: University of Mississippi, Potency Monitoring Program, Quarterly Report 135

tested above 90 percent THC potency. The average CBD percentage shows a reduction annually from 0.40 in the mid-1990s to 0.18 in 2015 for traditional marijuana.

Marijuana Concentrates/Extracts and THC Extraction Labs

Marijuana concentrates and THC extraction laboratories continue to pose a public safety threat. Marijuana concentrates, such as hashish, hash oil, and keif, have been used for centuries; however, marijuana concentrates are gaining popularity in the United States, as indicated by the increasing volume of DEA and open source reporting.

Marijuana concentrates are often consumed in e-cigarettes and vaporizers. Marijuana concentrates are also found in other forms such as edibles, topicals/lotions, tinctures, capsules, and patches. These new forms of marijuana present a challenge to law enforcement, as they are easier to conceal than traditional leafy marijuana.

In 2016, production and use of tetrahydrocannabinolic acid (THCA) began to trend upward. THCA is a biosynthetic precursor of THC, and a Schedule I drug under the CSA. THCA is extracted from undried cannabis plants. THCA decarboxylates, or converts to THC when heated. THCA is typically clear or white in color, with a texture in the form of crystals, powder, or oil (see Figure 120).

Figure 120. Idaho State Police seized over 400 grams of THCA, December 2016.

Source: Idaho Criminal Intelligence Center

Marijuana concentrates are produced using a variety of methods, each with the goal of separating the cannabinoids from the plant material. The majority of the cannabinoids are found on the oily resin on the outside of the cannabis plant. One of the most common and potentially most dangerous methods of extraction uses butane. Butane is a solvent that dissolves and attracts the cannabinoids, allowing them to separate from the other plant material. Other solvents, like Freon™, hexane, isopropyl alcohol and ethanol, are also used. Carbon dioxide extraction, also known as supercritical fluid extraction (SFE), uses high pressure to separate the cannabinoids from the plant material. The ice-water filtration method uses ice or dry-ice for this separation: the cold temperatures make the resin brittle enough to break away from the plant material. The "rosin technique" extracts cannabinoids using heated pressure, often from a flat-iron, heated spoon, or a commercial heat-press made for producing marijuana concentrates.

Extraction labs using butane solvent continue to cause explosions, resulting in injuries and structural damage. There is no accurate nation-wide count of THC extraction labs or extraction lab explosions, and there is currently no uniform tracking mechanism in place. EPIC's NSS has the ability to track these incidents; however, there is no mandate for state, local, and tribal law enforcement to report their data to the system. For CY 2016, a total of 189 extraction labs were reported to the NSS; 75 percent of the labs were reported in California. Of the 189 labs reported, 46 were reported as "explosion/fire."

- In Febuary 2017, DEA and local law enforcement responded to an explosion of a THC extraction lab in Beaumont, California. One individual was severely injured, and an uninjured child was present during the explosion. Four kilograms of marijuana concentrates and 159 pounds of loose marijuana were recovered from the scene (see Figures 121, 122, and 123).

Marijuana concentrates are more potent than traditional marijuana and the long term effects of the use of concentrates are unknown. Marijuana concentrates are dangerous to produce when using hazardous solvents, which is currently affecting people in the short term. Production and use of marijuana concentrates are trending upward quickly.

Figures 121, 122 and 123. February 2017 Beaumont, California Explosion of Extraction Lab, Marijuana Concentrates, and Butane Canisters.

Source: DEA

Transportation and Distribution

Transportation of Foreign-Produced Marijuana

Marijuana is the only drug covered in this assessment that is predominately smuggled between, instead of through, the ports of entry. Large quantities of foreign-produced marijuana are smuggled into

the United States via personally-owned vehicles, commercial vehicles, buses, rail systems, subterranean tunnels, small boats, unmanned aerial vehicles/drones, and catapults, and are walked across by backpackers. Once marijuana has been smuggled into the United States, it is often stored in warehouses along the SWB prior to being sent to cities throughout the United States (see Figures 124-128).

Figures 124 and 125. 14,888 Pounds of Concealed Marijuana Seized at Arizona Border, April 2016.

Source: DEA and U.S. Customs and Border Protection

Figure 126. Five Mexican-nationals Arrested in Arizona with 430 Pounds of Marijuana in Backpacks, February 2017.

Source: U.S. Customs and Border Protection

Figure 127. Catapult System Attached to Southwest Border Fence in Arizona, 47 Pounds of Marijuana Launched from Catapult Seized, February 2017.

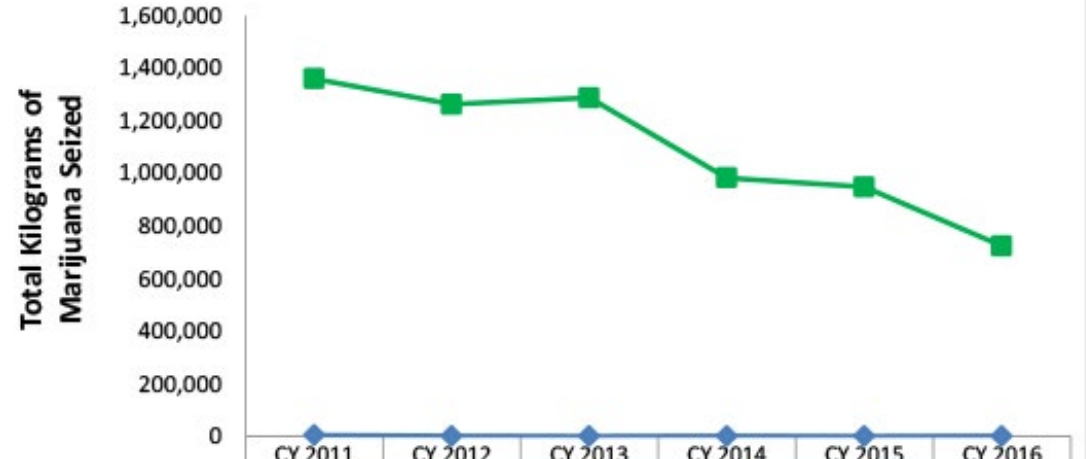
Source: U.S. Customs and Border Protection

Figure 128. Seizure of 208 Marijuana Bales Weighing 5,824 Pounds in Fulton County, Georgia, January 2017.

Source: DEA

Marijuana seizures by CBP along the SWB have declined by 46.7 percent in total weight from CY 2011 to CY 2016. Comparing CY 2015 to CY 2016, total weight of marijuana seized declined by 24.2 percent (see Figures 129 and 130). Regardless of this decline, it should be noted that SWB marijuana seizure incidents and total weight are drastically larger than those for cocaine, heroin, and methamphetamine combined.

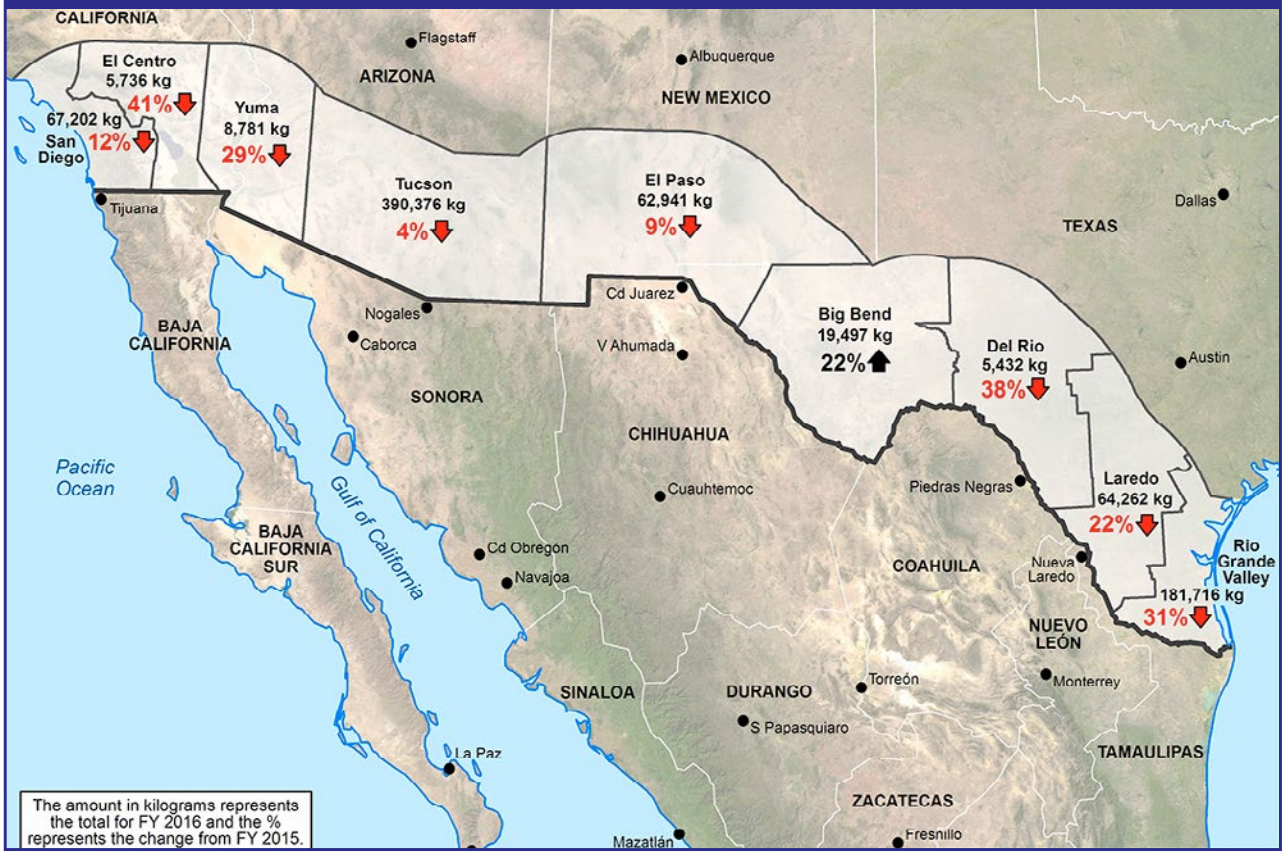
Figure 129. Total Marijuana Weight in Kilograms seized by CBP on the Southwest and Northern Borders, CY 2011 to 2016.



	CY 2011	CY 2012	CY 2013	CY 2014	CY 2015	CY 2016
Northern Border	4,196.89	796	359.29	778.92	293.04	762.16
Southwest Border	1,359,734.4	1,262,556.1	1,287,410.9	983,026.39	948,068.45	723,932.63

Source: U.S. Customs and Border Protection

Figure 130. CBP Marijuana Seizures by Southwest Border Corridor in CY 2016, with Percent Change from CY 2015.



Source: DEA and U.S. Customs and Border Protection

Transportation of Domestically-Produced Marijuana

Domestic-produced marijuana is often transported in personally-owned vehicles, rented vehicles, semi-trucks, tractor trailers, vehicle hauler trailers, trains, and buses via U.S. highways. Personal and commercial planes are also used to transport shipments of marijuana (see Figure 131).

Marijuana is often shipped via commercial parcel services like the United States Postal Service (USPS), FedEx, and United Parcel Service (UPS). Concentrated forms of marijuana allow for easier trafficking through mail services due to reduced bulk. Concentrated forms can be flattened and placed in envelopes, or can be concealed in containers of different shapes.

Marijuana is often trafficked from states with approved marijuana laws to other states. The two main source states for domestic marijuana supply in the United States are California and Colorado.

Domestically-produced marijuana is currently being exported to foreign markets at a relatively low level. The exportation of domestically-produced marijuana is likely to increase as domestic marijuana production continues to increase concurrently with evolving state marijuana laws. Further, the increased marketing and perception – nationally and internationally – of U.S.-produced marijuana as a "high-quality" product will likely increase demand for the product outside of the United States.

Declines in Marijuana Arrests and Seizures

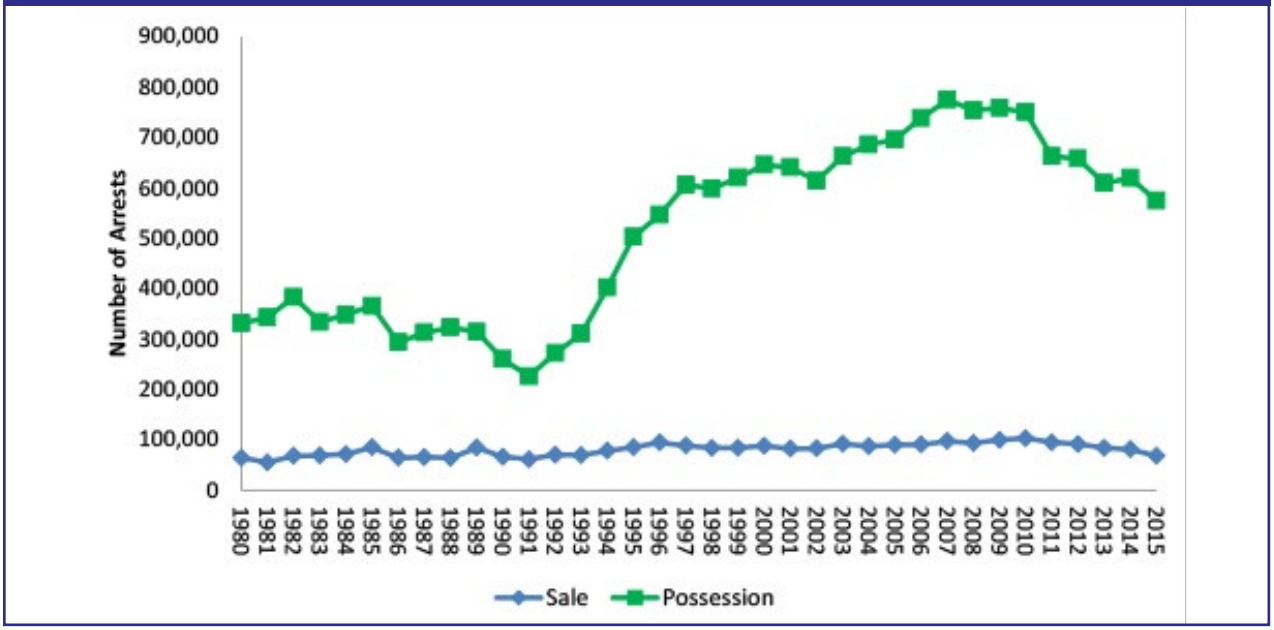
Marijuana arrests and seizures have declined due to changing state laws, not due to declining supply or demand. According to the FBI Uniform Crime Report (UCR), arrests for marijuana possession and sales in the United States have been declining since CY 2010, likely due to state-approved decriminalization, medical, and personal-use marijuana laws (see Figure 132). In CY 2015, 38.6 percent of all drug arrests were for marijuana possession.

According to the U.S. Sentencing Commission, the number of federal sentences imposed annually for marijuana-related offenses has declined since 2012 (see Figure 133). In FY 2016, 18 percent of all federal drug sentences were for marijuana-related offenses, and the average prison sentence was the lowest for all drugs at 28 months.

Figure 131. 77 pounds of Marijuana Originating in California and destined for North Carolina Seized in Arkansas, October 2016.

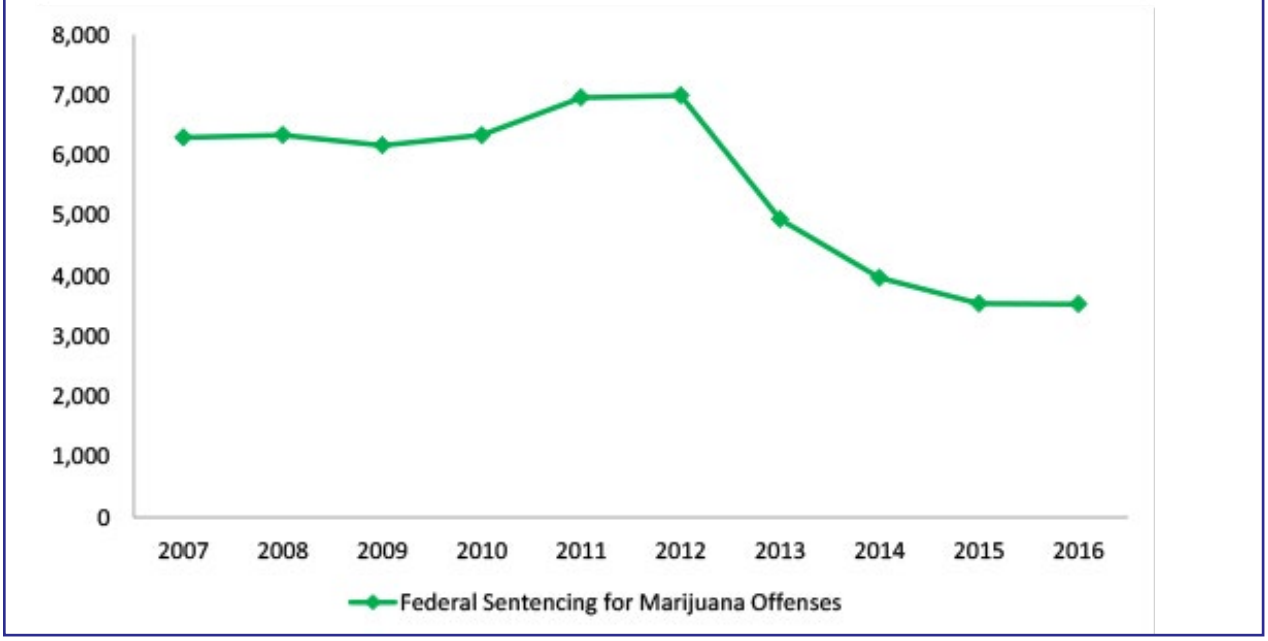
Source: Arkansas State Police

Figure 132. National Estimates for Marijuana Sale and Possession Arrests, CY 1980 – 2015.



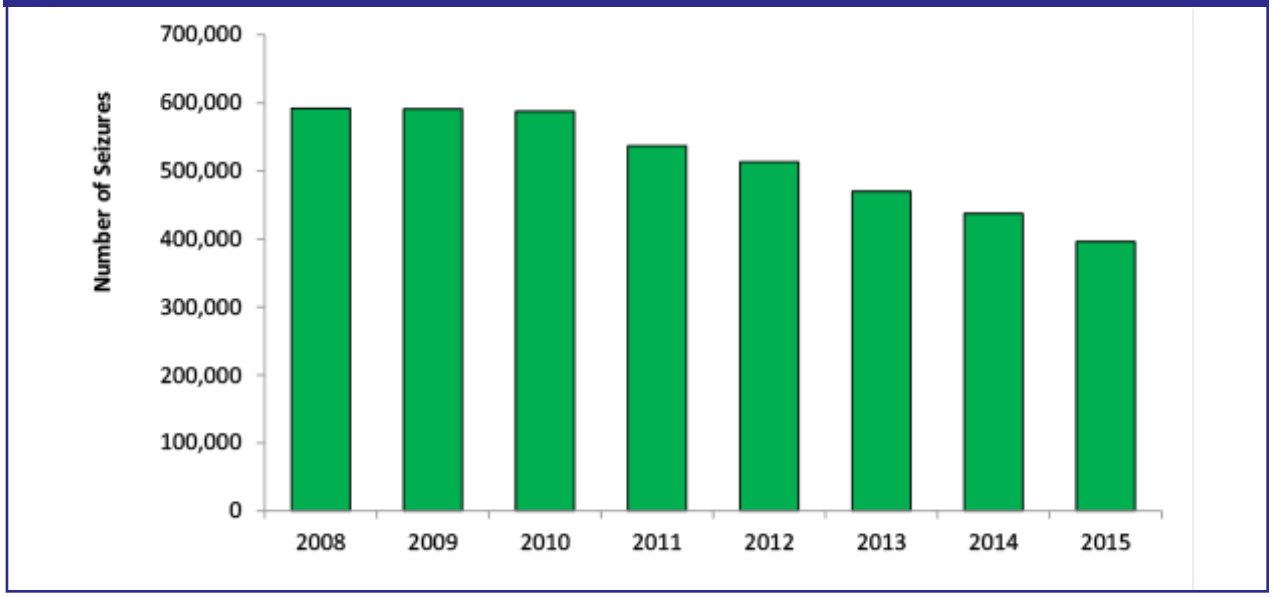
Source: FBI Uniform Crime Report

Figure 133. Number of Cases Federally Sentenced for Marijuana-Related Offenses.



Source: United States Sentencing Commission

Figure 134. Cannabis/THC Exhibits Submitted to NFLIS, 2008-2015.



Source: DEA

Per NFLIS, the number of cannabis/THC exhibits submitted to forensic labs throughout the United States has declined since 2010 (see Figure 134).

Outlook

Domestic use of marijuana will remain high and is likely to increase. Domestic production and trafficking of marijuana will likely increase as more states adopt relaxed marijuana laws. Individuals and criminal organizations will exploit state-legality in these localities to produce and traffic their product to the illicit market, particularly to states without state-approved marijuana. Mexico-produced marijuana will continue to be trafficked into the United States in bulk quantities and will likely increase in quality to compete with domestic-produced marijuana.

Fragmented and developing medical and personal use laws among the states will continue to create uncertainty and increasingly complex issues for the public, law enforcement, banking systems, and medical professionals. Marijuana will remain a part of domestic and international political discussions for the foreseeable future.

NEW PSYCHOACTIVE SUBSTANCES (NPS)

Overview

NPS are a wide-ranging group of synthetic substances created to mimic the effects of scheduled or controlled illicit drugs. The "new" part of NPS does not mean that the substances are newly created, but rather newly abused and encountered on the illicit market. In fact, many NPS have been known to the scientific community for decades. The United Nations reports that there are at least 644 NPS varieties, and the number is growing. The most common varieties of NPS abused in the United States are synthetic cannabinoids and synthetic cathinones. Synthetic cannabinoids consist of substances laced onto vegetative material to smoke, or suspended in an oil form to be used in e-cigarettes. Synthetic cathinones are usually powdered or crystal chemicals, commonly ingested in tablet or capsule form.

Availability

NPS are widely available throughout the United States. Most DEA FDs reported synthetic cannabinoids and synthetic cathinones are moderately available and their availability is stable (see Figure 137). Three DEA FDs, Houston, New England, and New Jersey, reported that the availability of synthetic cannabinoids and synthetic cathinones is increasing: San Diego reported increasing availability of synthetic cannabinoids.

Synthetic cannabinoids are available in colorful foil packets, with cartoons and other playful branding (see Figure 135). These products come in a variety of flavors such as apple, blueberry, and strawberry, which make them attractive to users. They are sold in gas stations, adult stores, and smoke shops. When NPS are found in these shops, they are often called "incense," and labelled "not for human consumption," in an effort to maintain plausible deniability in case of legal action against the manufacturers and distributors. In addition, these shops may try to sell newer versions of synthetic cannabinoids that are not scheduled yet, to stay ahead of state or federal regulations. NPS have also increasingly moved to street sales, being sold in plastic baggies or pre-rolled into cigarette form. In addition, NPS are commonly available for purchase online, on both the open and dark webs. This eliminates the need for users to locate dealers or participate in street-level drug transactions.

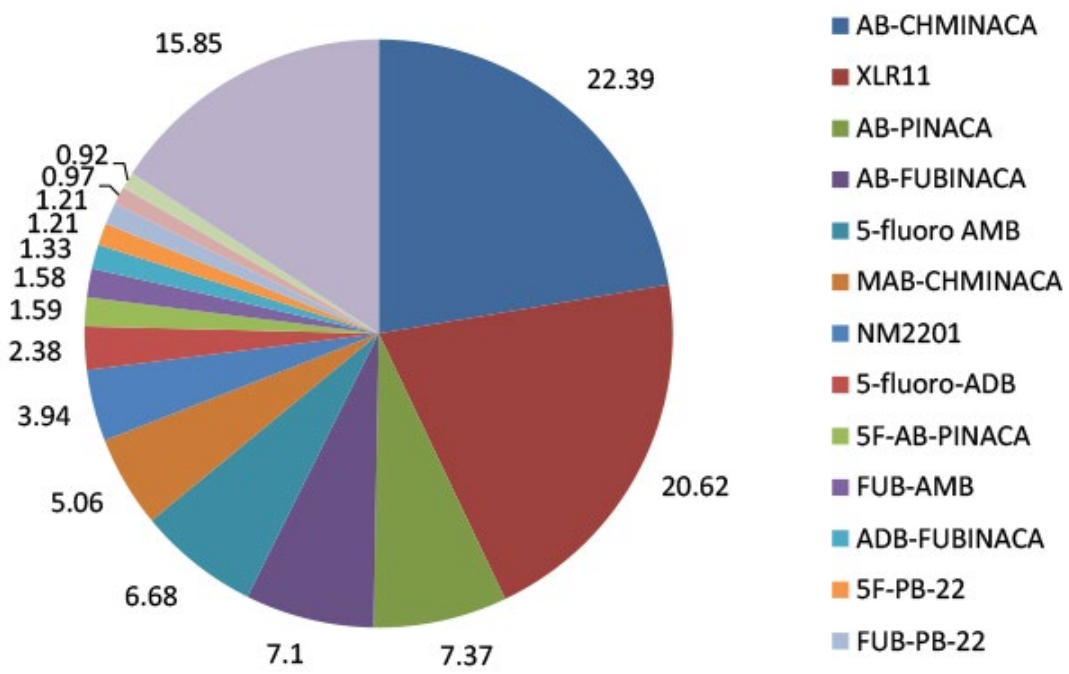
According to NFLIS, in 2015 there were 29,588 synthetic cannabinoid exhibits, a slight decrease from the 33,653 exhibits in 2014.[37] The most commonly occurring synthetic cannabinoid in the United States in 2015 was AB-CHMINACA at 22.39 percent, according to NFLIS. The second most common synthetic cannabinoid was the Schedule I substance XLR11 at 20.62 percent (see Figure 136). The leading synthetic cannabinoids often change from year to year as traffickers identify unscheduled substances and experiment with others. There were 84 unique synthetic cannabinoid varieties and 35 synthetic cathinone varieties identified by NFLIS in 2015, indicating the wide variety of available NPS.

Figure 135. Synthetic Cannabinoid Packages.

Source: DEA

[37] National Annual Estimates of the 25 most frequently reported synthetic cannabinoids.

Figure 136. Percentage of Synthetic Cannabinoid Reports in the United States, 2015.



Source: DEA

Use

NPS users tend to be young, although users of all ages are attracted to the drugs. NPS may be particularly attractive to drug users that are subjected to drug screening, such as inmates, parolees, and probationers, as drug screens often do not have the ability to identify all NPS. A 2015 study found that in the Washington, DC parolee and probationer community, approximately 16 percent, or 53 of 319 individuals, tested positive for synthetic cannabinoid use. If a traditional drug screen includes a test for use of particular NPS, users can switch to an alternate NPS variety that is not captured.

Synthetic Cannabinoids

Synthetic cannabinoids are most commonly used by inhalation. Traffickers will coat dried plant material with synthetic cannabinoid chemicals, which allows users to smoke them in cigarette form. Synthetic cannabinoids are also available in an oil form, which allows users to smoke them in e-cigarettes or vape pens. Occasionally, synthetic cannabinoids are pressed into counterfeit prescription pills.

The American Association of Poison Control Centers (AAPCC) reports that in 2016 there were 2,695 calls to poison centers across the country regarding synthetic cannabinoid exposure (see Figure 138). This is a 65 percent decrease from the record-high 7,779 AAPCC calls in 2015. The upswings and downswings in calls to poison control centers may be attributed to the transient nature of NPS varieties. Each synthetic cannabinoid variety has differing effects, potencies, and toxicities, meaning some synthetic cannabinoids are more likely to cause an overdose than others. Traffickers cycle through different synthetic cannabinoids, meaning that available synthetic cannabinoids one year may be more or less harmful than in other years.

Figure 137. DEA Field Division Reporting of Synthetic Cannabinoid and Synthetic Cathinone Availability in the First half of 2016 and Comparison to Previous Period.

Field Division	Availabillity During First Half of 2016	Availabillity Compared to Second Half of 2015
Atlanta	Low	Stable
Caribbean	Nothing to Report	Stable
Chicago	Moderate	Stable
Dallas	High	Stable
Denver	Moderate	Stable
Detroit	Moderate	Less
El Paso	Moderate	Stable
Houston	Moderate	More
Los Angeles	Moderate	Stable
Miami	High	Stable
New England	Moderate	More
New Jersey	Moderate	More
New Orleans	Moderate	Stable
New York	Low	Less
Philadelphia	Low	Stable
Seattle	Moderate	Stable
Washington	Moderate	Less
San Francisco	Moderate	Stable
Phoenix	Moderate	Stable
San Diego	Moderate	More
St. Louis	Low	Stable

Source: DEA Field Division Reporting

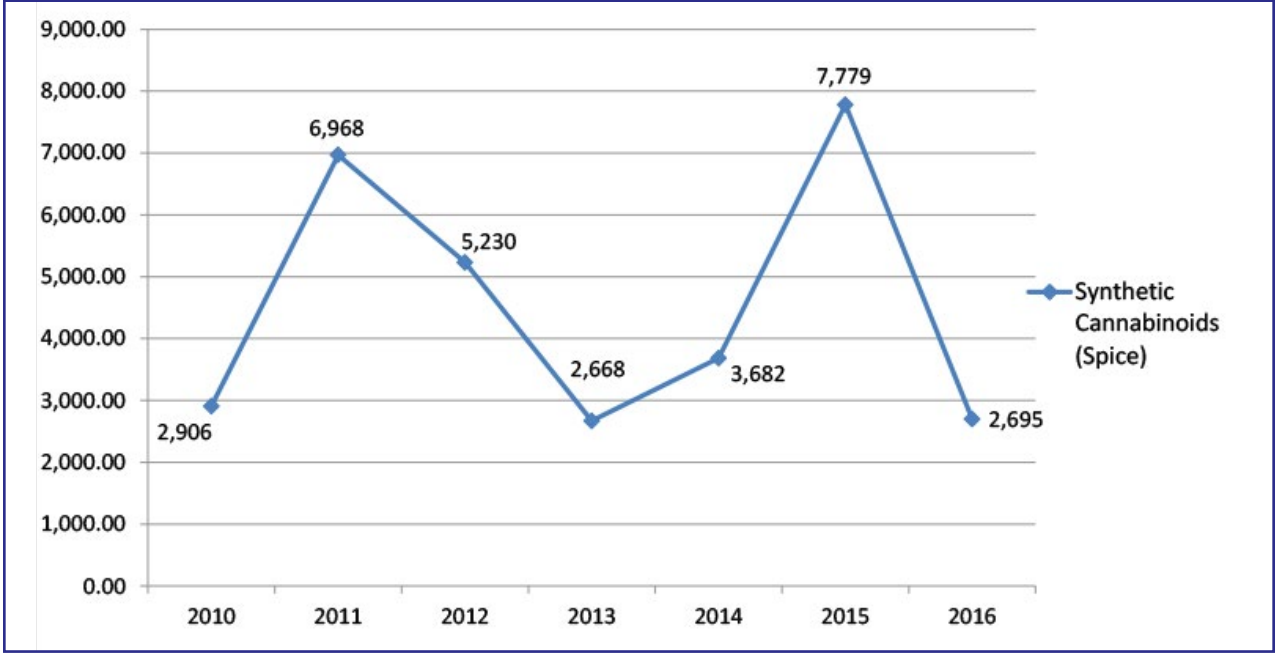
Synthetic Cannabinoid Overdose Surge in New York

Over a three-day timespan in July 2016, at least 130 people across New York City were treated in emergency rooms after overdosing on synthetic cannabinoids. Law enforcement raided five small convenience stores responsible for selling synthetic cannabinoids to the public. Some of the recovered patients were found on the streets again searching for the drugs, citing a need to smoke them.

Homeless in St. Louis Fall Victim to Mass Overdose

During November 2016, more than 300 homeless persons in downtown St. Louis suffered overdoses from synthetic cannabinoids; all were treated at the scene and subsequently released. Laboratory analysis identified the synthetic cannabinoids, 5-Fluoro-AMB and FUB-AMB as the drugs responsible for these overdoses. Both substances are considered analogues of the Schedule I substance ADB-PINACA. On December 21, 2016, the DEA temporarily scheduled 5-Fluro-AMB and FUB-AMB as Schedule I substances.

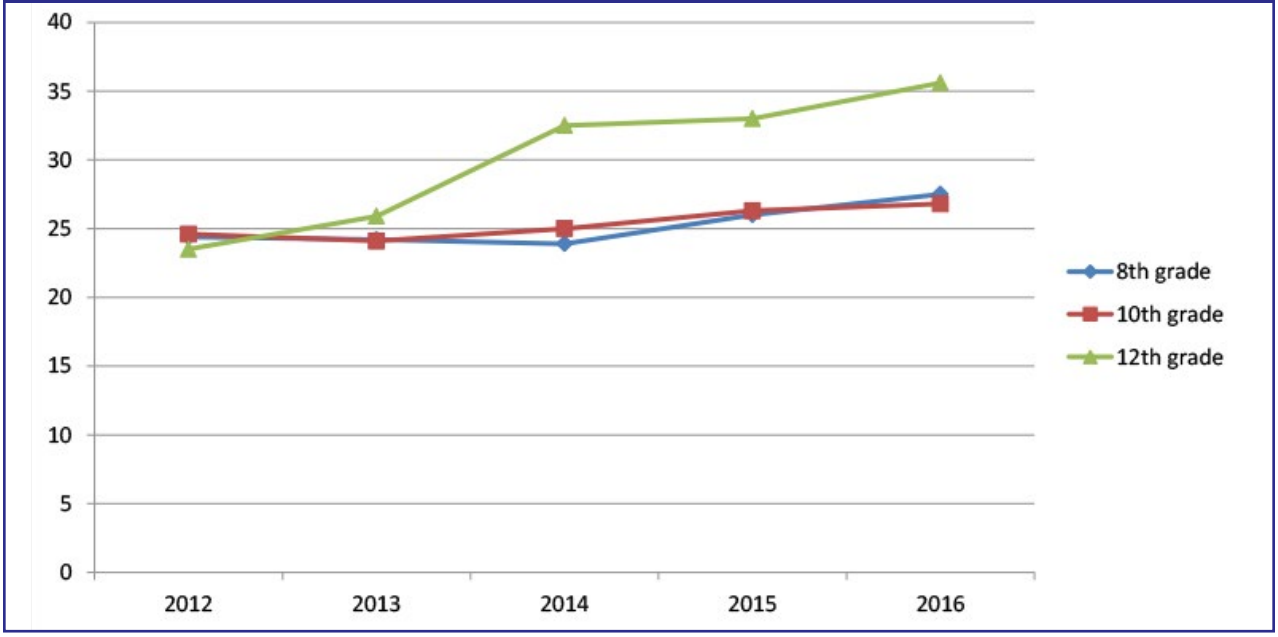
Figure 138. Number of Exposure Calls to the American Association of Poison Control Centers, 2010-2016.



Source: American Association of Poison Control Centers

According to MTF survey data, annual prevalence of use of synthetic cannabinoids among 8th, 10th, and 12th graders in 2016 remained low, at 3.1 percent combined. This is a decrease from 4.2 percent in 2015. The perceived harmfulness of synthetic cannabinoid use increased in 2016, with more 8th, 10th, and 12th grade students viewing the drugs as harmful (see Figure 139). According to the data, more students view synthetic cannabinoids as harmful, and fewer are using the drugs.

Figure 139. Percentage of 8th, 10th, and 12th Graders Perceiving Harmfulness of Synthetic Cannabinoid Use.



Source: Monitoring the Future

DEA Takes Down Major Synthetic Cannabinoid Manufacture

In February 2016, the DEA Bakersfield Resident Office initiated a case into a synthetic drug trafficking organization known to distribute hundreds of pounds of synthetic cannabinoids (aka "Spice") on an annual basis. The investigation led to the discovery of a Spice processing lab in a warehouse and the seizure of 53 pounds of raw synthetic cannabinoid chemicals, 300 pounds of packaged ready-to-use synthetic cannabinoids, and $1.2 million USC (see Figures 140 and 141).

Figures 140 and 141. A Spice Processing Lab and Bagged Damiana Leaf.

Source: DEA

Synthetic Cathinones

Synthetic cathinones are usually abused by consumption in a pill or capsule form. Occasionally, users may smoke or insufflate them. Synthetic cathinones are popular for use in the rave and club scenes, as they are commonly misrepresented as MDMA and can provide brief energy and euphoria.

In 2015, there were 19,490 synthetic cathinone exhibits according to NFLIS data, an increase from the 15,523 exhibits in 2014. The most common synthetic cathinone in 2015 was ethylone, at 47 percent of synthetic cathinone exhibits.[38] Ethylone, like methylone, is commonly used by traffickers as a substitute for MDMA. It provides a similar high to MDMA, and traffickers prepare it in a tablet or capsule form, and sell it for use in the club scene.

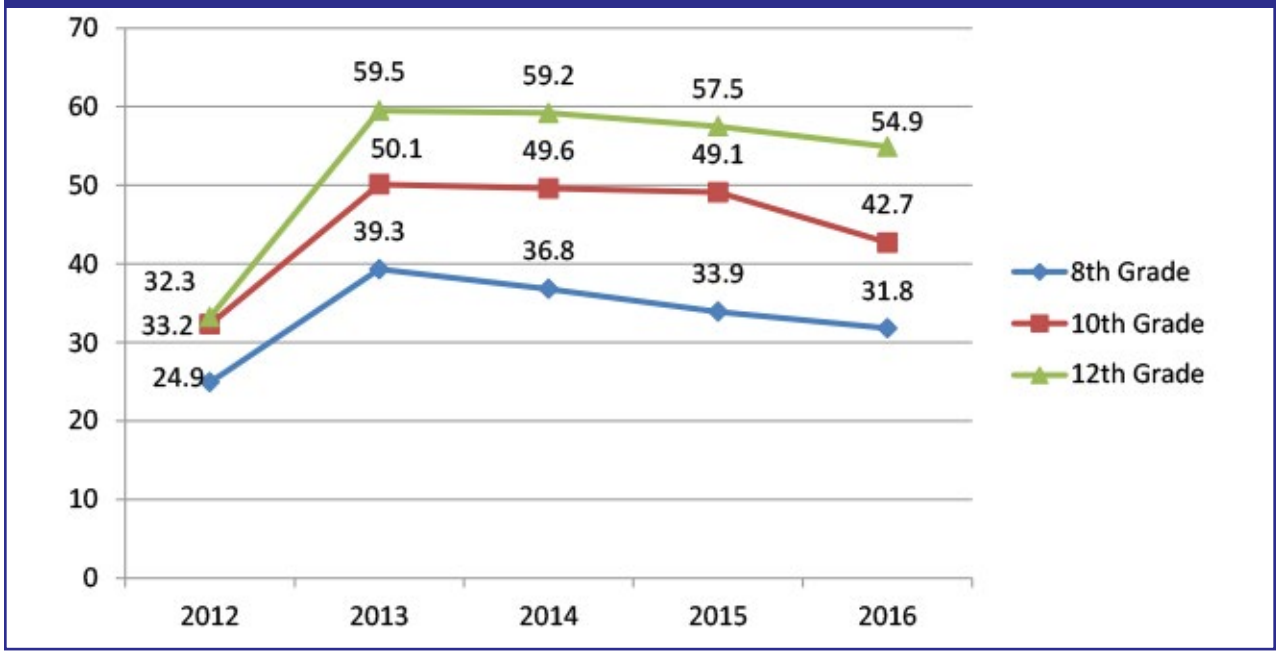
In 2016, MTF survey data shows that the average percentage of 8th, 10th, and 12th graders reporting synthetic cathinone use remained around 2015 levels, at 0.8 percent. MTF survey data also found that perceptions of the drugs' harmfulness have been on the decline (see Figure 142). The most notable decline in 2016 was among 10th graders, with 42.7 percent viewing synthetic cathinone use as having great risk, a 6.4 percent drop from 2015.

Production

NPS are created in laboratories and do not require any organic material, like plant or vegetative matter, to produce. Each variety of these substances requires differing precursor chemicals and scientific processes to synthesize. Most of these synthetic substances require relatively sophisticated scientific equipment along with moderate chemistry knowledge and skill to produce. However, due to their wide availability in China, and to a lesser extent India and parts of Europe, most traffickers in the United States simply purchase the drugs already synthesized and have them shipped through mail carriers in order to perform final processing and packaging domestically. Sites for the final processing of synthetic cannabinoids and application onto plant material are known as "Spice processing labs." Synthetic cathinones are

[38] National Annual Estimates of the 20 most frequently reported synthetic cathinones.

Figure 142. Percentage of 8th, 10th, and 12th Graders Perceiving Harmfulness of Synthetic Cathinone Use.



Source: Monitoring the Future

ready to use in their powder and crystal forms, so additional processing outside of encapsulating or bagging is usually not needed.

Domestic spice processing laboratories can be found in garages, warehouses, and even homes throughout the United States. After acquiring synthetic cannabinoid chemicals, a trafficker dissolves the powder into a solvent, such as ethanol or acetone, to create a liquid solution; cement mixers can be used for this step. Dehydrated plant material, such as damiana leaf, will be spread out on tables or the ground, and the synthetic cannabinoid solution will be sprayed onto it. Uneven application of the synthetic cannabinoid chemicals onto plant material can result in certain batches having "hot spots," or much higher levels of concentration than others. At this point, commercial liquid flavorings are usually sprayed onto the product, and the product is left to dry. After the product is completely dry, it is packaged into individual foil packets, ranging anywhere from 2 to 15 gram quantities.

The foil packets commonly used to package synthetic cannabinoids can be purchased in wholesale quantities. These empty packets are already branded with a variety of cartoon logos and brand names. Because they can be purchased in wholesale quantities, two packets of synthetic cannabinoids may have different contents, as distributors all across the country will sell different drugs. Therefore, any two identical packets of synthetic cannabinoids for sale may have two completely different drugs inside, even in the same store.

Transportation and Distribution

NPS are usually transported to the United States via commercial mail carriers from China, often being intentionally mislabeled. Synthetic cannabinoids are distributed throughout the United States in gas stations and smoke shops, and are increasingly available on the street in traditional illicit drug markets. Synthetic cathinones are widely distributed through street sales in tablets, capsules, or plastic baggies.

2C-B

2,5-dimethoxy-4-bromophenethylamine (2C-B), also known as Venus, Eros, Nexus, and "pink cocaine," is a psychedelic phenethylamine with effects similar to MDMA and LSD that is controlled by U.S. federal law as a Schedule I controlled substance. Although the drug is commonly referred to as "pink cocaine," 2C-B should not be confused for or considered a replacement for cocaine HCl, as 2C-B is a psychedelic drug and cocaine HCl is a stimulant. 2C-B is typically sold as a dyed-pink powder to distinguish it from both MDMA and cocaine. Users of 2C-B typically ingest the drug orally or snort it. DEA reporting indicates Colombian DTOs are responsible for most of the manufacture, transportation, and distribution of 2C-B in Colombia and the United States. DTOs have attempted to market 2C-B in South Florida as a substitute for both MDMA and cocaine. South Florida was targeted due to its affluent markets, tourist population, and abundant nightclubs (2C-B is often marketed as an alternative to MDMA).

Outlook

NPS will continue to pose a nationwide threat, continuing to cause overdoses and some deaths, as their availability remains mostly stable. NPS are relatively inexpensive and continue to be available from shops, street sales, and the Internet, making them accessible to anyone who seeks them. Traffickers will work around scheduling actions by identifying new, unregulated and unscheduled drugs from their chemical suppliers. However, as traffickers maintain their traditional street sales of NPS, they may continue to distribute some popular NPS varieties, regardless of their status on the controlled substances list. NPS overdose statistics are likely to continue to fluctuate, as the varying potencies and toxicities of the constantly-changing NPS on the markets pose differing levels of harm to users. As a result, perceptions of the immediate threat posed by NPS will also fluctuate, with increased public attention when mass overdose events occur.

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ILLICIT FINANCE

Overview

U.S. drug sales account for $64 billion U.S. dollars (USD), or 21 percent, of the approximately $300 billion USD in illicit proceeds generated annually from all forms of crime in the United States.[39] As drug trafficking is a very cash–intensive enterprise, TCOs must overcome the following obstacles to successfully launder and expend illicit profits:

- Moving illicit cash proceeds from point A to point B;
- Placing illicit proceeds into the formal banking system;
- Disguising illicit proceeds as legitimate earnings.

To avoid law enforcement detection and banking regulations, TCOs employ various strategies to move and launder drug proceeds into, within, and out of the United States. Preferred methods to move and launder illicit proceeds (i.e. bulk cash smuggling, money value transfer systems (MVTS), trade-based money laundering (TBML), and through the formal banking sector) remain the same as in past years. Emerging as a money laundering vulnerability, Bitcoin and other virtual currencies enable TCOs to easily transfer illicit proceeds internationally.

Bulk Cash Smuggling

In 2016, U.S. law enforcement officials reported over 2,800 bulk cash seizure events, totaling more than $336.7 million USD, to NSS.[40] This is a 27% drop from the previous year's $464.2 million USD in reported cash seizures. For CY 2016, California, Georgia, and Texas reported the highest dollar amounts in bulk cash seizures for a combined total of $94.2 million USD. This amount decreased significantly, by more than 50%, in comparison to the previous year's top 3 grossing states for seizures (see Figure 143).

Since 2010, there has been a steady decrease in the gross amount of bulk cash seizures throughout the United States (see Figure 144). The decrease in seizures could be indicative of the use of other, more discreet methods of moving illicit money, although other factors such as changes in interdiction operations tempo and law enforcement budgets could also play a role.

Most bulk currency smuggled into California from other states is suspected payments for drug shipments. The majority of bulk currency is moved from Northern California to Southern California and eventually transported across the border into Mexico using privately-owned vehicles as well as commercial tractor trailers. Large amounts of cash continue to be

Figure 143. Top 3 States for Bulk Currency Seizures (in USD), 2012 – 2016.

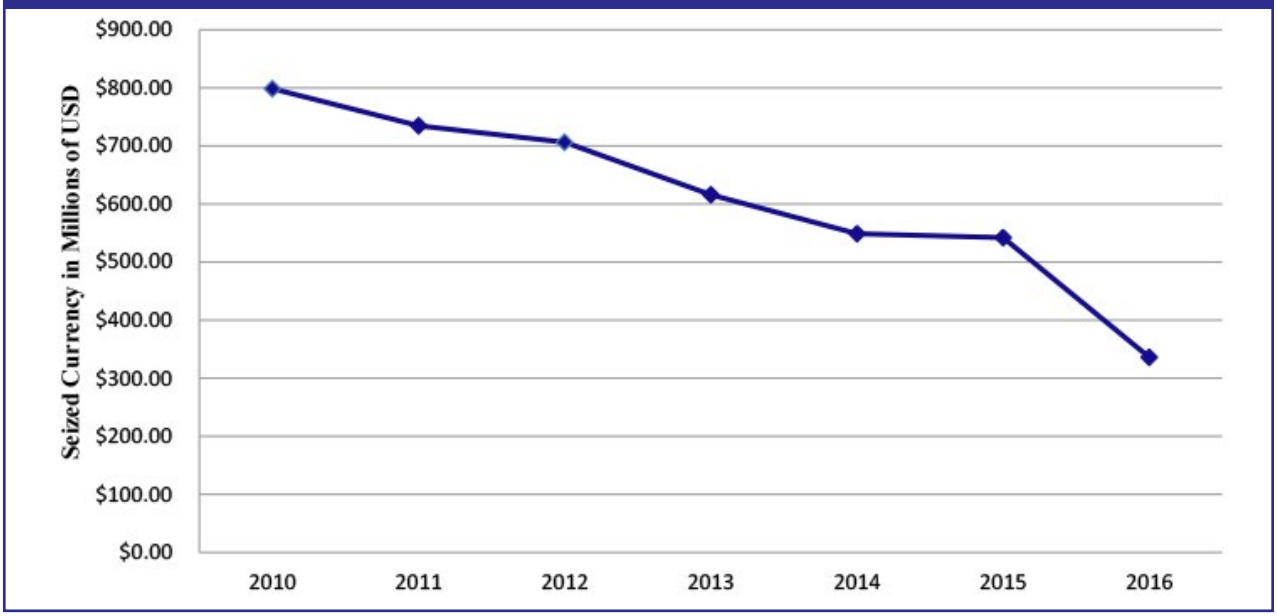
RANK	2012	2013	2014	2015	2016
1	NEW YORK 212,069,936	CALIFORNIA $154,449,323	CALIFORNIA $128,042,107	CALIFORNIA $110,501,620	CALIFORNIA $45,684,062
2	CALIFORNIA $132,621,211	NEW YORK 114,927,569	NEW YORK $48,742,482	TEXAS $44,252,842	GEORGIA $26,214,408
3	TEXAS $66,797,317	TEXAS $145,571,571	GEORGIA $36,455,523	FLORIDA $43,230,608	TEXAS $22,504,358

Source: El Paso Intelligence Center/ National Seizure System

[39] These figures are the most recent estimates as reported by the U.S. Department of Treasury in the 2015 National Money Laundering Risk Assessment.

[40] The information reported to NSS by contributing agencies does not necessarily reflect total seizures nationwide. Federal law enforcement agencies are required to report seizures that are equal to $10,000 USD and above, while reporting for state and local agencies is voluntary. NSS is a live database and the data can change from year to year.

Figure 144. Bulk Currency Seizures (in USD), 2010 – 2016.



Source: El Paso Intelligence Center/ National Seizure System

interdicted along major highway corridors I-5 and CA-99, and tend to be concealed in hidden vehicle compartments or among cargo. Drug proceeds are also driven to Los Angeles to be laundered by individuals who operate front companies.

Airports throughout California remain significant transit points for transporting currency derived from drug sales. Couriers often purchase one-way tickets on the same day of travel and smuggle currency in luggage, carry-on bags, or on their bodies (see Figure 145). Currency seized at major airports in Northern California is frequently suspected to be for the purchase of drugs in California or as payment for drugs shipped to other U.S. cities. Postal and parcel delivery services also continue to be used to send money into and/or out of California. Numerous amounts of undeclared cash suspected of being drug trafficking proceeds have been detected at mail facilities within shipping boxes originating from other U.S. locations.

- In March 2016, a male subject involved in cocaine and heroin trafficking was arrested in California. The subject made $500,000 USD in cash deposits to banks in New York. The subject and his associates deposited upwards of $2 million USD in drug proceeds.
- In August 2016, USBP agents arrested two men for smuggling more than $3 million USD domestically in two separate vehicles (see Figure 146). To date, this is the largest currency seizure ever in the San Diego sector. The two suspects are facing federal charges for currency smuggling.

Figure 145. Concealed cash around ankles of airport passenger.

Source: U.S. Customs and Border Protection

Similar to California, TCOs use rented passenger vehicles, personally-owned vehicles, and tractor trailers outfitted with aftermarket hidden compartments to conceal illicit proceeds. Interstates I-75, I-85, and I-185 in Georgia are the primary routes

Figure 146. $3 million USC seized from two vehicles.

Source: U.S. Customs and Border Protection

used to transport bulk currency, typically to California, Florida, and Texas with the ultimate destination of Mexico.

- In August 2016, $737,127 in USC concealed in a duffel bag was seized during the search of a passenger vehicle in Atlanta, Georgia. The driver was arrested for possession of methamphetamine and a firearm.

The Dallas/Fort Worth area, El Paso, Houston, and McAllen are commonly used as collection points for consolidating drug proceeds destined for Mexico. Bulk currency originates from various geographic areas of the United States, to include Arkansas, Florida, Georgia, Kansas, Kentucky, Michigan, Oklahoma, and Tennessee. The money is often concealed in hidden compartments and transported via private passenger vehicles, commercial trucks, and tractor-trailers. Bulk currency seizures are common at CBP checkpoints, points of entry, and traffic stops along primary Interstates I-10, I-20, I-30, I-35, I-40, and I-45. Sometimes, bulk currency shipments are broken into smaller amounts between multiple carriers to minimize the risk of a large loss if a courier is interdicted by law enforcement. Nevertheless, there are individual bulk currency shipments into and through Texas with significant amounts ranging from $100,000 to $300,000 USD.

- In February 2016, Mississippi Gulfport Police Department seized $230,999 in USC from two Texas residents driving westbound on I-10 (see Figure 147). The subjects claimed they were returning to their home state from Atlanta, GA. The driver stated the currency, packed inside a duffle bag, was drug trafficking proceeds.

Figure 147. USC packed in a duffle bag.

Source: Gulfport High Intensity Drug Trafficking Area

- In April 2016, a highway trooper in Texas seized $299,520 in USC from a passenger vehicle. The 30 vacuum sealed bags of currency were concealed inside the vehicle's gas tank (see Figure 148).

Money Value Transfer Systems (MVTS)

MVTS are defined by Financial Action Task Force (FATF) as financial services that involve the acceptance of cash, checks, other monetary instruments or other stores of value and the payment of a corresponding sum in cash or other form to a beneficiary by means of a communication, message, transfer, or through a clearing network to which the MVTS provider belongs. Transactions performed by such services can involve one or more intermediaries and a final payment to a third party, and may include any new payment methods. All MVTS[41], such as hawala, contra entrega, and Chinese Underground Banking Systems (CUBS), are operated by cash brokers who employ agents to collect and distribute

[41] MVTS are known by many different names depending on the community that operates them. Hawala, sarafi, and hundi describe MVTS that currently operate in the United States. Hawala predates modern banking and has been in use in the Middle East and North Africa for centuries. The word hawala is used to describe the same type of MVTS in Pakistan and India, but may be referred to in these communities as hundi. Sarafi is a common word used to describe MVTS in Afghanistan, and Fei Chi'en describes these centuries-old systems in China.

Figure 148. USC in vacuum-sealed bundles from hidden compartments.

Source: U.S. Customs and Border Protection

Prosecution of Major Money Laundering Organization Head

On October 27, 2016, Pakistani national, Altaf Khanani, signed a plea agreement for a money laundering charge in the Southern District of Florida. He was sentenced to 68 months in prison and a fine of $250,000 USD. A well-known money exchanger, Khanani laundered drug proceeds by picking up illicit cash in the United States in exchange for a wire transfer from one of his businesses to make it appear as if the proceeds were from legal activity. Khanani's organization operated globally and also laundered funds for designated terrorist organizations.

currency in the United States and around the world. These transnational money brokers hide in plain sight, operating under the covers of cash intensive businesses or legitimate financial services such as exchange houses, money remitters, or short term lenders.

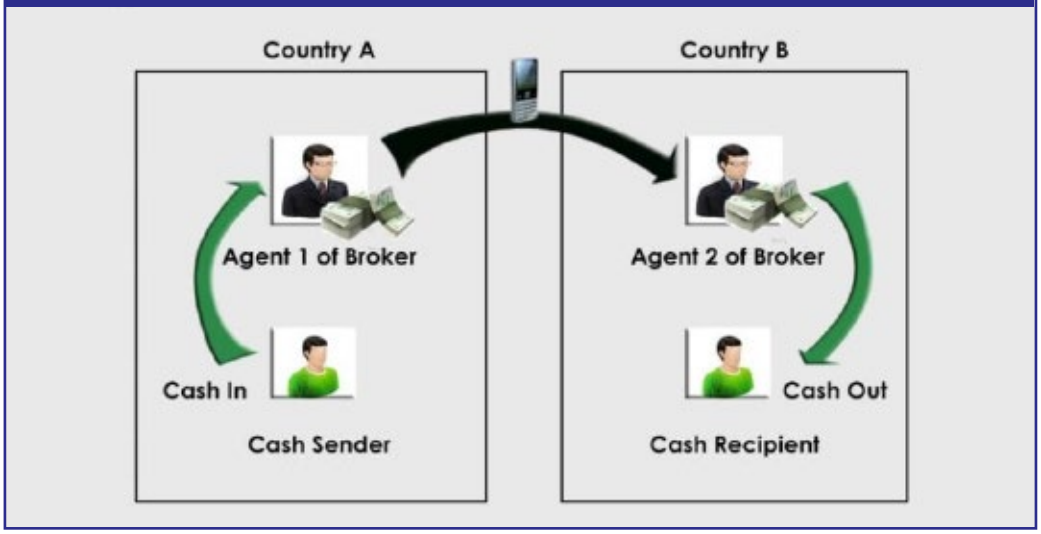
To move drug proceeds from the United States to a foreign country, a TCO gives illicit cash to an MVTS agent in the United States. The U.S.-based agent contacts another agent located in the desired foreign country where the TCO will collect an equivalent amount in local currency, minus any commission. Money broker commissions are known to fluctuate from 3-20 percent (see Figudre 149).

Agents who pay out local currency to TCOs in foreign countries often replenish their cash supplies by serving foreign clients who need cash in the United States but want to avoid formal banking systems. These foreign clients deposit local currency with a local cash agent and essentially "buy" the TCOs' cash drug proceeds from an agent in the United States. MVTS agents in the United States also help foreign clients move this cash around the United States and into U.S. financial institutions by making structured deposits into U.S. money service businesses and bank accounts.

Hawala are popular among some communities in the United States because they typically help families with overseas relatives make small cash remittances with very low commissions to and from Asia, East Africa, India, the Middle East, and Southeast Asia. However, hawala continue to surface in drug investigations as tools for moving U.S. drug proceeds and other illicit cash overseas. Small U.S. hawala networks mostly do business remitting legitimate money, but have been exploited to move up to $100,000 USD in drug proceeds over the course of several days. Other hawala are private, and are exclusively designed to quickly move large amounts of illicit money. Some private hawala, which may operate under the cover of a legitimate hawala, use separate ledgers to coordinate the transfer of up to $1 million USD worth of drug proceeds in a matter of days.

To repatriate drug proceeds from the United States to Mexico and South America, TCOs have developed a hawala-like MVTS often called contra entrega (or "mirror transfer"). Cash brokers collect drug proceeds in the United States and direct their agents in Mexico

Figure 149. Typical Money Value Transfer System.



Source: DEA

or South America to immediately release funds to a TCO. Brokers who conduct contra entrega transactions are known to collect and release hundreds of thousands of USD in a single transaction. Contra entrega money laundering schemes also continue to emerge in drug investigations across the United States.

CUBS circumvent China's capital controls and sometimes are used to launder U.S. drug proceeds. China prohibits its citizens from transferring more than $50,000 USD outside of China's borders per year. As a result, cash brokers do steady business collecting cash from Chinese nationals who want their money available in the United States. CUBS money brokers in the United States disburse USD to Chinese nationals and also collect cash drug proceeds from TCOs needing to move money from the United States to China. Mexican and South American TCOs use CUBS to purchase Chinese goods that will be sold in Mexico and South America.

Trade-Based Money Laundering (TBML)

TBML persists as a highly-favored method to transport and launder illicit proceeds. TBML is attractive to money launderers because it offers a low risk of detection by authorities and can result in high profits. Money laundering activities are easily disguised by large volumes of legitimate trade. TCOs move drug proceeds through trade transactions to obscure the origins of illicit funds. Once illicit cash is exchanged for trade goods, it becomes more difficult for law enforcement to trace the illicit cash back to its origins. Free Trade Zones (FTZs) are often involved in TBML schemes because they offer opportunities for cash to be inserted into the financial system in exchange for consumer goods.

Some money launderers are learning to leverage Letters of Credit (LCs) to further a wide array of TBML schemes and to circumvent increased regulatory and law enforcement vigilance. LCs have long been integral in facilitating legitimate international trade, and money launderers are finding that LCs grant the appearance of legitimacy to trade transactions. LCs also serve to convince regulatory and law enforcement entities (including exporters' banks and customs officials) that legitimate funds were used to pay for trade goods.

Recent information indicates Asian-American organized crime groups are increasingly involved in illicit bulk cash pickups in the United States. It is likely much of this bulk cash is collected as part of larger TBML schemes involving the export of Chinese trade goods to Latin America. The closer involvement of these Asian-connected money laundering organizations may represent a streamlining of the money laundering cycle through TBML. This may also suggest that traditional Latin American money laundering organizations, which previously acted as middlemen, are being cut out of the cycle.

The exploitation of illegal gold mining and legitimate gold markets worldwide to launder drug proceeds continues to grow. Most prevalent in South America, the scheme involves the use of narcotics proceeds to purchase illegally produced gold. Documentation is created representing the gold as a product of legitimate mining operations and the gold is exported to refineries worldwide, to include the United States. Given the large amounts of money that can be laundered through the loosely regulated global gold-mining sector, this is likely to remain a law enforcement focus for years to come.

Narcotics Proceeds-For-Gold

A notable recent case from Ecuador centered on two Ecuadoran gold companies exporting gold to U.S. refineries in a narcotics-proceeds-for-gold scheme. The Ecuadoran Ministry of Mining noticed the glaring disparity between the amounts of gold officially mined in Ecuador and the amount reported exported. Between 2012 and 2014, Ecuador mined $675.2 million USD in gold but reported exports of over $1.8 billion USD in gold over the same time frame.

Virtual Currency

TCOs are also increasingly using virtual currencies due to their anonymizing nature and ease of use. Bitcoin is the most common form of payment for drug sales on dark net marketplaces and is emerging as a desirable method to transfer illicit drug proceeds internationally. Bitcoin is the most widely-used virtual currency due to its longevity and growing acceptance at legitimate businesses and institutions worldwide. Bitcoin is not backed by any central bank or government, and all transactions are recorded on a public ledger known as the blockchain.

China has been an enduring hub for TBML schemes through which TCOs purchase large shipments of "made-in-China" goods via wire transfer or bulk cash carrying from the United States to China. Traditionally, the "made-in-China" goods are shipped to businessmen in Mexico and South America who reimburse the DTOs in local currency. However, many China-based firms manufacturing goods used in TBML schemes now prefer to accept Bitcoin. Bitcoin is widely popular in China because it can be used to anonymously transfer value overseas, circumventing China's capital controls.

Chinese manufacturers who want Bitcoin will undoubtedly ease the money laundering process for many TCOs. Currently, TCOs face scrutiny from U.S. banks when wiring money from the United States to Chinese manufacturers. However, a TCO purchasing Bitcoin via a licensed money service business (MSB) without raising red flags will face no further scrutiny when transferring the Bitcoin to China. Many TCOs can also buy Bitcoin from individuals selling Bitcoin on the Internet with no MSB license. Thus, many TCOs will be able to convert their cash drug proceeds to Bitcoin and buy Chinese goods with no fear of oversight from a formal financial institution.

Bitcoin is increasingly used by Over-the-Counter (OTC) Bitcoin brokers who conduct very high-risk Bitcoin trading consistent with Chinese capital flight and money laundering. These high-risk OTC Bitcoin brokers likely use foreign Bitcoin wallet-hosting services and exchanges that do not properly conduct "know your customer" or anti-money laundering monitoring on Bitcoin purchases. OTC Bitcoin brokers primarily attract two types of clients: those who want to use Bitcoin to move their money out of China and those who want to convert large quantities of cash into Bitcoin. CUBS money brokers sell Bitcoin to drug traffickers for cash earned from drug sales in the United States, Australia, and Europe. This drug cash is then sold to Chinese nationals in exchange for Bitcoin the Chinese nationals use to transfer the value of their assets outside of China. The increasing use of OTC Bitcoin brokers, who are capable of transferring millions of dollars in Bitcoin across international borders, as part of a capital flight scheme is expected to continue to intertwine criminal money laundering networks with capital flight.

Formal Banking System

TCOs continue to exploit the U.S. banking industry to launder illicit proceeds. The most basic form of abuse occurs through the opening of bank accounts in the names of proxy-holders. Individuals working on behalf of a TCO deposit cash in increments

below $10,000 USD (known as "structuring") to avoid bank reporting requirements. Once a significant amount of illicit proceeds has been deposited into an account, the funds are transferred to secondary or tertiary financial institutions to obscure the source and purpose of the funds. For example, the money is transferred from a financial institution to a seemingly legitimate business for the purchase of cell phones; however, the real purpose is to finance a drug venture.

- A 2016 investigation in Dallas, Texas revealed a multi-kilogram methamphetamine and heroin distribution organization remitted several hundred thousand dollars to a source of supply in Mexico through mass wire transfers and structured deposits into a number of U.S. bank accounts.

Hizballah Associate Laundered Drug Cartel Money Through Miami Banks

Hassan Mohsen Mansour, a dual citizen of Canada and Lebanon, was charged in October 2016 in the Southern District of Florida with money laundering after allegedly laundering over $500,000 USD for a Colombian drug cartel. Mansour maintained a network of globally-dispersed contacts to assist efforts of moving illicit funds. Mansour employed a series of couriers, shell companies, and bank accounts to remit funds, primarily in the form of wire transfers. Much of these illicit funds were moved through South Florida banks. Mansour is alleged to be a member of Hizballah's External Security Organization Business Affairs Component, underscoring the collaboration between organized crime groups in Latin America and Middle Eastern terror groups.

TCOs also rely on front companies[42] and shell companies[43] to transfer funds into and out of the United States. Once established, a front company can be linked to a corporate bank account for fund transfer purposes. Front companies established by TCOs generally consist of cash-intensive businesses that deal with import/export commerce. This system allows USC to enter the banking system and be transferred to foreign recipients without raising suspicion. TCOs wire large amounts of illicit funds internationally under the guise of the legitimate sale of goods or services made by their front and shell companies. In general, funds are transferred between several corporate accounts before finally reaching the intended destination. This procedure conceals the origin of the funds and breaks any direct link between the source of the drug proceeds and the recipient.

Outlook

Apprehending criminals who circumvent formal regulated financial systems and disrupting their illicit profits is a key element of disrupting TCOs and crucial to protecting the integrity and stability of domestic and global financial systems. Enhanced anti-money laundering regulations and international standards make it more challenging to launder illicit proceeds; however, TCOs constantly evolve to thwart law enforcement and regulatory authorities. It is vitally important that U.S. law enforcement agencies quickly adapt to detect new and existing money laundering schemes, dismantle TCO financial infrastructures, and disrupt their methods of operation.

[42] Front companies are legally incorporated businesses that engage in legitimate trade in addition to money laundering. Illicit funds flowing through a front company are made to look like the result of legitimate business transactions.

[43] Shell companies are legally incorporated business with no, or nominal, assets other than money. Although shell companies have legitimate uses, criminals often use them for tax avoidance or money laundering purposes.

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Puerto Rico and the U.S. Virgin Islands

With approximate populations of 3.5 million and 103,000, respectively, Puerto Rico and the U.S. Virgin Islands are part of an island chain located along the eastern edge of the Caribbean Sea, where it meets the Atlantic Ocean. Both are unincorporated, organized territories of the United States, whose economies depend largely on tourism. Both U.S. territories have high unemployment rates (14% in Puerto Rico and 13% in the U.S. Virgin Islands) and strategic geographic locations - mid-point between the United States and South America. In addition, they have customs exemptions for passengers on commercial aircraft entering the United States mainland. These factors make the islands attractive to illicit drug traffickers and money launderers.

Drug Threat

Cocaine continues to be the principal drug threat in the Caribbean region, but smuggling and abuse of heroin and marijuana are also major concerns.

In Puerto Rico, cocaine is more profitable to smuggle than other drugs because of both local demand, and demands in the continental United States and Europe. Approximately 20 percent of the cocaine shipments that arrive in Puerto Rico are consumed on the island; the rest is ultimately destined for the rest of the United States. An undetermined amount of cocaine also remains in the U.S. Virgin Islands for local consumption. In the U.S. Virgin Islands, crack cocaine also poses a serious threat because of its low price ($10 per rock) and addictive properties.

Cocaine is primarily transported to the islands via maritime vessels from Colombia, Venezuela, and the Dominican Republic. Due to enforcement successes by Dominican law enforcement and interdiction efforts by the USCG, traffickers prefer to now send large cocaine loads directly to Puerto Rico instead of first going through the Dominican Republic. There is also secondary flow of cocaine from the Dominican Republic to Puerto Rico. These trends resulted in a significant increase in kilogram prices of cocaine in the Dominican Republic and increased smuggling movements directly to Puerto Rico. Traffickers almost exclusively use go-fast boats, either departing directly from Venezuela or coming across the Mona Passage from the Dominican Republic. Cocaine is also smuggled via the British Virgin Islands, with traffickers island hopping into the U.S. Virgin Islands and Puerto Rico and then onto the United States Mainland. Additionally, cocaine is concealed in parcels and mailed from Puerto Rico and the U.S. Virgin Islands to Florida and the northeastern United States, primarily Connecticut, Massachusetts, New York, and New Jersey.

Increased cocaine flow was documented in the Caribbean Corridor between FY 2014 and FY 2016. In FY 2016, approximately 7-8% of total north-bound movement of cocaine directly transited the Caribbean Corridor. Overall, these figures still indicate a smaller share of flow in the Caribbean corridor compared to FY 2014.

Heroin availability in Puerto Rico is moderate. Heroin is consumed locally and transported through Puerto Rico, destined for the United States. From January to June 2017, it is believed nine deaths were a result of heroin and fentanyl overdoses in the Ponce and Mayaguez areas of Southwestern Puerto Rico. In the U.S. Virgin Islands, heroin does not pose a major threat, as the demand is for resale. The heroin trafficked in Puerto Rico and the U.S. Virgin Islands is of South American origin. South American-origin heroin typically arrives in Puerto Rico and the U.S. Virgin Islands commingled with cocaine on maritime shipments. Additionally, the Caribbean FD has reported minimal heroin-laced fentanyl seizures sent to Puerto Rico from California via parcel services.

The threat posed by marijuana in the Caribbean FD is on the rise, as indicated by recent seizure events. Marijuana is the third most important threat to Puerto Rico and second most important for the U.S. Virgin Islands. Seizures of marijuana have continued to increase since 2013, as reported by state and federal law enforcement officials in Puerto Rico and the rest of the Caribbean island nations. Additionally, average seizure load size has also increased. Growing availability and abuse of marijuana will continue to threaten Puerto Rico and the U.S. Virgin Islands.

Jamaica continues to be the largest Caribbean marijuana supplier to local Caribbean nations; however, local production is increasing in Puerto Rico and the U.S. Virgin Islands. Marijuana is also shipped from the United States mainland by commercial parcel services. Marijuana from the United States is both of Mexican and U.S. origin.

As laws surrounding marijuana are changing in the rest of the United States, they are also changing in Puerto Rico and the U.S. Virgin Islands. In November 2016, the Governor of Puerto Rico excluded public service employees from being tested for marijuana via Executive Order. In May 2015, the Governor of Puerto Rico mandated the rescheduling of marijuana to a Schedule II drug via Executive Order. This order mandated the Puerto Rican Department of Health to develop protocol to promote research on medical marijuana and to establish a policy for the implementation of medical marijuana on the island. It is unclear how this Executive Order will impact the current drug laws in Puerto Rico. Additionally, the same executive order approved marijuana cultivation in Puerto Rico, commencing in 2016. In September 2015, the U.S. Virgin Islands passed a law to decriminalize the possession of one ounce or less of cannabis. Further, possession of one ounce or less of cannabis for those 18 and older is classified as a civil offense, with fines from $100-$200 USD, but those under 18 will be required to complete a drug awareness program. Strict penalties for selling and growing bulk amounts remain in place in the U.S. Virgin Islands.

According to the most recent study conducted by Puerto Rico's Administration of Mental Health and Addiction Services, marijuana was the illicit drug most commonly used by Puerto Rico youth in 2012, with a prevalence of 12.4 percent, This is more than twice the rate reported in 2007 (6.1 percent). In the U.S. Virgin Islands, marijuana is the most used drug after cocaine.

Transshipment

The large amount of commercial air traffic from Puerto Rico to the United States provides an opportunity for illicit drug smuggling since it is generally exempt from customs inspections. Traffickers also move drugs via maritime container, which can be inspected.

Port security is a major regional concern in the Caribbean. Lack of resources, collusion of dock workers with trafficking groups, and sophisticated concealment methods create a significant law enforcement challenge, particularly as drug flow shifts back toward the Caribbean. The Puerto Rico Ports Authority currently administers several cargo facilities in Puerto Rico that handle both containerized and bulk cargo. These facilities are leased to private companies that act as terminal operators. There are five cargo vessel-serving facilities in the U.S. Virgin Islands.

Traffickers exploit the high frequency of cruise ship traffic through Puerto Rico and the U.S. Virgin Islands to transport drugs. The Port of San Juan is one of the largest cruise ship destinations in the Western Hemisphere and can dock as many as 12 cruise ships simultaneously. In St. Thomas, U.S. Virgin Islands, as many as nine ships dock at the island per day. Traffickers also exploit ferry services that carry thousands of passengers and hundreds of cargo containers per week between the Dominican Republic and Puerto Rico and between the U.S. Virgin Islands and the British Virgin Islands.

Drug-related Crime

Puerto Rico and the U.S. Virgin Islands both have high homicide rates. The U.S. Virgin Islands averages 40 murders per 100,000 people, making it one of the most violent areas in the United States. In Puerto Rico, there is a strong nexus between violent crime, drug trafficking, gang activities, and illicit firearms. According to law enforcement agencies in Puerto Rico, an estimated 80 percent of homicides are drug-related. National homicide estimates indicate that the average homicide rate in Puerto Rico is approximately five times higher than the U.S. per capita rate. However, violent crime and homicide rates in Puerto Rico have declined every year since peaking in 2011.

Declines in homicide rates may be attributed to Operation Caribbean Resilience, when DHS temporarily surged 30 agents to Puerto Rico in 2013, leading to the arrest of 900 violent criminals and the seizures of over 450 pounds of illegal narcotics and over 650 weapons.

The crime situation in Puerto Rico has also impacted law enforcement officials. In October 2016, a Puerto Rico PD Sergeant was killed and another officer was shot while conducting

an interdiction in a public housing project (PHP). In January 2016, State Prosecutor for the Department of Justice in Puerto Rico was brutally shot and killed. From March 2012 through October 2016, 12 incidents and threats involving law enforcement officials have been reported. The majority of DTOs operating in Puerto Rico are based in the 330 PHPs located throughout the island. These groups direct "drug points," locations used for the retail sale of illicit drugs that are controlled by specific gangs or other criminal organizations, located in the PHPs to nearby nightclubs, restaurants, and bars. The DTOs used intimidation, violence, and murder to gain or retain control of the drug markets within a specific geographic area. PHPs in Puerto Rico are not geographically isolated, but are frequently located within blocks of the middle to upper middle class neighborhoods.

Drug Trafficking Groups

Colombian, Dominican, Venezuelan, and Puerto Rican trafficking organizations are involved with illicit drug trade in Puerto Rico and the U.S. Virgin Islands. While Dominican, Colombian, and Venezuelan nationals serve as crewmembers during maritime operations, the majority of the boat captains are Dominican nationals. The maritime operations are primarily coordinated by Dominican organizations. Dominican and Puerto Rican trafficking organizations are the primary wholesale and retail distributors of cocaine. Dominican DTOs are becoming more sophisticated and dominant in the drug trade throughout the region, including brokering drug deals and coordinating maritime ventures. In addition, Dominican DTOs have been establishing ties with Mexican TCOs in an effort to transport heroin in the United States and establish fentanyl-milling operations in the Dominican Republic. These organizations are highly mobile and unrestricted by national boundaries. They often change their smuggling patterns to avoid law enforcement detection.

Puerto Rico-based trafficking organizations have established heroin trafficking routes from Venezuela to Puerto Rico. In some cases, traffickers are instructing couriers to travel from Caracas, Venezuela to cities along the East Coast, such as New York or Miami, and then to Puerto Rico to deliver the heroin. This indirect route is taken in order to evade law enforcement scrutiny. Heroin available in Puerto Rico is also smuggled through the Dominican Republic. Heroin trafficking organizations based in the Dominican Republic use human couriers to smuggle heroin on the vehicle/passenger ferry that operates between the Dominican Republic and Puerto Rico.

Diversion/Illicit Use of Controlled Prescription Drugs

While there is very little illegal flow of diverted pharmaceuticals between Puerto Rico and the United States, the local diversion of pharmaceutical products and prescription drug abuse is a growing threat in Puerto Rico. The vast majority of people involved in CPD diversion obtain CPDs locally. Recent intelligence suggests the poor quality of controlled medications that were imported from European countries, as well as those made at clandestine laboratories operating in the Dominican Republic, might be the reason for the preference of locally manufactured or diverted pharmaceuticals. Pharmaceutical prescriptions are primarily diverted by unscrupulous physicians who prescribe medication without legitimate medical examinations, and by individuals using forged prescriptions. CPDs are also obtained through Internet pharmacies and from patients who sell their own legitimate prescriptions. Further, criminal organizations obtain CPDs through doctor shopping, operating in small groups of three to five people. The Government of Puerto Rico does not participate in any PMP. CPDs are available at almost all drug markets in Puerto Rico. In the U.S. Virgin Islands, CPD abuse is low.

GUAM

Drug Threat/Availability

Methamphetamine and marijuana are two of the principal drugs of choice in Guam. MDMA, ketamine, and illicit pharmaceuticals are also available to a lesser degree in Guam, and are often purchased in clubs and bars. Many of Guam's violent crimes are linked to drugs, alcohol abuse, lack of economic opportunities, and lack of educational attainment.

Crystal "ice" methamphetamine poses the greatest threat to Guam. Current street prices for methamphetamine range from $350 to $500 USD a gram. Most of the methamphetamine shipped to Guam originates from the United States mainland; primarily from the states of California and Washington via postal packages or courier. Guamanians residing on the U.S. mainland often acquire methamphetamine and mail it to criminal associates in Guam, who sell the drug for an exponential profit margin. Ounce and pound quantities of methamphetamine were available as of December 2016 in these source states for prices that reflect a cost per gram of less than $10.00. China has also been identified as a secondary source of methamphetamine to Guam.

In February 2016, the U.S. Postal Inspection Service (USPIS), in conjunction with the DEA Guam Resident Office (RO), intercepted three suspicious Express Mail packages originating from a fictitious Los Angeles, CA area address. Search warrants executed on the packages resulted in the seizure of approximately 30 pounds of methamphetamine and the arrest of two members of the Guam-based Agat Blood Town (ABT) gang.

In August 2016, a passenger departed Los Angeles International Airport (LAX) via commercial airlines destined for Guam via Honolulu, HI. Upon arrival at the Guam International Airport, the passenger was placed into Guam Customs and Quarantine Agency secondary inspection and subsequently detained/arrested after approximately 400 gross grams of methamphetamine was located in the passenger's carry-on luggage. The individual later acknowledged smuggling approximately 230 grams of methamphetamine into Guam from Los Angeles, California several months earlier via internal body carry.

In November 2016, the DEA Guam RO, in conjunction with the USPIS, intercepted approximately 28 pounds of methamphetamine that was sent to Guam from Washington by a Guam-based DTO. Subsequent to a controlled delivery and arrest of the intended recipient, investigators executed seizure warrants on bank accounts and safety deposit boxes and seized approximately $1,000,000.00.

Marijuana also poses a significant threat to Guam. Low-quality marijuana is cultivated in Guam, with grow sites typically located within heavy jungle growth in close proximity to residential dwellings. In lesser amounts, marijuana is shipped to Guam via postal packages or transported via commercial air flights from the U.S. mainland.

In 2014, Guam voters approved a ballot initiative legalizing marijuana for "debilitating medical conditions." After a multi-year delay, the Guam Department of Public Health and Social Services (DPHSS), in charge of creating the rules and regulations for medical marijuana, has recently considered allowing the possible establishment of three dispensaries within the northern, central, and southern regions of Guam along with possibly 10 cultivation sites. In January 2017, the DPHSS began accepting license applications for commercial marijuana cultivation. Permits also are available for dispensaries, commercial manufacturing and testing labs. Also of significance, legislation was introduced in January 2017 in Guam to legalize the recreational use of marijuana. The bill would allow anyone 21 years and older to purchase and possess up to an ounce of marijuana from licensed distributors.

In 2015, half (49.2%) of all high school students in Guam reported using marijuana in their lifetime, and almost one-third (30.2%) had used marijuana within 30 days of the survey compared to 21.7 percent in the United States. A smaller number, 4.5 percent, of Guam high school students reported using methamphetamine in their lifetime, compared

to only 3.0 percent in the United States. In 2015, 10.7 percent of high school students in Guam reported taking a prescription drug, such as OxyContin®, Percocet®, Vicodin®, Adderall®, Ritalin, or Xanax®, without a doctor's prescription in their lifetime.

Drug Trafficking Groups

Criminal drug organizations in Guam are typically comprised of Korean, Filipino, and Chinese nationals who smuggle methamphetamine to the island via couriers. Mexican organizations supply some of the methamphetamine reaching Guam indirectly via the U.S. mainland.

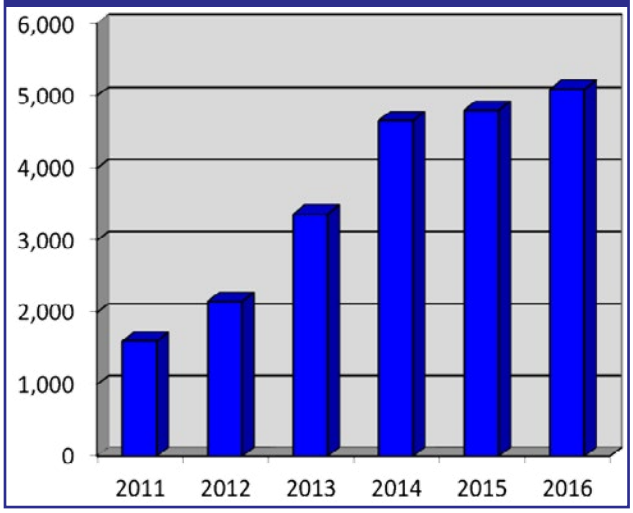
Drug proceeds are often mailed back to the United States mainland or sent electronically through established bank accounts. Similarly, proceeds are sent via wire transfer to Korea, China, and other Asian countries. Generally, the proceeds are either reinvested to purchase additional quantities of the drug and/or are used to purchase vehicles or personal goods.

(U) Tribal Lands

Drug Threat in Indian Country

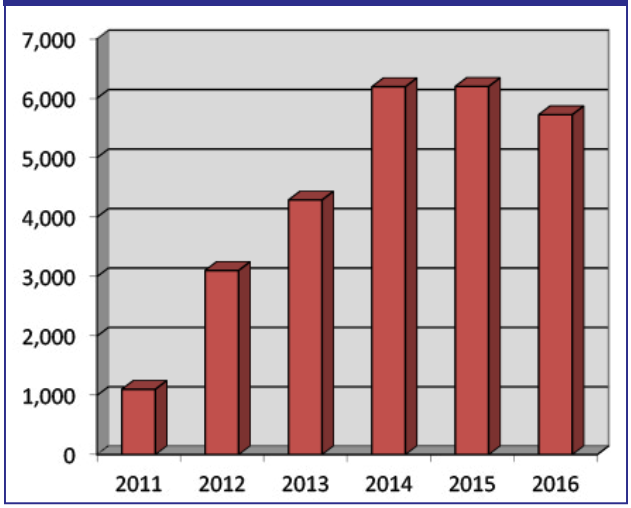
The drug threat in Indian Country[44] varies by region and is influenced by the illicit drugs available in major cities near the reservations. Most illicit drugs available throughout Indian Country are transported to reservations by Native American criminal groups and independent dealers, who travel to nearby cities to purchase drugs, primarily from Mexican traffickers and other criminal groups. In some instances, distributors residing on remote reservations travel long distances to obtain drugs for distribution in their home communities. The number of drug cases and arrests conducted by Indian Country law enforcement programs[45] has increased substantially since 2011. More recently, from FY 2015 to FY 2016, the increase in the number of drug cases was slighter, at seven percent, and Indian Country experienced a seven percent decrease in the number of drug arrests (see Figures 150 and 151).

Figure 150. Indian Country Law Enforcement Program Drug Cases, FY 2011 – FY 2016.



Source: Bureau of Indian Affairs

Figure 151. Indian Country Law Enforcement Program Drug Arrests, FY 2011 – FY 2016.



Source: Bureau of Indian Affairs

High levels of unemployment and poverty are prevalent throughout Indian Country and contribute to Native American communities' susceptibility to substance abuse and exploitation by drug traffickers. While marijuana and methamphetamine are the illicit substances most widely used by American Indians, prescription drug and heroin use have increased in many areas of Indian Country.

Although marijuana is the most widely available illicit drug on reservations, crystal methamphetamine, powder and crack cocaine, synthetic cathinones, diverted pharmaceuticals, heroin, and MDMA are also available at various levels. Mexican traffickers are principal wholesale suppliers and producers of most illicit drugs available on reservations throughout Indian Country. Overall, Indian Country saw a substantial increase in methamphetamine and heroin seizures in FY 2016, but saw a decrease in processed marijuana seized in the same reporting period. Methamphetamine continues to be the most prevalent drug

[44] Indian Country includes all land within the limits of any Indian reservation, all dependent Indian communities within the borders of the United States, and all Indian allotments, the Indian titles to which have not been extinguished.

[45] These include the Bureau of Indian Affairs (BIA), the BIA Division of Drug Enforcement, and Tribal law enforcement.

seized from drug operations in Indian Country. BIA Field Agents reported an increase in heroin being sold in Indian Country in FY 2016 and expect numbers to rise in FY 2017. In FY 2016, methamphetamine seizures increased by 109%, and heroin seizures increased by 56% over the FY 2015 totals.

"Home of the Brave" Investigation

"Home of the Brave" was a multi-agency, long-term, drug conspiracy investigation targeting members of the Indian Brotherhood (IBH) prison gang. IBH members utilized cellular telephones inside of prison to direct a DTO outside in northeast Oklahoma. The DTO was primarily involved in the distribution of methamphetamine. The gang also utilized various local gaming casinos as venues to deliver and sell their methamphetamine. Overall, the investigation has resulted in the seizure of several firearms and 2.6 kilograms of suspected methamphetamine, along with 17 arrests (see Figure 152).

Figure 152. Seized methamphetamine from "Home of the Brave" investigation.

Source: Bureau of Indian Affairs

Indian Affairs and the Bureau of Indian Affairs

Indian Affairs (IA) is the oldest bureau of the United States Department of the Interior. Established in 1824, IA currently provides services (directly or through contracts, grants, or compacts) to approximately 1.9 million American Indians and Alaska Natives. There are 567 federally recognized American Indian tribes and Alaska Natives in the United States. BIA is responsible for the administration and management of 55 million surface acres and 57 million acres of subsurface minerals estates held in trust by the United States for American Indians.

Drug production in Indian Country is limited; however, there are readily available supplies of illicit drugs typically in cities near reservations. In the case of reservations bordering Mexico and Canada, illicit drugs are readily available due to the transportation of drugs through them. Further, Mexican traffickers play a prominent role in producing cannabis at outdoor grow sites in remote locations on reservations, particularly in the Pacific Region.

Traffickers continue to smuggle multiple tons of marijuana through the Tohono O'odham Reservation in eastern Arizona, which accounts for almost 4 percent of the U.S.—Mexico border. These traffickers also smuggle lesser amounts of cocaine, heroin, and methamphetamine. Drug traffickers exploit the vast stretches of remote, sparsely populated desert, the 75 miles of largely unprotected border with Mexico, and the highways that connect the reservation to major metropolitan areas to distribute illicit drugs in markets throughout the United States.

Figure 153. Marijuana and Methamphetamine Seized from Vehicles Crossing Red Lake Reservation.

Source: Bureau of Indian Affairs

Traffickers also smuggle large amounts of illicit drugs into the United States through reservations that border Canada, especially the St. Regis Mohawk Reservation in New York, commonly referred to as the Akwesasne. Traffickers smuggle multi-thousand tablet quantities of MDMA into the United States and multi-kilogram quantities of cocaine into Canada through the reservation.

The widespread availability and abuse of drugs in Indian Country, coupled with drug trafficking groups operating in Indian Country, contribute to high rates of crime on reservations. Due to the wide range of violent and property crimes traffickers engage in, the crime rates on some reservations can be five times higher (in some cases more) than the national averages for similar crimes. Drug traffickers engage in these crimes to facilitate their operations, while abusers generally engage in such crimes to support their addiction. Further, most reservations remain economically depressed and lack the resources necessary to counter the drug threat.

Since late 2014, several Native American reservations have passed resolutions allowing for both personal use and medical marijuana. These reservations are generally located within states that have already approved medical, personal use, or hemp marijuana. In 2016, Tribes continued to expand their enterprises to include marijuana dispensaries and cultivation operations. In March 2016, the Las Vegas Paiute Tribe announced a roughly $5 million construction project that would include a 4,000-square-foot dispensary on the 30-acre downtown colony and a second dispensary, as well as greenhouses and a production center to be built at the tribe's Snow Mountain Reservation. In 2016, additional Tribes in Washington State and Oregon entered into compacts with the states to operate dispensaries on their reservations.

BIA Seizes Marijuana from Multiple Dispensaries and Indoor Grow

In February 2016, BIA Division of Drug Enforcement (DDE) Agents and members of the Upper Peninsula Substance Enforcement Team (UPSET) executed search warrants at dispensaries in three Michigan cities: Watersmeet, Iron River, and Marquette. DDE Agents and UPSET Detectives seized 6.85 pounds of marijuana from the Watersmeet store front, 5.36 pounds of marijuana from the Iron River store front, and 7.13 pounds of marijuana from the Marquette store front. Additionally, sales records revealed the Watersmeet store had sold at least 70 pounds of marijuana, the Iron River store had sold at least 40 pounds of marijuana, and the Marquette store had sold at least two pounds of marijuana. An additional search warrant was executed at the residence of the suspected owner of the dispensaries, revealing an indoor grow operation. Detectives seized 186 marijuana plants in various stages of development and 102 pounds of processed marijuana (see Figure 154).

Figure 154. Indoor marijuana grow operation on Lac Vieux Desert Reservation.

Source: Bureau of Indian Affairs

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APPENDIX A: NATIONAL DRUG THREAT SURVEY METHODOLOGY AND KEY FINDINGS

Scope and Methodology

The NDTS is an annual survey managed and administered by DEA which gauges each respondent's perception regarding drug threats, drug availability, drug trafficking, marijuana legalization effects, and the diversion of controlled prescription drugs. In previous years the survey relied upon a nationally representative sample of domestic local law enforcement agencies (including tribal and university police departments). For 2017, instead of surveying a representative sample of local law enforcement agencies, DEA solicited a response from each agency within the population[46], such that a larger response set was garnered.

In 2017, some survey questions were changed to obtain a better understanding of the current drug threats facing the United States, and as a result, select 2017 NDTS results cannot be compared to previous years' results. Questions relating to fentanyl and NPS were added to sections addressing the Greatest Drug Threat, Violent Crime, Property Crime, Drug Availability, Demand, Transportation, and Distribution. Crack cocaine was combined with powder cocaine into a single response labeled "Cocaine (Powder or Crack Cocaine)" to better capture and understand the current cocaine threat. Additionally, key questions regarding the impact of new marijuana legislation on criminal activity and the source of marijuana were added to increase our understanding of the evolving marijuana situation in the United States.

DEA received 5,155 responses to the 2017 NDTS from across the country (see Figure A1). The number of responses increased 257 percent from the previous year. The increase in responses can be attributed to the larger recipient pool of approximately 10,650 agencies, an increase of approximately 7,900 agencies. Additionally, the survey has transitioned to an electronic platform, through the help of EPIC, which makes answering the survey easier and faster for law enforcement participants. Survey data were not collected for 2012.

At a 95 percent confidence level, the 2017 NDTS national percentages are within 1.00 percentage point of the estimates reported. NDTS data used in this report do not imply there is only one drug threat per state or region, or only one drug is available per state or region. A percentage given for a state or region represents the estimated proportion of local law enforcement agencies in that state or region that identified a particular drug as the greatest threat in their respective areas of responsibility or that identified drug availability as at low, moderate, or high levels.

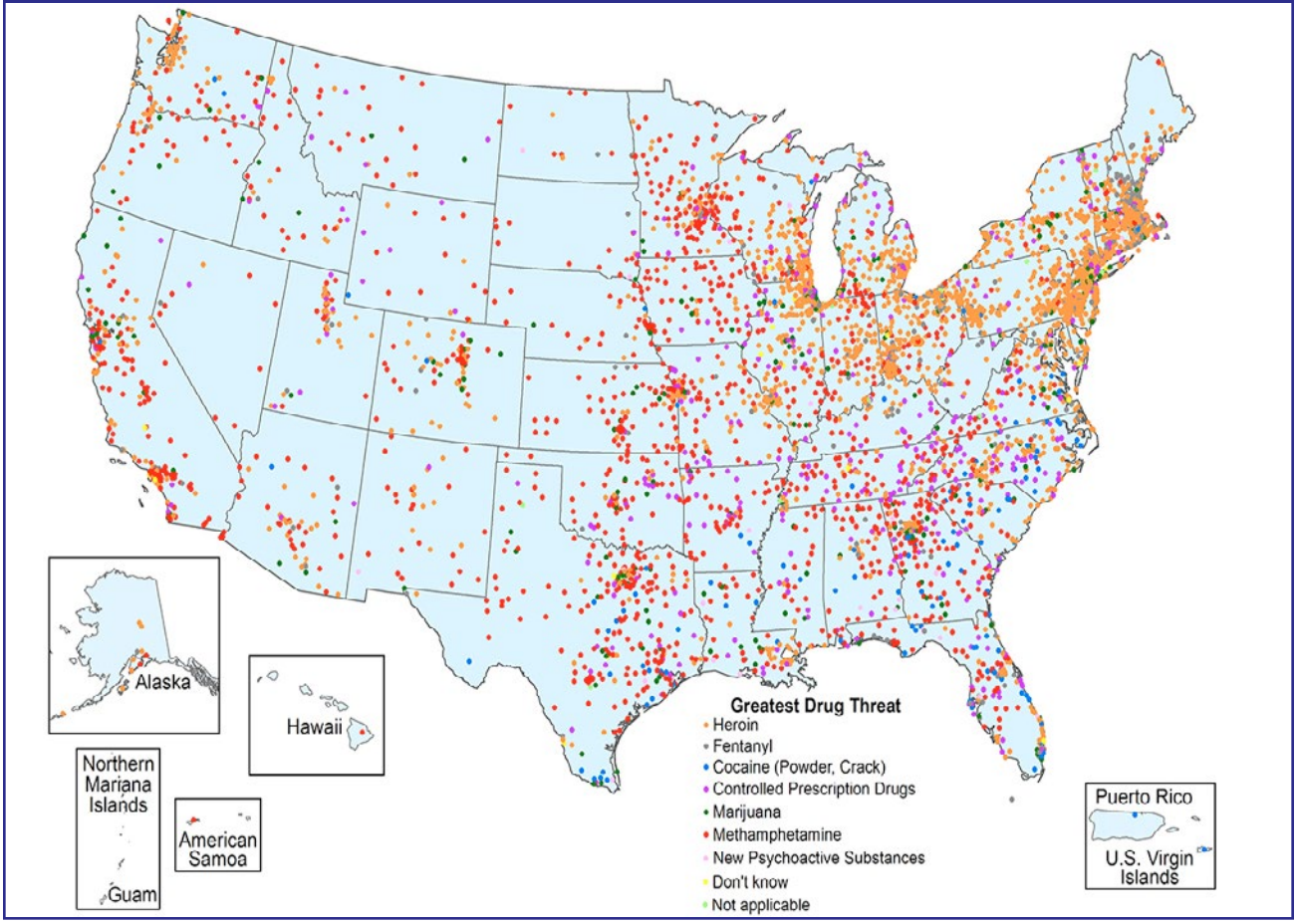
At a 95 percent confidence level, the regional[47] percentages are as follows:

- Florida/Caribbean Region percentages are within 4.85 percentage points of the estimates reported
- Great Lakes Region percentages are within 2.03 percentage points of the estimates reported
- Mid-Atlantic Region percentages are within 3.06 percentage points of the estimates reported
- New York/New Jersey Region percentages are within 3.32 percentage points of the estimates reported
- New England Region percentages are within 3.22 percentage points of the estimates reported
- Pacific Region percentages are within 4.11 percentage points of the estimates reported
- Southeast Region percentages are within 2.77 percentage points of the estimates reported

[46] DEA received 5,155 responses to the 2017 National Drug Threat Survey from across the country. DEA surveyed approximately 10,650 law enforcement agencies. This was an increase of approximately 7,900 agencies from the previous National Drug Threat Survey.

[47] OCDETF Regions are used here.

Figure A1. 2017 National Drug Threat Survey Respondents.



Source: National Drug Threat Survey

- Southwest Region percentages are within 3.03 percentage points of the estimates reported
- West Central Region percentages are within 2.75 percentage points of the estimates reported

At a 95 percent confidence level, the DEA FD percentages are as follows:

- Atlanta FD percentages are within 3.26 percentage points of the estimates reported
- Caribbean FD percentages are within 0.00 percentage points of the estimates reported
- Chicago FD percentages are within 2.69 percentage points of the estimates reported
- Dallas FD percentages are within 5.25 percentage points of the estimates reported
- Denver FD percentages are within 4.58 percentage points of the estimates reported
- Detroit FD percentages are within 3.05 percentage points of the estimates reported
- El Paso FD percentages are within 9.85 percentage points of the estimates reported
- Houston FD percentages are within 5.95 percentage points of the estimates reported
- Los Angeles FD percentages are within 8.06 percentage points of the estimates reported

- Miami FD percentages are within 4.90 percentage points of the estimates reported
- New England FD percentages are within 3.22 percentage points of the estimates reported
- New Orleans FD percentages are within 5.05 percentage points of the estimates reported
- New York FD percentages are within 4.60 percentage points of the estimates reported
- Newark FD percentages are within 4.78 percentage points of the estimates reported
- Philadelphia FD percentages are within 3.99 percentage points of the estimates reported
- Phoenix FD percentages are within 6.29 percentage points of the estimates reported
- San Diego FD percentages are within 0.00 percentage points of the estimates reported
- San Francisco FD percentages are within 6.83 percentage points of the estimates reported
- Seattle FD percentages are within 5.27 percentage points of the estimates reported
- St. Louis FD percentages are within 3.45 percentage points of the estimates reported
- Washington FD percentages are within 4.69 percentage points of the estimates reported

Key Findings

2017 Greatest Drug Threat: The most commonly reported greatest drug threat was heroin, at 44.1 percent of law enforcement responses. (See Figures A2, A3, and A7) This was followed by 29.8 percent of respondents indicating methamphetamine was their greatest drug threat, 9.3 percent reporting controlled prescription drugs, 6.3 percent reporting fentanyl, 5.6 percent reporting marijuana, 3.2 percent reporting cocaine, and 0.8 percent reporting new psychoactive substances. Regionally, responses indicate methamphetamine is the greatest drug threat in the West and Southeast, whereas responses from most of the East Coast and the Great Lakes Region indicate heroin is the greatest drug threat. (See Figure A1 and Figure A7)

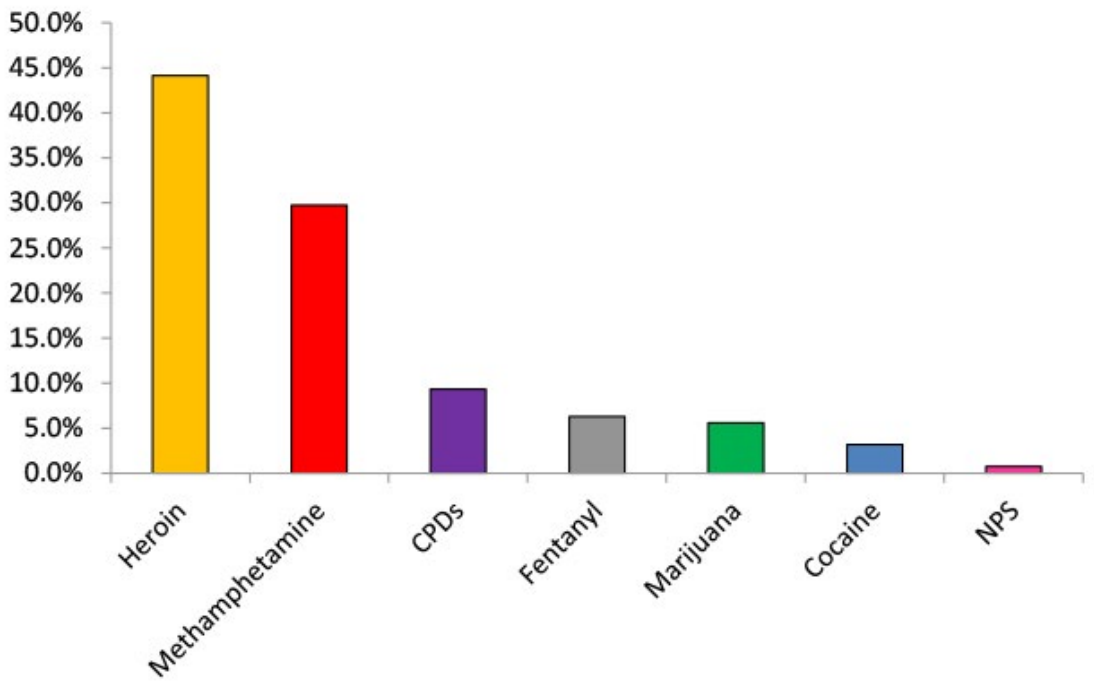
Shifting Greatest Drug Threat: There has been a significant shift in the overall drug threat reported by law enforcement over the last 10 years (see Figure AX). Historical NDTS responses indicate cocaine was commonly reported as the greatest national drug threat from 2007 to 2010, and then declined significantly as the heroin threat increased between 2010 and 2016, eventually becoming the greatest national drug threat in 2015. Law enforcement consistently reports methamphetamine as a high and stable threat, while the marijuana threat has remained low and is declining.

2017 Violent Crime and Property Crime: According to this law enforcement survey, heroin and methamphetamine are the two drugs most likely to be involved with violent and property crimes. Methamphetamine is most commonly reported as contributing most to violent crime, at 36.3 percent, followed by heroin with 25.8 percent, and by cocaine at 10.5 percent. Heroin is most commonly reported as contributing most to property crime, at 38.5 percent, followed by methamphetamine at 31.9 percent, and by controlled prescription drugs at 9.5 percent.

2017 Law Enforcement Resources: This question was added to the 2017 NDTS and was not asked in previous iterations of the NDTS. This question allows local and tribal law enforcement agencies to identify which drug takes up the most law enforcement resources. This may or may not coincide with their greatest drug threat, violent crime, or property crime responses. According to the 2017 NDTS, heroin is the drug that takes up the most law enforcement resources with 36.1 percent, followed by methamphetamine with 30.0 percent.

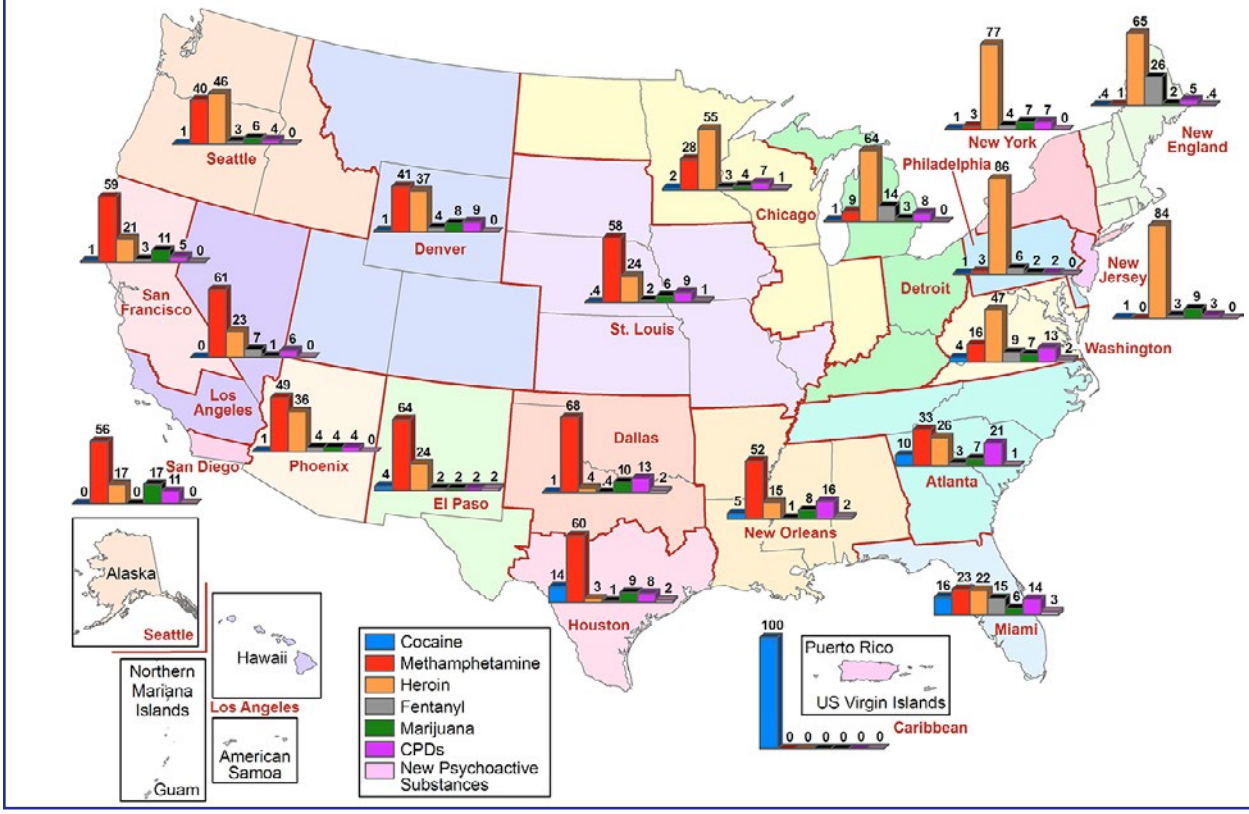
2017 Drug Availability: Drug availability indicates how easy it is for users to obtain a given drug. Responses indicating high availability, meaning the drug is easily obtained at any time, are used as the measure of availability in the maps and charts throughout this product. According to the 2017 NDTS, marijuana had the highest

Figure A2. Greatest Drug Threat – Percentage of NDTS Responses, 2017.



Source: National Drug Threat Survey

Figure A3. Greatest Drug Threat by Field Division – Reported by Percentage of State and Local Agencies, 2017.

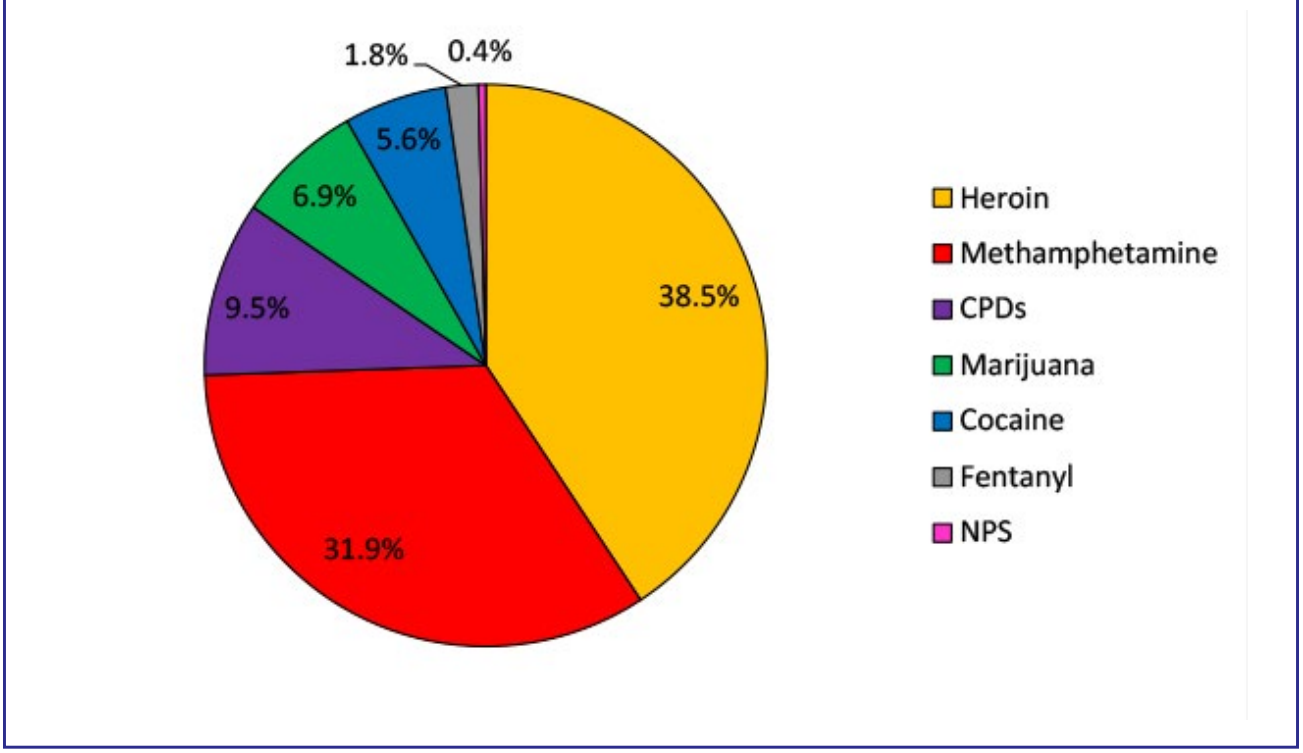


Source: National Drug Threat Survey

availability of all drugs, with 80.3 percent of respondents reporting high availability of marijuana. This was followed by 51.9 percent of respondents indicating high availability of controlled prescription drugs, 48.8 percent reporting high availability of heroin, 45.3 percent reporting high availability of methamphetamine, 22.5 percent reporting high availability of cocaine, and 14.6 percent reporting high availability of fentanyl (see Figure A12). Although a drug may be highly available in an area, it may not be the greatest drug threat in that area.

NDTS Tables

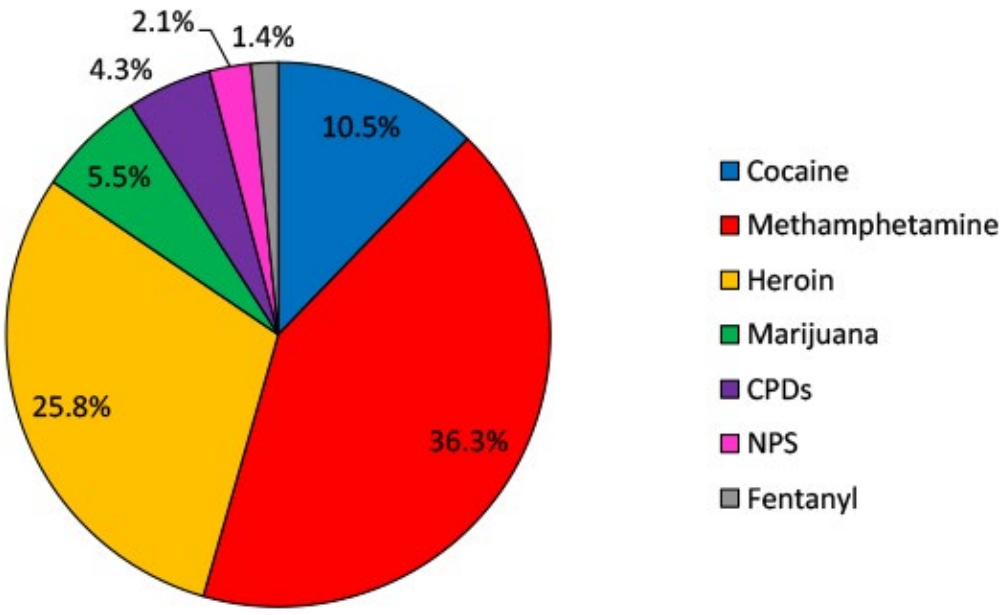
Figure A4. Drug that Most Contributes to Property Crime – Percentage of NDTS Responses, 2017.[48]



Source: National Drug Threat Survey

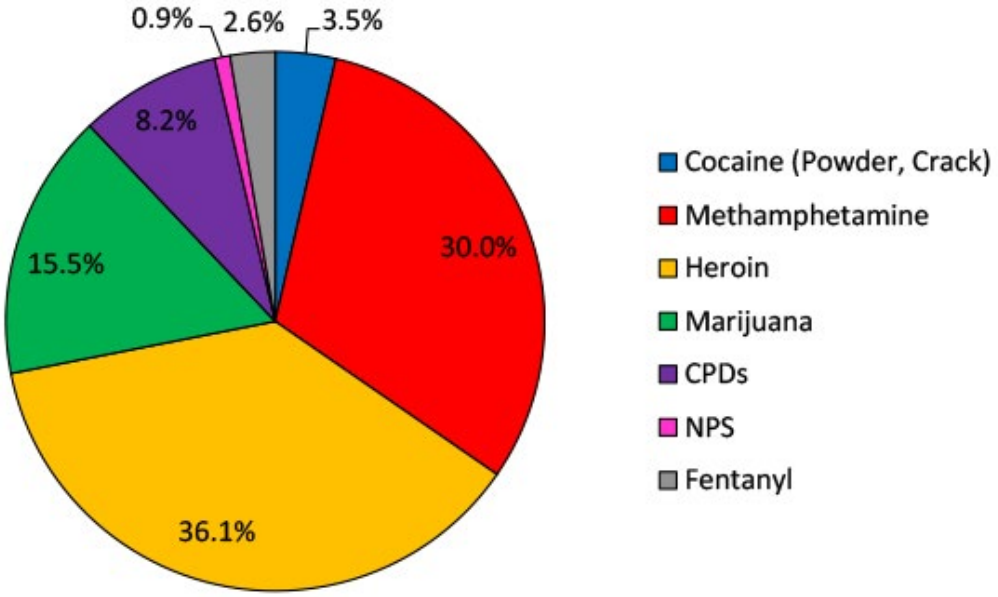
[48] Percentages do not add up to 100% due to some survey recipients selecting "Don't Know" as a response to these questions and to some survey recipients failing to respond to these questions

Figure A5. Drug that Most Contributes to Violent Crime – Percentage of NDTS Responses, 2017.



Source: National Drug Threat Survey

Figure A6. Drug that Takes Up the Most Law Enforcement Resources – Percentage of NDTS Responses, 2017.



Source: National Drug Threat Survey

Figure A7. 2017 NDTS Respondents Reporting Greatest Drug Threat, by Drug, by DEA Field Division Area of Responsibility (Percentage).							
Field Division	Heroin	Methamphetamine	CPDs	Fentanyl	Marijuana	Cocaine	NPS
Atlanta	26.0%	32.5%	20.7%	3.1%	6.6%	9.9%	0.6%
Caribbean	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%
Chicago	54.6%	27.6%	7.1%	3.0%	4.0%	1.5%	0.8%
Dallas	4.1%	67.9%	12.5%	0.4%	10.2%	0.9%	1.8%
Denver	37.1%	41.4%	9.0%	4.2%	7.7%	0.5%	0.0%
Detroit	64.2%	9.4%	7.6%	13.9%	2.9%	0.7%	0.0%
El Paso	23.8%	64.0%	2.0%	2.1%	2.1%	4.2%	2.0%
Houston	3.0%	60.4%	7.9%	1.2%	9.1%	14.0%	2.4%
Los Angeles	22.9%	61.2%	5.9%	6.5%	1.2%	0.0%	0.0%
Miami	21.6%	22.7%	14.2%	14.8%	5.7%	15.9%	2.8%
New England	65.0%	1.1%	4.6%	25.5%	2.4%	0.4%	0.4%
New Jersey	84.2%	0.0%	3.2%	2.7%	8.6%	0.5%	0.0%
New Orleans	14.7%	51.9%	16.4%	1.4%	8.4%	5.0%	2.1%
New York	76.9%	3.1%	7.1%	4.0%	6.7%	1.3%	0.0%
Philadelphia	85.9%	2.7%	2.4%	5.9%	2.0%	0.9%	0.0%
Phoenix	36.2%	49.3%	4.3%	4.3%	4.3%	1.4%	0.0%
San Diego	16.7%	55.6%	11.1%	0.0%	16.7%	0.0%	0.0%
San Francisco	20.7%	58.6%	5.2%	2.6%	11.2%	0.9%	0.0%
Seattle	46.1%	39.9%	4.1%	3.3%	6.1%	0.6%	0.0%
St. Louis	24.3%	57.8%	9.4%	1.8%	5.5%	0.4%	0.5%
Washington	47.2%	15.7%	12.9%	8.8%	7.1%	4.2%	2.4%
Nationwide	44.1%	29.8%	9.3%	6.3%	5.6%	3.2%	0.8%
Source: National Drug Threat Survey							

Figure A8. 2017 NDTS Respondents Reporting Drug That Most Contributes to Property Crime, by DEA Field Division Area of Responsibility (Percentage).							
Field Division	Heroin	Methamphetamine	CPDs	Fentanyl	Marijuana	Cocaine	NPS
Atlanta	14.6%	36.4%	19.5%	6.2%	16.9%	0.8%	0.0%
Caribbean	50.0%	0.0%	0.0%	0.0%	50.0%	0.0%	0.0%
Chicago	42.4%	30.8%	8.4%	7.3%	1.8%	0.6%	0.4%
Dallas	1.3%	74.4%	7.3%	9.1%	3.1%	0.0%	0.0%
Denver	23.7%	53.1%	8.3%	10.3%	1.5%	0.5%	0.5%
Detroit	64.8%	9.6%	8.9%	5.5%	2.3%	3.8%	0.0%
El Paso	26.0%	67.9%	0.0%	2.0%	2.1%	0.0%	0.0%
Houston	6.1%	49.4%	4.9%	14.6%	16.5%	0.0%	1.2%
Los Angeles	21.1%	64.2%	0.0%	4.7%	2.3%	0.0%	4.1%
Miami	14.8%	23.3%	18.2%	6.3%	26.1%	2.3%	1.1%
New England	71.6%	1.3%	8.6%	2.3%	1.1%	11.5%	0.0%
New Jersey	80.2%	0.0%	4.5%	5.4%	1.4%	0.5%	0.0%
New Orleans	8.3%	50.2%	15.7%	7.7%	13.1%	0.4%	0.7%
New York	72.9%	4.0%	7.1%	5.3%	4.0%	0.9%	0.0%
Philadelphia	79.1%	1.2%	6.8%	3.8%	1.2%	1.2%	0.6%
Phoenix	31.9%	58.0%	4.3%	5.8%	0.0%	0.0%	0.0%
San Diego	22.2%	72.2%	5.6%	0.0%	0.0%	0.0%	0.0%
San Francisco	15.5%	67.2%	2.6%	11.2%	0.0%	0.0%	0.0%
Seattle	35.4%	53.7%	4.0%	5.3%	0.0%	0.5%	0.0%
St. Louis	15.0%	62.8%	5.2%	10.5%	1.1%	0.8%	0.5%
Washington	42.9%	14.8%	17.9%	8.4%	6.8%	0.9%	1.8%
Nationwide	38.5%	31.9%	9.5%	6.9%	5.6%	1.8%	0.4%
Source: National Drug Threat Survey							

Figure A9. 2017 NDTS Respondents Reporting Drug That Most Contributes to Violent Crime, by DEA Field Division Area of Responsibility (Percentage).							
Field Division	Heroin	Methamphetamine	CPDs	Fentanyl	Marijuana	Cocaine	NPS
Atlanta	37.7%	11.1%	22.9%	6.4%	8.9%	1.6%	0.2%
Caribbean	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%
Chicago	34.4%	27.8%	7.3%	6.1%	4.3%	1.6%	0.8%
Dallas	70.7%	2.2%	2.9%	5.4%	3.1%	2.9%	0.0%
Denver	66.3%	13.6%	2.1%	4.6%	3.1%	0.5%	1.0%
Detroit	16.9%	46.2%	6.8%	5.1%	5.3%	1.6%	2.2%
El Paso	71.9%	10.0%	4.2%	0.0%	0.0%	4.0%	0.0%
Houston	55.5%	1.2%	15.9%	3.0%	3.7%	6.1%	0.0%
Los Angeles	82.4%	2.3%	0.0%	3.5%	0.0%	4.7%	0.0%
Miami	24.4%	8.5%	36.9%	4.5%	4.5%	7.4%	2.3%
New England	3.8%	45.5%	9.1%	5.7%	6.0%	0.8%	7.8%
New Jersey	1.8%	56.3%	7.7%	4.1%	4.5%	2.3%	0.5%
New Orleans	52.8%	8.0%	17.9%	4.8%	3.9%	2.5%	0.4%
New York	2.7%	51.1%	14.7%	4.4%	5.8%	1.8%	0.9%
Philadelphia	10.1%	58.6%	6.7%	2.7%	4.1%	2.4%	1.5%
Phoenix	71.0%	15.9%	2.9%	5.8%	0.0%	1.4%	0.0%
San Diego	77.8%	5.6%	0.0%	0.0%	0.0%	5.6%	0.0%
San Francisco	63.8%	3.4%	3.4%	20.7%	0.0%	0.9%	1.7%
Seattle	70.5%	13.6%	2.2%	4.9%	1.0%	0.6%	0.5%
St. Louis	67.3%	10.4%	3.0%	4.9%	0.7%	2.0%	0.8%
Washington	18.4%	27.1%	18.2%	10.5%	5.2%	2.2%	1.9%
Nationwide	36.3%	25.8%	10.5%	5.5%	4.3%	2.1%	1.4%
Source: National Drug Threat Survey							

Figure A10. 2017 NDTS Respondents Reporting Drug That Takes Up Most Law Enforcement Resources, by DEA Field Division Area of Responsibility (Percentage)							
Field Division	Heroin	Methamphetamine	CPDs	Fentanyl	Marijuana	Cocaine	NPS
Atlanta	16.3%	35.2%	15.1%	18.0%	9.9%	1.3%	0.6%
Caribbean	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%
Chicago	39.8%	28.5%	15.6%	7.8%	2.1%	1.0%	0.8%
Dallas	1.1%	61.5%	22.0%	5.5%	1.9%	0.0%	2.3%
Denver	16.3%	44.3%	26.0%	7.3%	2.5%	1.0%	0.5%
Detroit	59.5%	12.0%	11.1%	7.2%	0.9%	5.6%	0.3%
El Paso	13.8%	70.0%	8.2%	2.0%	2.1%	0.0%	2.0%
Houston	2.4%	47.0%	28.0%	4.3%	9.1%	0.0%	3.7%
Los Angeles	11.7%	63.6%	11.7%	3.5%	1.2%	0.0%	3.6%
Miami	16.5%	25.6%	17.6%	11.9%	17.0%	6.3%	1.7%
New England	65.7%	1.7%	8.5%	6.4%	0.7%	14.8%	0.2%
New Jersey	71.6%	0.0%	21.6%	3.2%	1.4%	0.5%	0.0%
New Orleans	8.5%	53.2%	12.6%	14.1%	6.1%	0.4%	2.2%
New York	68.9%	4.9%	17.3%	2.7%	2.7%	1.8%	0.0%
Philadelphia	76.0%	2.4%	10.8%	4.7%	0.9%	2.1%	0.0%
Phoenix	23.2%	58.0%	10.1%	5.8%	0.0%	1.4%	0.0%
San Diego	16.7%	72.2%	0.0%	5.6%	0.0%	0.0%	0.0%
San Francisco	9.5%	50.0%	35.3%	3.4%	0.0%	0.0%	0.0%
Seattle	36.7%	49.4%	7.2%	4.5%	0.6%	0.5%	0.0%
St. Louis	15.0%	54.1%	18.5%	6.6%	0.5%	0.7%	0.8%
Washington	47.6%	15.0%	11.9%	12.7%	5.3%	2.3%	1.1%
Nationwide	36.1%	30.0%	15.5%	8.2%	3.5%	2.6%	0.9%
Source: National Drug Threat Survey							

Figure A11. 2017 NDTS Respondents Reporting High Diversion and Use of Prescription Narcotics, by OCDETF Region (Percentage).				
	Diversion		Use	
OCDETF Region	2016	2017	2016	2017
Florida/ Caribbean	30.8	24.6	44.3	36.5
Great Lakes	38.4	33.6	42	44.6
Mid-Atlantic	39.8	37.6	51.2	47.1
New England	40.5	29.6	43.2	43.7
New York/ New Jersey	38.5	31.7	39.2	44.7
Pacific	39.6	31.0	42	46.5
Southeast	54.2	47.6	50.6	58.5
Southwest	32.3	29.4	42.5	40.7
West Central	39.9	36.1	45	45.5
Nationwide	41.7	35.6	45.2	46.9
Source: National Drug Threat Survey				

Figure A12. Percentage of NDTS Respondents Reporting High Availability, by Drug, Nationwide 2013- 2017.					
OCDETF Region	2013	2014	2015	2016	2017
Controlled Prescription Drugs (CPDs)	75.4	63.2	56.7	57.6	51.9
Heroin	30.3	34	38.4	45.4	48.8
Methamphetamine	39.5	40.6	42.2	45.4	45.3
Cocaine (Powder, Crack)	*	*	*	*	22.5
Fentanyl	*	*	*	*	14.6
Marijuana	88.2	80	79.8	80.6	80.3
NPS	*	*	*	*	8.8
MDMA	*	8.8	7.3	4.5	6.1
Hallucinogens	*	*	*	*	2.9
Source: National Drug Threat Survey					

*Indicates data not available, either due to lack of historical collection or partial survey re-design

Figure A13. 2017 NDTS Respondents Reporting High Availability, by Drug, by DEA Field Division Area of Responsibility (Percentage).									
Field Division	Cocaine	Methamphetamine	Heroin	Marijuana	CPDs	NPS	Fentanyl	MDMA	Hallucinogens
Atlanta	36%	57%	35%	83%	68%	8%	9%	10%	2%
Caribbean	50%	0%	50%	100%	0%	0%	0%	50%	0%
Chicago	16%	41%	50%	79%	48%	8%	11%	5%	3%
Dallas	10%	70%	18%	82%	59%	12%	4%	7%	2%
Denver	14%	73%	53%	91%	51%	10%	6%	6%	8%
Detroit	22%	30%	65%	78%	48%	7%	30%	5%	4%
El Paso	16%	80%	52%	78%	38%	12%	0%	4%	0%
Houston	34%	60%	16%	80%	49%	24%	2%	12%	4%
Los Angeles	17%	74%	56%	87%	59%	8%	4%	16%	4%
Miami	51%	42%	36%	82%	35%	13%	15%	12%	3%
New England	24%	6%	72%	79%	42%	3%	44%	2%	1%
New Jersey	23%	4%	61%	69%	39%	4%	14%	5%	3%
New Orleans	30%	66%	22%	81%	71%	16%	4%	7%	2%
New York	29%	12%	67%	79%	43%	6%	18%	4%	3%
Philadelphia	20%	19%	80%	75%	48%	7%	21%	3%	3%
Phoenix	17%	81%	67%	74%	41%	9%	1%	7%	4%
San Diego	22%	78%	72%	89%	44%	33%	6%	22%	22%
San Francisco	14%	81%	47%	89%	47%	5%	4%	9%	3%
Seattle	9%	79%	68%	90%	47%	6%	5%	10%	3%
St. Louis	8%	72%	27%	84%	55%	8%	9%	4%	3%
Washington	30%	29%	55%	71%	54%	8%	19%	4%	6%
Nationwide	22%	45%	49%	80%	52%	9%	15%	6%	3%

Source: National Drug Threat Survey

Figure A14. 2017 NDTS Respondents Reporting Marijuana Cultivation, by Region (Percentage).				
Field Division	Heroin	Methamphetamine	CPDs	Fentanyl
Atlanta	57.6%	48.0%	11.8%	11.3%
Caribbean	100.0%	50.0%	0.0%	0.0%
Chicago	63.5%	42.0%	16.0%	14.6%
Dallas	43.5%	38.0%	17.1%	17.8%
Denver	77.8%	33.9%	8.9%	7.4%
Detroit	77.0%	44.3%	9.1%	6.4%
El Paso	49.5%	37.7%	16.2%	22.3%
Houston	40.9%	25.0%	25.6%	22.0%
Los Angeles	77.0%	31.3%	11.8%	4.7%
Miami	73.9%	19.3%	14.2%	8.0%
New England	76.0%	52.4%	6.2%	9.6%
New Jersey	40.5%	19.4%	37.8%	15.3%
New Orleans	44.9%	49.7%	17.7%	11.7%
New York	69.3%	56.0%	14.2%	8.4%
Philadelphia	62.2%	34.8%	13.8%	15.6%
Phoenix	76.8%	33.3%	14.5%	5.8%
San Diego	83.3%	33.3%	11.1%	5.6%
San Francisco	83.6%	60.3%	7.8%	2.6%
Seattle	76.3%	52.1%	5.0%	5.5%
St. Louis	56.5%	43.0%	17.0%	13.8%
Washington	61.3%	52.0%	7.1%	13.7%
Nationwide	62.5%	42.6%	14.2%	11.8%
Source: National Drug Threat Survey				

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APPENDIX B: ADDITIONAL TABLES

Figure B1. Top 10 States Impacted by Drug Overdose Deaths, 2015.

Rank	State	Age-Adjusted Death Rate *Per 100,000 Population*	Number of Deaths
1	West Virginia	41.5	725
2	New Hampshire	34.3	422
3	Kentucky	29.9	1,273
4	Ohio	29.9	3,310
5	Rhode Island	28.2	310
6	Pennsylvania	26.3	3,264
7	Massachusetts	25.7	1,724
8	New Mexico	25.3	501
9	Utah	23.4	646
10	Tennessee	22.2	1,457

Source: National Center for Health Statistics/Centers for Disease Control and Prevention

Figure B2. Trends in Lifetime, Past Year, and Past Month Drug Use Among Persons Aged 12 or Older, 2010 - 2015.						
Lifetime Use	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**
Cocaine (any form)	37,361,000	36,921,000	37,688,000	37,634,000	39,200,000	38,744,000
Crack Cocaine	9,208,000	8,214,000	9,015,000	8,870,000	9,424,000	9,035,000
Heroin	4,144,000	4,162,000	4,565,000	4,812,000	4,813,000	5,099,00
Marijuana	106,613,000	107,842,000	111,239,000	114,712,000	117,213,000	117,865,000
Methamphetamine	NC	NC	NC	NC	NC	14,511,000
Prescription Psychotherapeutics	51,832,000	51,243,000	54,389,000	53,172,000	54,395,000	NR
Prescription Pain Relievers	34,908,000	34,247,000	37,045,000	35,473,000	36,064,000	NR
Past Year Use	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**
Cocaine (any form)	4,533,000	3,857,000	4,671,000	4,182,000	4,553,000	4,828,000
Crack Cocaine	885,000	625,000	921,000	632,000	773,000	833,000
Heroin	621,000	620,000	669,000	681,000	914,000	828,000
Marijuana	29,301,000	29,739,000	31,513,000	32,952,000	35,124,000	36,043,000
Methamphetamine	NC	NC	NC	NC	NC	1,713,000
Prescription Psychotherapeutics	NC	NC	NC	NC	NC	18,492,000
Prescription Pain Relievers	NC	NC	NC	NC	NC	12,462,000
Past Month Use	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**
Cocaine (any form)	1,466,000	1,369,000	1,650,000	1,549,000	1,530,000	1,876,000
Crack Cocaine	378,000	228,000	443,000	377,000	354,000	394,000
Heroin	239,000	281,000	335,000	289,000	435,000	329,000
Marijuana	17,409,000	18,071,000	18,855,000	19,810,000	22,188,000	22,226,000
Methamphetamine	NC	NC	NC	NC	NC	897,000
Prescription Psychotherapeutics	NC	NC	NC	NC	NC	6,365,000
Prescription Pain Relievers	NC	NC	NC	NC	NC	3,775,000

Source: Monitoring the Future

Note: The figures for crack are included in cocaine (any form). The figures for prescription pain relievers are included in prescription psychotherapeutics.
NR = Not reported due to measurement issues; NC = Not comparable due to methodological changes

Figure B3. Adolescent Trends of Past Year Drug Use, in Percentage, 2012 - 2016.					
	2012	2013	2014	2015	2016
Cocaine					
8th Grade	1.2	1	1	0.9	0.8
10th Grade	2	1.9	1.5	1.8	1.3
12th Grade	2.7	2.6	2.6	2.5	2.3
Heroin					
8th Grade	0.5	0.5	0.5	0.3	0.3
10th Grade	0.6	0.6	0.5	0.5	0.3
12th Grade	0.7	0.6	0.6	0.5	0.3
Marijuana					
8th Grade	11.4	12.7	11.7	11.8	9.4
10th Grade	28	29.8	27.3	25.4	23.9
12th Grade	36.4	36.4	35.1	34.9	35.6
Methamphetamine					
8th Grade	1	1	0.6	0.5	0.4
10th Grade	1	1	0.8	0.8	0.4
12th Grade	1.1	0.9	1	0.8	0.6
Prescription Narcotics					
8th Grade	NS	NS	NS		
10th Grade	NS	NS	NS		
12th Grade	14.8	15	13.9	12.9	12
Synthetic Marijuana					
8th Grade	4.4	4	3.3	3.1	2.7
10th Grade	8.8	5.4	5.4	4.3	3.3
12th Grade	11.3	7.9	5.8	5.2	3.5
Bath Salts					
8th Grade	0.8	1	0.5	0.4	0.9
10th Grade	0.6	0.9	0.9	0.7	0.8
12th Grade	1.3	0.9	0.9	1	0.8
Source: Monitoring the Future NS= Category not surveyed for this age group					

Figure B4. Number of Admissions to Publicly-Licensed Treatment Facilities, By Primary Substance, 2009 - 2014.						
Lifetime Use	2009	2010	2011	2012	2013	2014
Cocaine	193,269	158,960	151,910	125,995	105,392	87,510
Heroin	287,783	267,572	282,841	299,674	333,250	357,293
Marijuana	373,257	357,952	351,896	317,739	288,917	247,461
Methamphetamine	111,769	108,894	107,242	117,594	131,270	135,264
Non-Heroin Opiates/ Synthetics	146,753	168,901	195,780	180,035	160,997	132,387

Source: Treatment Episode Data Set

*These drugs include codeine, hydrocodone, hydromorphone, meperidine, morphine, opium, oxycodone, pentazocine, propoxyphene, tramadol, and any other drug with morphine-like effects. Non presecription use of methadone is not included.

Note: Tennessee included heroin admissions in other opiates thru June 2009. In this report, Tennessee's 2009 heroin admissions are still included in the other opiates category since there is less than a full year of disaggregated heroin data.

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APPENDIX C: ADDITIONAL FIGURES

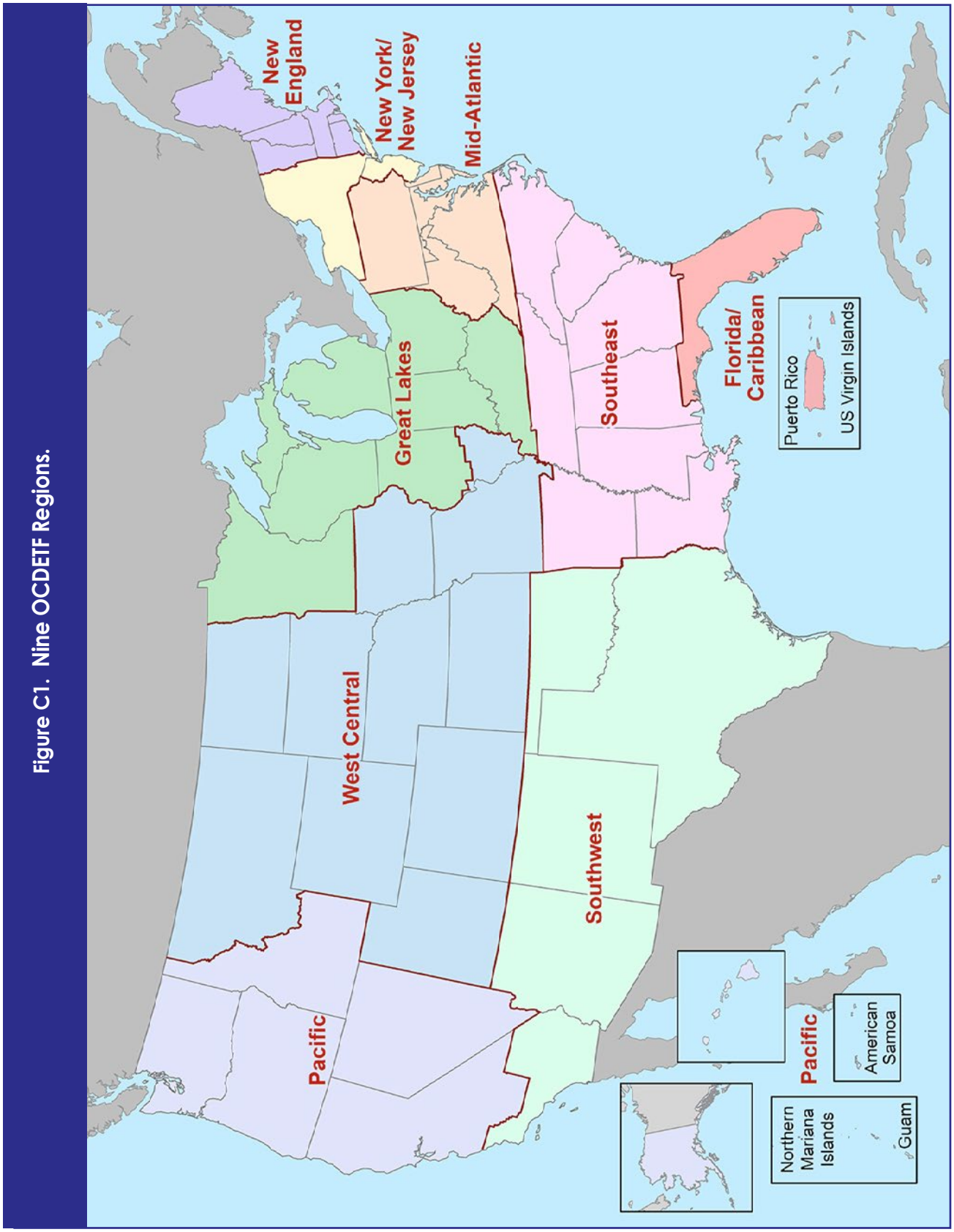

Figure C1. Nine OCDETF Regions.

Source: National Drug Threat Survey

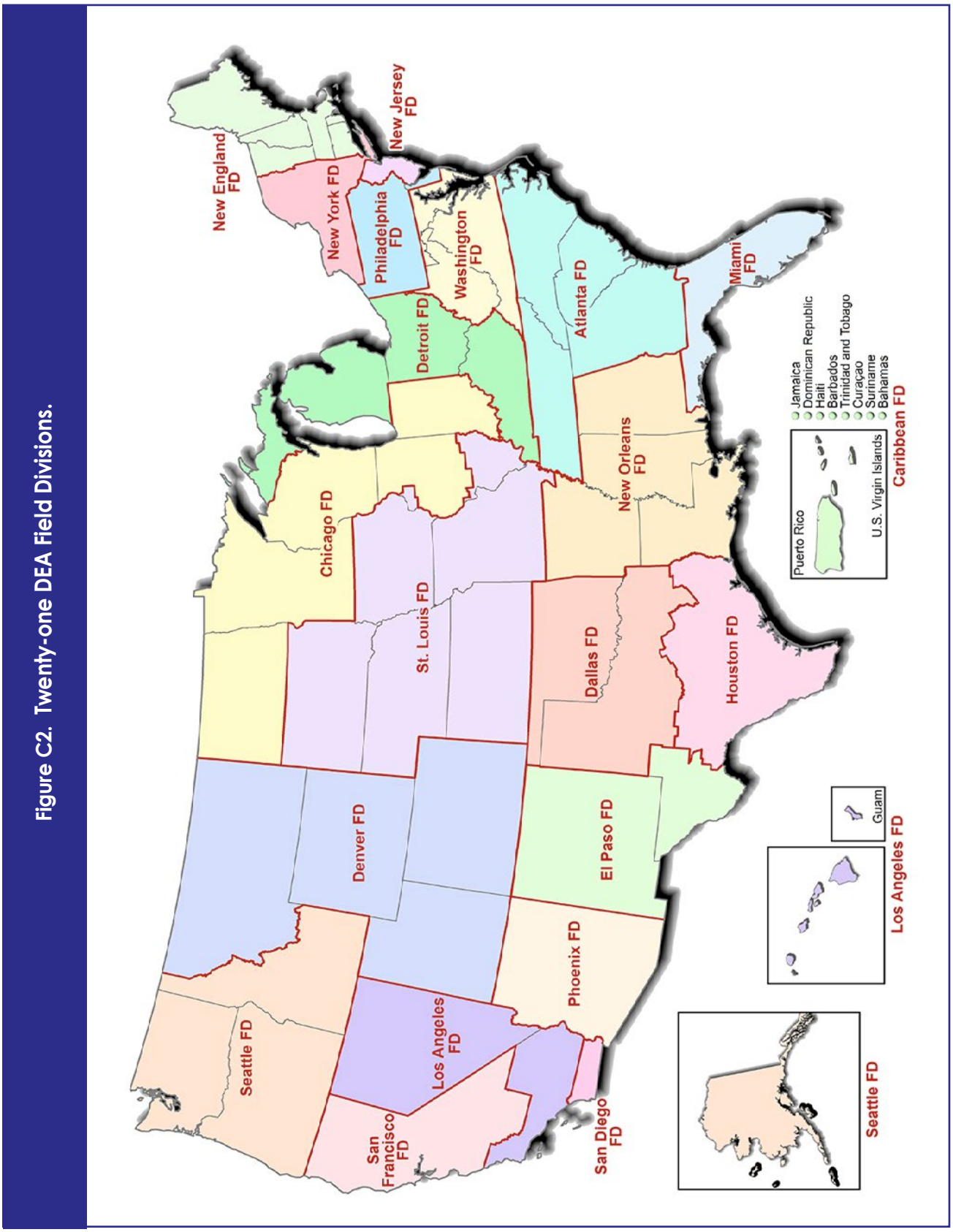

Figure C2. Twenty-one DEA Field Divisions.

Source: National Drug Threat Survey,

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APPENDIX D: NATIONAL DRUG THREAT ASSESSMENT SCOPE AND METHODOLOGY

The *2017 National Drug Threat Assessment (NDTA)* is a comprehensive assessment of the threat posed to the United States by the trafficking and abuse of illicit drugs. The report provides strategic analysis of the domestic drug situation during 2016, based upon the most recent law enforcement, intelligence, and public health data available for the period. It also considers data and information from 2015 and earlier, when appropriate, to provide the most accurate assessment possible to policymakers, law enforcement authorities, and intelligence officials.

In preparation of this report, a full year of data is collected for each drug category by DEA Intelligence Research Specialists. DEA Intelligence Research Specialists considered quantitative data from various sources (seizures, investigations, arrests, drug purity or potency, and drug prices; law enforcement surveys; laboratory analyses; and interagency production and cultivation estimates) and qualitative information (subjective views of individual agencies on drug availability, information on the involvement of organized criminal groups, information on smuggling and transportation trends, and indicators of changes in smuggling and transportation methods).

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APPENDIX E: ACRONYM GLOSSARY

2C-B	2,5-dimethoxy-4-bromophenethylamine
AAPCC	American Association of Poison Control Centers
ABM	Aryan Brotherhood of Mississippi (Gang)
ADHD	Attention Deficit Hyperactivity Disorder
AirTAT	Airport Investigations and Tactical Team
ALKQN	Almighty Latin King and Queen Nation (Gang)
AMO	Air and Marine Operations (CBP)
ANPP	4-anilino-N-phenethyl-4-piperidone
AOR	Area of Responsibility
ARCOS	Automation of Reports and Consolidated Orders System (DEA)
ATF	United States Bureau of Alcohol, Tobacco, Firearms, and Explosives
AUC	Autodefensas Unidas de Colombia (United Self-Defense Forces of Colombia)
BACRIM	Bandas Criminales (Criminal Bands)
BIA	United States Bureau of Indian Affairs
BLO	Beltran-Leyva Organization
BOP	United States Federal Bureau of Prisons
CBD	Cannabidiol
CBP	United States Customs and Border Protection
CDC	Centers for Disease Control and Prevention
CDCR	California Department of Corrections and Rehabilitation
CDN	Cartel del Noreste (Northeast Cartel)
CITF	Correctional Intelligence Task Force
CJNG	Cartel Jalisco Nueva Generación (New Generation Jalisco Cartel)
CMEA	Combat Methamphetamine Epidemic Act
CPD	Controlled Prescription Drug
CSA	Controlled Substances Act
CSP	Cocaine Signature Program
CUBS	Chinese Underground Banking System
CY	Calendar Year
DAMC	Daniel Aldana Mobile Column
DCE/SP	Domestic Cannabis Eradication/Suppression Program
DDE	Division of Drug Enforcement (BIA)
DEA	Drug Enforcement Administration
DHS	United States Department of Homeland Security
DOD	United States Department of Defense
DOJ	United States Department of Justice
DTO	Drug Trafficking Organization
EPIC	El Paso Intelligence Center
EV	Escuela Vieja (Old School Zetas)

FARC	Fuerzas Armadas Revolucionarias de Colombia (Revolutionary Armed Forces of Colombia)
FBI	United States Federal Bureau of Investigation
FD	Field Division (DEA)
FDA	United States Food and Drug Administration
FinCEN	Financial Crimes Enforcement Network
FTZ	Free Trade Zone
FY	Fiscal Year
GPS	Global Positioning System
HCl	Hydrochloride (frequently used to describe Powder Cocaine)
HDMP	Heroin Domestic Monitor Program
HIDTA	High Intensity Drug Trafficking Area
HSP	Heroin Signature Program
IA	Indian Affairs
IBH	Indian Brotherhood (Gang)
IVTS	Money Value Transfer Systems
JFK	John F. Kennedy (International Airport)
K-9	Canine
LAX	Los Angeles International Airport
LC	Letter of Credit
LCT	Los Caballeros Templarios (Knights Templar)
LGU	Los Guerreros Unidos
LLC	Limited Liability Corporation
LOA	Letters of Admonition
MDMA	3,4-Methylenedioxymethamphetamine (frequently referred to as Ecstasy)
MED	Colorado Marijuana Enforcement Division
MOA	Memorandum of Agreement
MPP	Methamphetamine Profiling Program
MS-13	Mara Salvatrucha (Gang)
MSB	Money Service Business
MTF	Monitoring the Future Survey
NAGIA	National Alliance of Gang Investigators' Associations
NDTA	National Drug Threat Assessment
NDTS	National Drug Threat Survey
NFLIS	National Forensic Laboratory Information System
NGIC	National Gang Intelligence Center
NPP	N-phenethyl-4-piperidone
NPS	New Psychoactive Substances
NSDUH	National Survey on Drug Use and Health
NSS	National Seizure System
OCDETF	Organized Crime Drug Enforcement Task Force
OMG	Outlaw Motorcycle Gang
OTC	Over-the-Counter

OTSC	Order to Show Cause
P2P	Phenyl-2-proponone
PCP	Phencyclidine
PDMP	Prescription Drug Monitoring Program
PHP	Public Housing Project (Puerto Rico)
PMP	Prescription Monitoring Program
POE	Port of Entry (CBP)
RICO	Racketeer Influenced and Corrupt Organizations Act
RO	Resident Office (DEA)
SFE	Supercritical Fluid Extraction
SOP	Statement of Principles
SWB	United States Southwest Border
TBML	Trade Based Money Laundering
TCB	Tri-City Bombers (Gang)
TCO	Transnational Criminal Organization
TDS	Tactical Diversion Squad
TEDS	Treatment Episode Data Set
THC	Delta-9-tetrahydrocannabinol
THCA	Tetrahydrocannabinolic Acid
TMM	Texas Mexican Mafia (Gang)
TSA	United States Transportation Security Administration
U.S.C.	United States Code
UAS	Unmanned Aerial System
UCR	Uniform Crime Report (FBI)
UPS	United Parcel Service
UPSET	Upper Peninsula Substance Enforcement Team
USC	United State Currency Strites
USCG	United States Coast Guard
USD	United States Dollars
USMS	United States Marshals Service
USPIS	United States Postal Inspection Service
USPS	United States Postal Service
VGSSTF	Violent Gang Safe Streets Task Force (FBI)
VRN	National Violence Reduction Network

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