



# 2020

DRUG ENFORCEMENT ADMINISTRATION

# NDTA

NATIONAL DRUG THREAT  
ASSESSMENT

MARCH 2021  
DEA-DCT-DIR-008-21

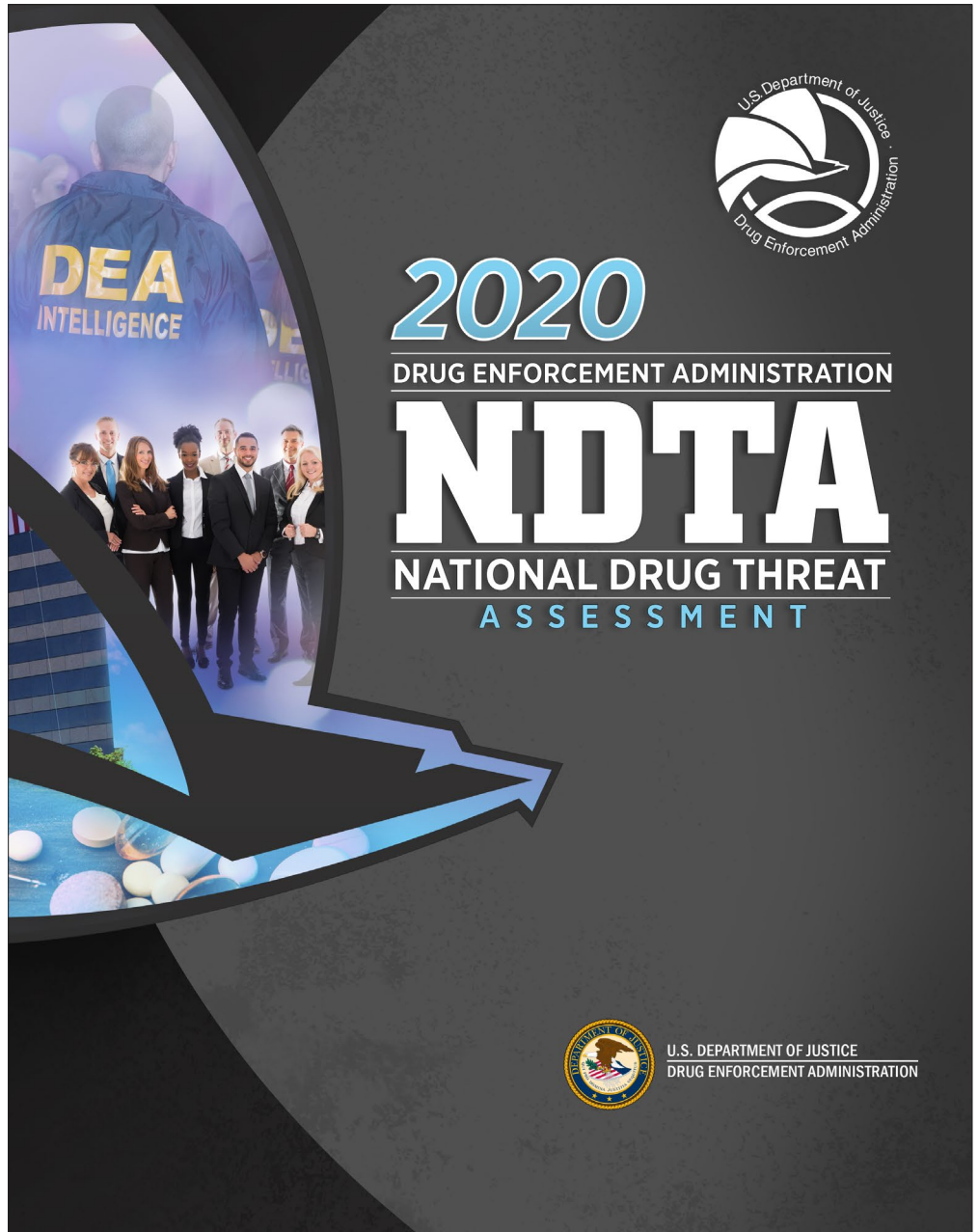


U.S. DEPARTMENT OF JUSTICE  
DRUG ENFORCEMENT ADMINISTRATION

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**2020 NATIONAL DRUG THREAT ASSESSMENT**



This product was prepared by DEA's Strategic Intelligence Section. Comments and questions may be addressed to the Office of Intelligence Programs at [DEA.IntelligenceProducts@usdoj.gov](mailto:DEA.IntelligenceProducts@usdoj.gov). For media/press inquiries call (571) 776-2508.

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# LETTER FROM THE ACTING ADMINISTRATOR

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It is my privilege to present the *2020 National Drug Threat Assessment (NTA)*, a comprehensive strategic assessment produced by the Drug Enforcement Administration's (DEA) Intelligence Program to inform U.S. policymakers and the American public about the threat posed by drug trafficking and associated transnational organized crime in the United States.

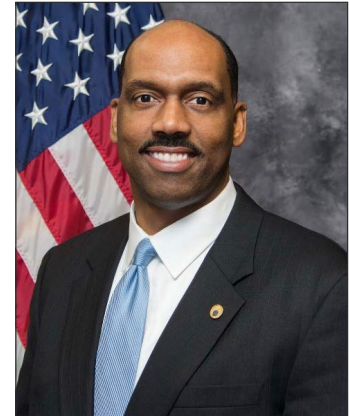
Drug trafficking imperils the safety and security of all Americans. The criminals who engage in drug trafficking fuel the epidemic of drug abuse and addiction in our country — and profit from it — while feeding the violence that plagues many of our communities.

Although we have made progress in driving down the abuse of controlled prescription opioids, the United States continues to face challenges from both new and persistent threats. Availability and use of cheap and highly potent fentanyl has increased, and methamphetamine has flooded into the United States across the southern border. Mexican transnational criminal organizations continue to supply most of the cocaine, methamphetamine, heroin, and fentanyl smuggled into the country, while violent street gangs dominate the retail sale and distribution of these illicit drugs at the local level.

Every day, DEA works hand-in-hand with our international, federal, state, local, and tribal law enforcement partners to disrupt and dismantle the most significant drug trafficking organizations in the United States and around the world. Together, DEA and our partners are confronting these threats head on, and have redoubled our efforts to keep Americans safe through increased focus on countering opioid trafficking and enforcement initiatives such as Project Python and Operation Crystal Shield. The results of these efforts are staggering, with more than 28,000 pounds of methamphetamine and millions of counterfeit pills containing fentanyl seized, over 2,600 targets arrested, and hundreds of firearms taken off the streets.

DEA is also committed to building partnerships with public health professionals to help turn the tide against the growing wave of overdoses that are occurring in our communities. Provisional data released by the Centers for Disease Control and Prevention in December 2020 indicated that overdose deaths continue to rise amid the global pandemic, causing unimaginable suffering and further complicating prevention, enforcement, and treatment efforts.

Only by working together — law enforcement, public health officials, educators, and community advocates — can we develop and implement the innovative solutions required to overcome this public health crisis.



Respectfully,

*D. Christopher Evans*

D. Christopher Evans  
Acting Administrator  
U.S. Drug Enforcement Administration



# NATIONAL DRUG THREAT ASSESSMENT SCOPE AND METHODOLOGY

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The *2020 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 diversion and abuse of licit drugs, and the laundering of proceeds generated through illicit drug sales. It also addresses the role domestic groups, including organized violent gangs, serve in domestic drug trafficking. The most widely trafficked drugs are discussed in terms of their availability, consumption and overdose related deaths, production and cultivation, transportation, and distribution.

The report provides strategic analysis of the domestic drug situation during 2019 and the first half of 2020. This assessment is prepared through detailed analysis of the most recent law enforcement, intelligence, and public health data available to counterdrug agencies through the date of publication. To evaluate the threat of illicit drugs, analysts considered quantitative and qualitative information. Qualitative information on seizures, investigations, arrests, laboratory analyses, drug purity or potency, and price were considered. Qualitative information pertaining to the presence and level of domestic and foreign criminal activity, general trends in production or cultivation levels, involvement of organized criminal groups, and other related safety hazards, environmental effects, and associated criminal activity were also considered. The evaluation of the domestic use of illicit drugs was based on accepted data captured in national substance abuse indicators.

# EXECUTIVE SUMMARY

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The trafficking and abuse of illicit drugs inflict tremendous harm upon individuals, families, and communities throughout the United States. The violence, intimidation, theft, and financial crimes carried out by transnational criminal organizations (TCOs), criminal groups, and violent gangs pose a significant threat to our nation. The criminal activities of these organizations operating in the United States extend well beyond drug trafficking and have a profoundly negative impact on the safety and security of U.S. citizens. Their involvement in alien smuggling, firearms trafficking, and public corruption, coupled with the high levels of violence that result from these criminal endeavors, poses serious homeland security threats and public safety concerns.

Mexican TCOs are the greatest drug trafficking threat to the United States; they control most of the U.S. drug market and have established varied transportation routes, have advanced communications capabilities, and hold strong affiliations with criminal groups and gangs in the United States.

Illicit fentanyl<sup>a</sup>—produced in foreign clandestine laboratories and trafficked into the United States in powder and pill form—is primarily responsible for fueling the ongoing opioid crisis. Fentanyl-laced counterfeit pills continue to be trafficked across the country and remain significant contributors to the rates of overdose deaths observed across the country. As inexpensive, potent fentanyl continues to push into established heroin markets, fentanyl will augment, and in some cases supplant, white powder heroin in various domestic markets.

Methamphetamine price and purity data, as well as law enforcement reporting, all indicate methamphetamine continues to be readily available throughout the United States. Seizures along with drug poisoning deaths involving methamphetamine continue to rise—purity and potency remain high while prices remain relatively low.

Availability of cocaine throughout the United States remains steady, likely based on the high levels of coca cultivation and cocaine production in the Andean Region of South America. Leading indicators of cocaine availability, including laboratory analysis of cocaine exhibits, cocaine seizure data, and price and purity of the drug, indicate that cocaine availability is steady.

Controlled Prescription Drugs (CPDs)<sup>b</sup> remain a prevalent concern within the United States—availability remains constant while abuse levels decreased from the previous year. CPD diversion continues to decrease across most categories at the national level, but some states report an increase in the number of incidents. The number of opioid dosage units available on the retail market and opioid thefts and losses reached their lowest levels in nine years.

Mexico remains the most significant foreign source for marijuana in the United States; however, in U.S. markets, Mexican marijuana has largely been supplanted by domestic-produced marijuana.

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a. The term “fentanyl” will be used throughout this document to mean illicit or clandestinely produced fentanyl unless otherwise specified.

b. CPDs include, but are not limited to, opioids (e.g. Vicodin, OxyContin), depressants (e.g. Valium, Xanax), stimulants (e.g. Adderall, Ritalin), and anabolic steroids (e.g. Anadrol, Oxandrin).



The demand market for New Psychoactive Substances (NPSs) is typified by new substances constantly being created and marketed to users. Synthetic cannabinoids and synthetic cathinones are the most common classes of NPSs available and abused in the United States; however, there are many other classes of NPSs including opioids<sup>c</sup>, phenethylamines, tryptamines, benzodiazepines, and piperazines.

The 2020 COVID-19 pandemic and the associated restrictions on daily travel, U.S. border closings, closure of nonessential businesses, and the broad shelter-in-place orders temporarily posed new challenges to criminal organizations and their movement of drugs throughout the United States during the first half of 2020. Global drug markets reported fluctuations in pricing, availability, transportation, and distribution of illicit drugs during the initial stages of the pandemic in the spring of 2020. Despite initial disruptions in drug smuggling, transportation, and distribution, TCOs operating throughout foreign countries and in the United States continued to test new methods and use existing techniques to continue operating during the COVID-19 pandemic.

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c. Synthetic opioids, as a class of New Psychoactive Substances, include fentanyl-related compounds in addition to other synthetic drugs. Given the threat posed by fentanyl and fentanyl-related substances/fentanyl analogues, those substances are discussed in their own section of this report.

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# ILLICIT OPIOIDS & HEROIN

## Overview

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Nearly 70 percent of all drug overdose deaths in the United States in 2018 involved an opioid. Deaths involving synthetic opioids other than methadone—the category which includes fentanyl—increased by 10 percent according to data provided by the Centers for Disease Control and Prevention (CDC). While deaths involving heroin decreased by four percent, heroin continues to pose a serious public health and safety threat. The domestic markets for heroin, fentanyl, and other illicit synthetic opioids overlap, as these substances disproportionately affect the Great Lakes and Northeast regions of the United States. Mexican TCOs have established clandestine laboratories in Mexico for the synthesis of fentanyl, and Mexican authorities have encountered a rise in illegal fentanyl pill press and tableting operations. Likewise, Mexican TCOs are responsible for the production and trafficking across the Southwest Border (SWB) of the overwhelming majority of the heroin available in the United States.

## Availability

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Fentanyl continues to be readily available across the country with 17 of DEA's 23 Field Divisions indicating that fentanyl availability was high in 2019. Nearly all DEA Field Divisions that reported high fentanyl availability in 2019 also

reported the same in 2018, demonstrating fentanyl's continued impact on the illicit drug market.

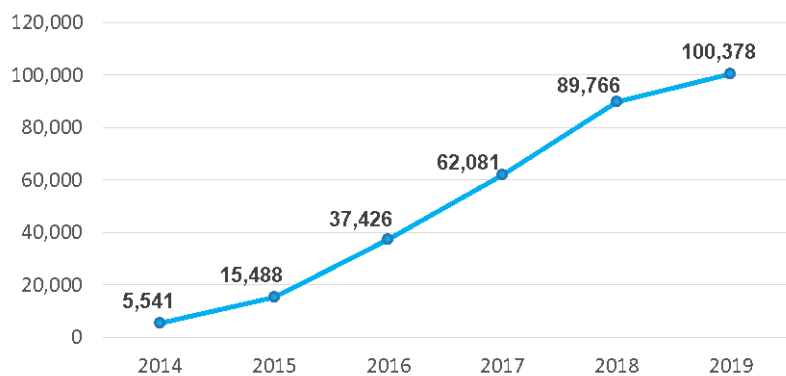
In 2019, the majority of DEA Field Divisions indicated that heroin was easily obtained at any time. DEA's hybrid Caribbean Field Division—with domestic and foreign offices—reported that while heroin remained moderately available when compared to 2018, heroin seizures throughout the entire Division declined in 2019. DEA's Miami and Houston Field Divisions reported that heroin was more available in their area of responsibility (AOR) than in the previous reporting period. DEA's El Paso, New Orleans, and San Diego Field Divisions reported that heroin availability within their respective AORs remained at the same moderate level as in 2018, meaning that heroin was generally readily accessible.

Reporting from forensic laboratories across the United States continues to show a rise in fentanyl availability while reports of heroin show a decline. In 2019, National Forensic Laboratory Information System (NFLIS)<sup>d</sup> crime laboratory data (NFLIS-Drug)<sup>e</sup> reflected 100,378 fentanyl reports identified by forensic laboratories, representing a 12 percent increase over 2018 (See Figure 1). In 2019, there were 128,267 reports of heroin to NFLIS-Drug, a 13 percent

d. The National Forensic Laboratory Information System (NFLIS) is a DEA program that systematically collects results of forensic analyses, and other related information, from local, regional, and national entities. The program consists of three components (NFLIS-Drug, NFLIS-Tox, and NFLIS-MEC) that complement each other to provide a holistic picture of the drugs analyzed by the U.S. forensic community.

e. NFLIS-Drug is a comprehensive information system that includes data from forensic laboratories that handle the Nation's drug analysis cases. NFLIS-Drug includes information on the specific substance and the characteristics of drug evidence, such as purity, quantity, and drug combinations. NFLIS-Drug does not include data from handheld presumptive testing devices as these fall outside the scope of NFLIS eligible data.

**Figure 1. Fentanyl Reports to NFLIS-Drug, 2014 – 2019**



Source: National Forensic Laboratory Information System-Drug Retrieved July 10, 2020

decrease from 148,177 reports of heroin in 2018.

NFLIS-Drug data for 2019 shows the fentanyl and heroin markets remain intertwined at the state level.<sup>f</sup> Four of the five states with the most fentanyl reports are also the same states with the most heroin reports:

New Jersey, New York, Ohio, and Pennsylvania (See Figure 2).<sup>g,h</sup>

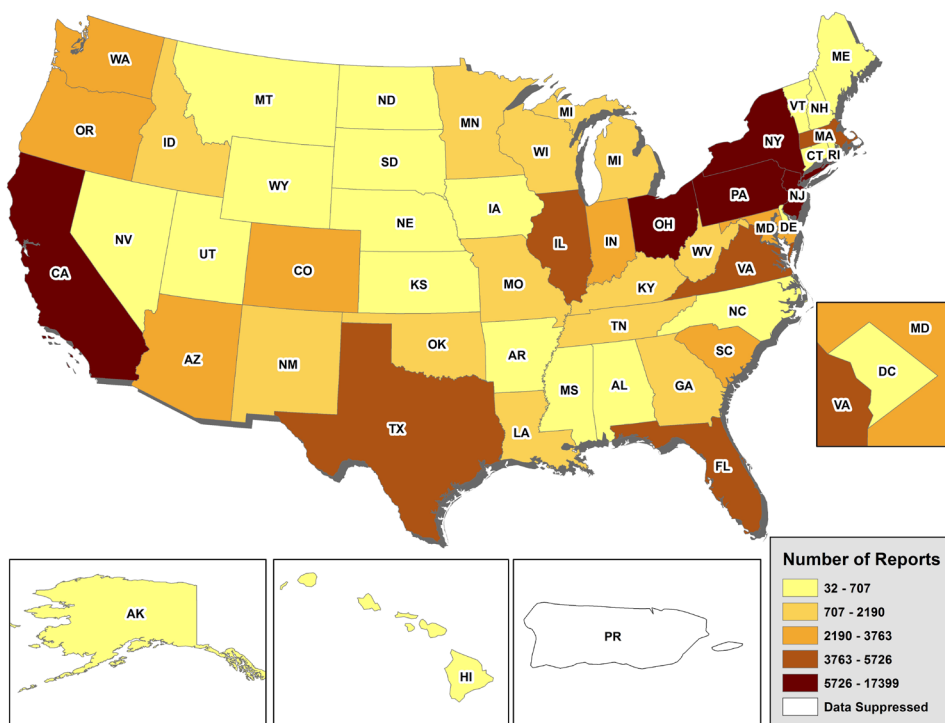
Even as fentanyl availability has noticeably increased, heroin remains the most frequently reported opioid in NFLIS-Drug, thus maintaining a significant presence in the U.S. drug market.

Heroin availability remains high in the United States, especially in the Great Lakes, Midwest, and Northeast regions, where the largest white powder heroin markets are located. DEA Field Divisions seized 6,951 kilograms of heroin in 2019, a 30 percent increase from 2018, with the largest amounts of heroin

seized in Texas, California, Arizona, and New York. California, Texas and Arizona are all major entry points for heroin sourced from Mexico and also serve as transshipment points for the onward movement of heroin to domestic markets throughout the United States. New York is regarded as the most significant heroin market and distribution hub in the United States.

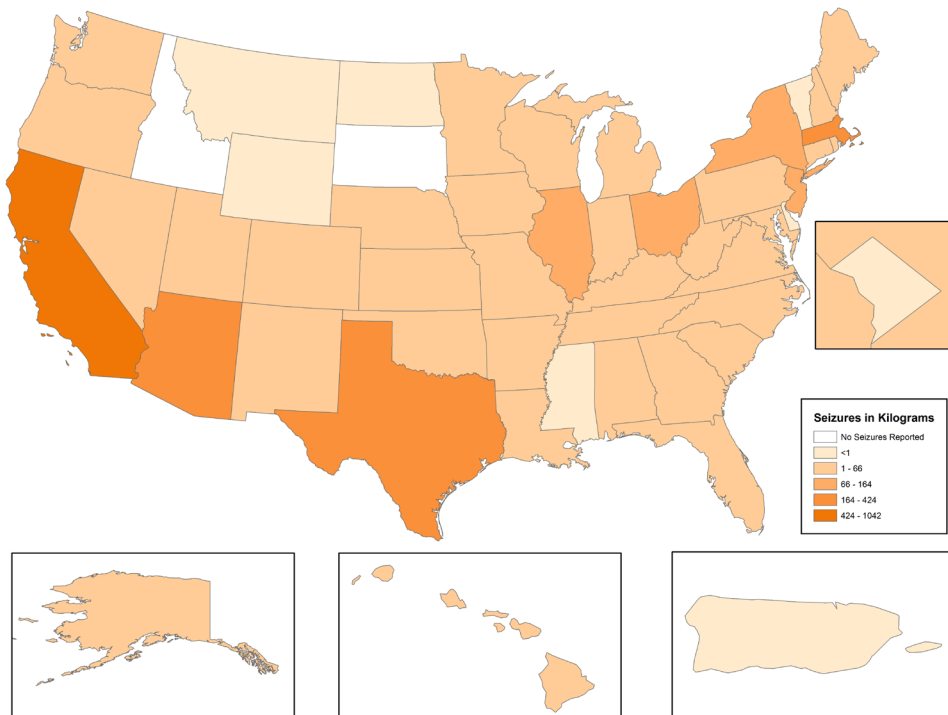
Other states with large quantities of heroin seized include New Jersey, Illinois, and Pennsylvania. In 2019, DEA fentanyl seizures reached the highest recorded levels since at least 2015. DEA recorded seizures totaling 3,138 kilograms of fentanyl and fentanyl-related compounds<sup>i</sup> (FRCs) in 2019. States with the

**Figure 2. Heroin Reports to NFLIS-Drug by State, 2019**



Source: DEA

f. For more detailed information on the databases used in this report and their caveats please see Appendix C.  
 g. The five states that submitted the most fentanyl reports in 2019 were, in descending order: Ohio, Pennsylvania, New Jersey, Massachusetts, and New York.  
 h. The five states that submitted the most heroin reports in 2019 were, in descending order: California, Ohio, New Jersey, Pennsylvania, and New York.  
 i. Fentanyl-related compounds include any substance related in chemical structure to fentanyl, such as acetyl fentanyl, carfentanyl, and the fentanyl-related substances subject to emergency controls as defined in 21 CFR 1308.11(h)(30). For the purposes of this report, fentanyl is discussed separately from fentanyl-related compounds.

**Figure 3. DEA Fentanyl Seizures by State, 2019**

Source: DEA

greatest amount of fentanyl seized in 2019 were either clustered along the SWB, or were located in the Mid-Atlantic, Great Lakes, and Northeast areas of the United States, according to DEA reporting (See Figure 3). This concentration of heroin and fentanyl seizures in these areas demonstrates the ongoing trafficking from SWB states into the rest of the country.

The domestic market for fentanyl overlaps with most of the major white powder heroin markets. However, in select areas, law enforcement and public health officials report fentanyl is either supplanting or has surpassed a significant portion of the pre-established heroin market, including in DEA Field Divisions in the Northeast (New England, New Jersey, New York, Philadelphia) and Midwest (St. Louis, Chicago). The increased presence of fentanyl in white powder heroin markets continues to result in higher rates of fentanyl-involved overdose deaths, straining law enforcement and

public health resources in areas already afflicted with high levels of heroin-involved overdoses. DEA's Special Testing and Research Laboratory's (STRL) Fentanyl Signature Profiling Program (FSPP) analysis conducted on wholesale seizures (generally seizures greater than one kilogram) indicate that heroin is rarely mixed with fentanyl at the wholesale level. This points to the likelihood that U.S.-based drug

trafficking organizations (DTOs) and dealers are responsible for mixing fentanyl with heroin at the regional and local levels for retail consumption. Combining only a small quantity of fentanyl into heroin allows dealers to maximize profitability by extending heroin supplies.

Analysis conducted on retail level heroin seizures by the STRL under the Heroin Domestic Monitor Program (HDMP) indicates that Mexico-sourced heroin dominates retail heroin markets throughout the United States. This same analysis further indicates that heroin mixed with other controlled substances, mostly fentanyl, is increasingly widespread at the retail level. Historically, retail level heroin distributors have mixed or "cut" heroin with adulterants such as caffeine, procaine, and lidocaine, which increased their profits but also decreased the purity of their product. Adding fentanyl to heroin allows distributors to greatly increase their profits while maintaining product quality.

## Illicit Opioids and COVID-19

As of June 2020, seven DEA Field Divisions — Chicago, Houston, Louisville, New England, St. Louis, and Washington — reported that fentanyl's availability had decreased as a result of the COVID-19 pandemic, while 10 DEA Field Divisions reported price increases for heroin. The remaining field divisions reported little to no market change. DEA Field Divisions reporting heroin price increases as a result of the COVID-19 pandemic include El Paso, Chicago, Denver, Houston, Louisville, New Orleans, New Jersey, New York, Philadelphia, and San Diego. It is possible that fentanyl availability experienced such little change during the pandemic due to the relatively smaller volumes of the drug needed to generate high amounts of revenue for drug traffickers, reflecting fentanyl's high potency<sup>j</sup> and the relatively small quantities needed for users to experience its effects.

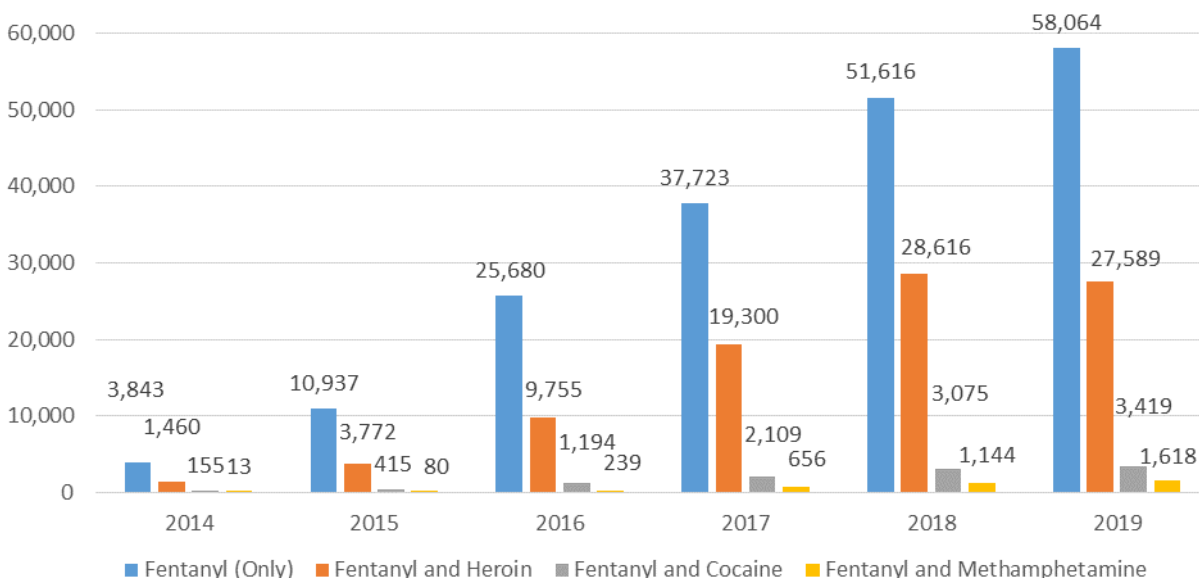
Pandemic-related challenges for DTOs trafficking heroin, fentanyl, and other synthetic opioids have included supply uncertainty associated with fluctuating state lockdown orders throughout the United States and border restrictions issued by the United States and Mexico.

j. Potency is defined as the measure of drug activity in terms of the dosage required to exert an effect on the body.

Fentanyl is often reported as a single drug entity —approximately 58 percent of fentanyl reports to NFLIS-Drug in 2019—but it continues to be observed in mixtures with other drugs, contributing to fentanyl's involvement not only in the opioid crisis, but also exacerbating the threats posed by other drugs (See Figure 4). Of the illicit fentanyl combinations found, heroin and fentanyl accounted for approximately 27 percent of the mixtures reported to NFLIS-Drug. The amount of mixtures may be underreported

due to variations in laboratory reporting protocols. FSPR reports that of the sampling of 2019 seizures tested, fentanyl mixed with heroin accounted for 94 kilograms of the 1,066 kilograms of powders examined (8 percent by weight); in comparison, fentanyl was mixed with heroin in 22 percent of all fentanyl exhibits examined. These data do not reflect whether the mixtures are intentionally done or occur otherwise.

**Figure 4. Fentanyl Combination Reports to NFLIS-Drug, 2014 – 2019**



Source: National Forensic Laboratory Information System-Drug Retrieved July 10, 2020

## DEA's Fentanyl Signature Profiling Program

The FSPF performs in-depth chemical analyses of fentanyl and fentanyl-related exhibits obtained from seizures made throughout the United States. Analytical methodologies developed at the STRL allow in-depth reporting on seizures in an attempt to link seizures for intelligence purposes. FSPF data is not intended to reflect U.S. market share but is rather a snapshot of samples submitted to STRL from the seven DEA regional laboratories.

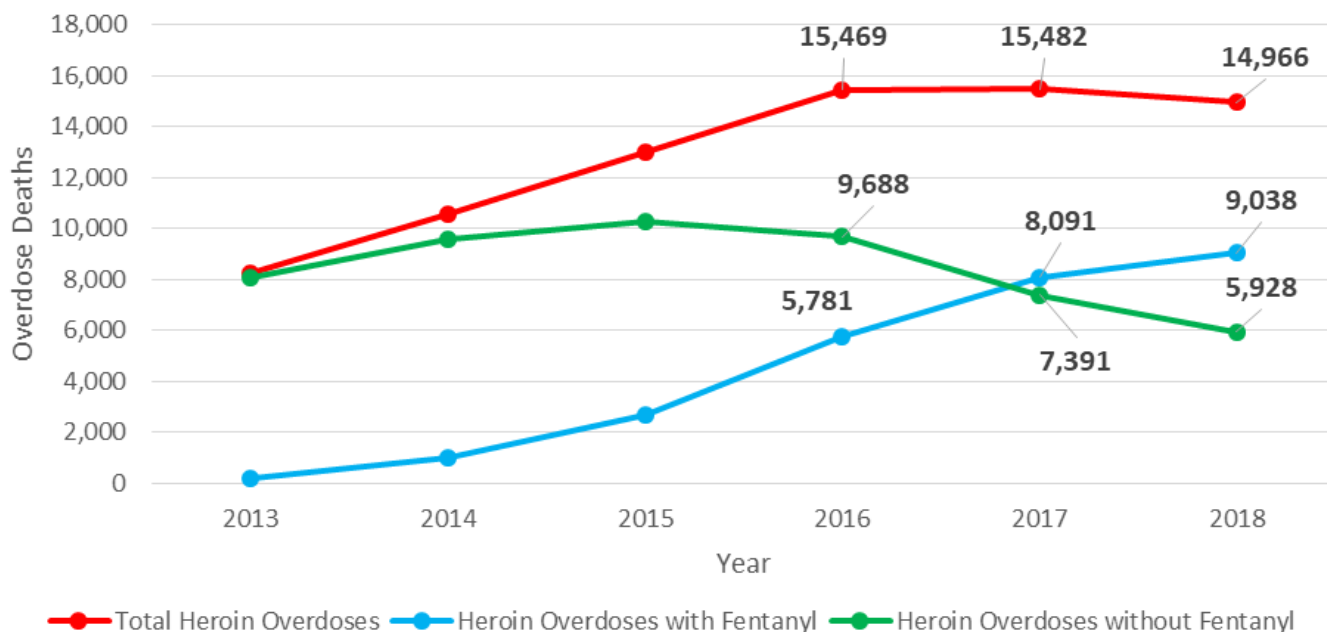
## Drug Consumption and Overdose Deaths

Drug-poisoning data shows that heroin-involved overdose deaths are leveling off as overdose deaths continue to increase related to synthetic opioids other than methadone (SOTM). The CDC reported that heroin-involved overdose deaths dropped by just over four percent between 2017 and 2018. In 2018, the CDC

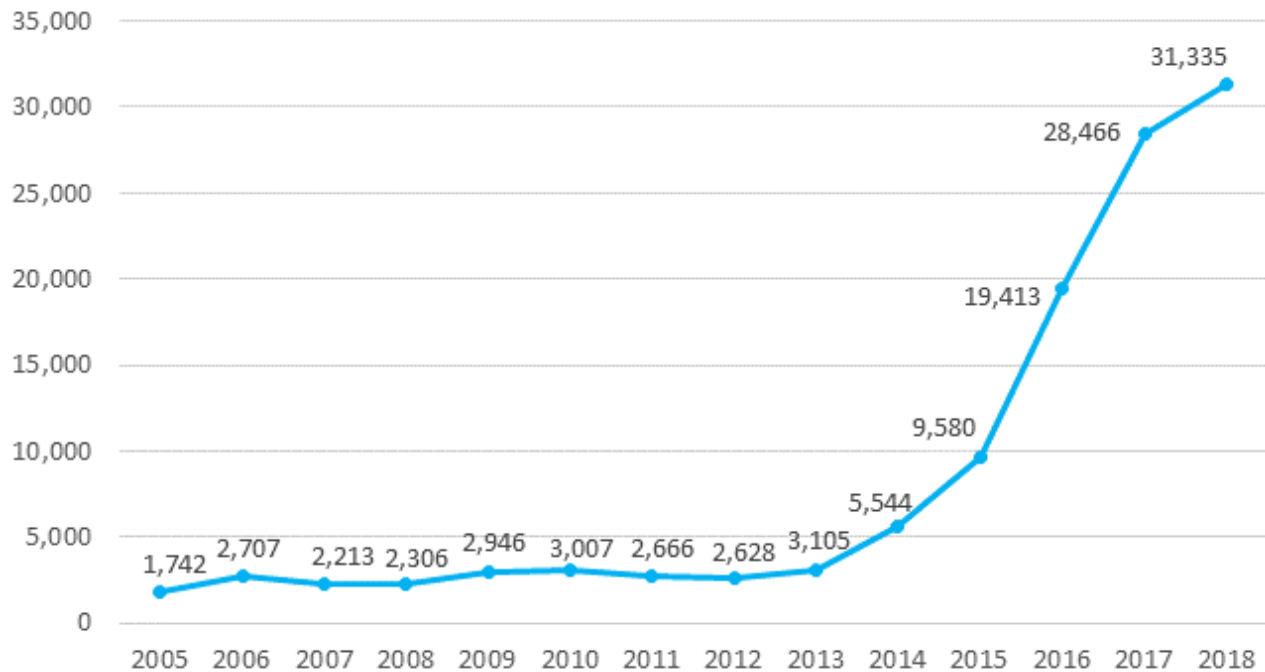
reported heroin overdose deaths decreased in Maryland, Connecticut, Michigan, Ohio, Illinois, Wisconsin, Kentucky, and Washington, DC, and increased in California, Texas, and Tennessee. The remainder of the country reported stable heroin overdose rates.

Further analysis reveals while the rate of overdose deaths involving heroin alone decreased almost 20 percent (dropping from 7,391 in 2017 to 5,928 in 2018), the rate of heroin-involved overdose deaths with fentanyl present increased almost 12 percent (rising from 8,091 in 2017 to 9,038 in 2018) (See Figure 5). Despite an overall decline in heroin-involved overdose deaths, heroin was second in the number of overdose deaths of any drug category. Heroin was only surpassed by the number of deaths attributable to SOTM, the category that includes illicit fentanyl and legal opioids available by prescription. The drugs in this synthetic opioids category were involved in more than 31,000 overdose deaths and accounted

**Figure 5. Heroin-Involved Overdose Deaths With and Without Fentanyl, 2013 – 2018**



Source: Centers for Disease Control and Prevention

**Figure 6. Overdose Deaths Involving Synthetic Opioids Other than Methadone, 2005 – 2018**

Source: Centers for Disease Control and Prevention

for 67 percent of opioid-involved deaths (See Figure 6). Deaths in this category increased approximately 10 percent from 2017 to 2018, likely attributable to increased availability of illicit fentanyl, as rates for licit fentanyl prescriptions and production have not risen in conjunction with the rise in fatal overdoses.

Fentanyl use and overdose deaths are more widespread across the country as the opioid crisis continues. Overall, fentanyl-involved deaths are still the most concentrated in states in the Great Lakes and Northeast of the United States.

Overdose data indicates fentanyl use continues in areas with traditional white powder heroin prevalence while its use appears to be expanding into other regions in the United States, such as west of the Mississippi River. Simultaneously, increases in states with consistently high rates of opioid abuse demonstrate fentanyl's continued involvement

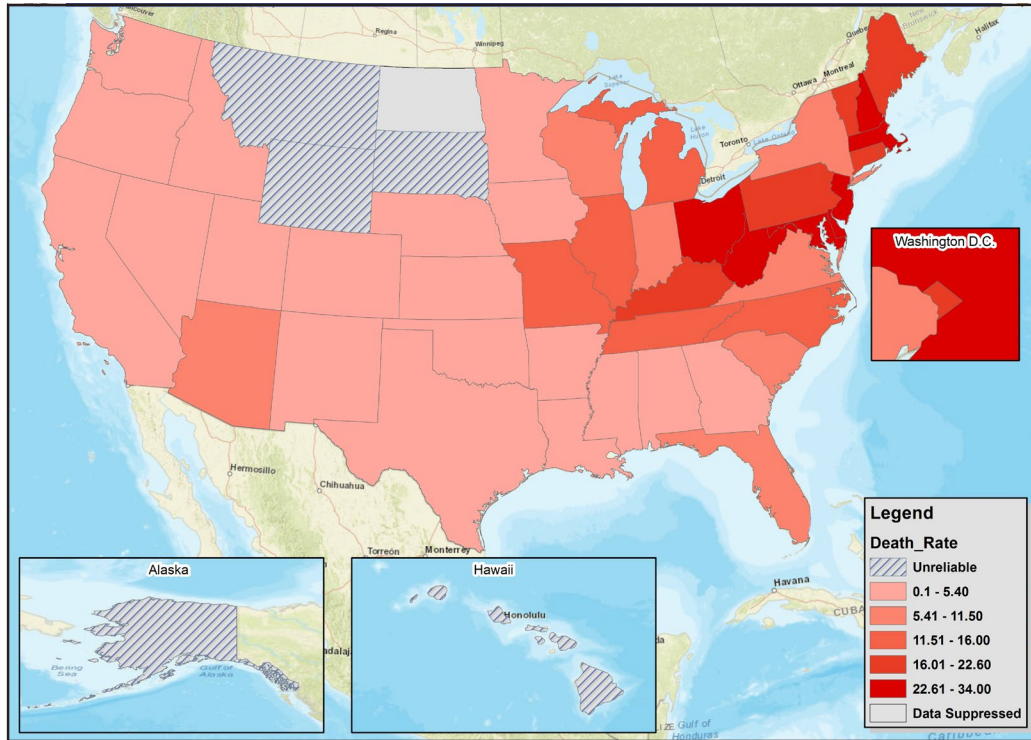
in overdoses and deaths in markets saturated with heroin and/or prescription opioids.

Fentanyl-laced counterfeit pills continued to become more widely available throughout the United States in 2019 and 2020, and are mentioned in open source news reporting across the country as being involved in drug poisoning deaths. The spread of fentanyl-laced counterfeit pills in the United States is likely due to Mexican TCOs seeking to further distribute fentanyl into prescription opioid user populations as there is no licit production of pills containing fentanyl. As of January 2020, 49 states identified the presence of fentanyl-laced counterfeit pills, according to a report from the Partnership for Safe Medicines.<sup>k</sup> Moreover, 38 states reported deaths attributed to fentanyl-laced counterfeit pills through January 2020. This is a significant increase compared to April 2018, when 22 states reported deaths related to fentanyl-laced counterfeit pills.

k. Hawaii was the only U.S. state not to report fentanyl-laced counterfeit pills, as of January 2020.



**Figure 7. Age Adjusted Rates of Overdose Deaths Involving Synthetic Opioids Other Than Methadone by State, 2018<sup>1</sup>**



Source: Centers for Disease Control and Prevention

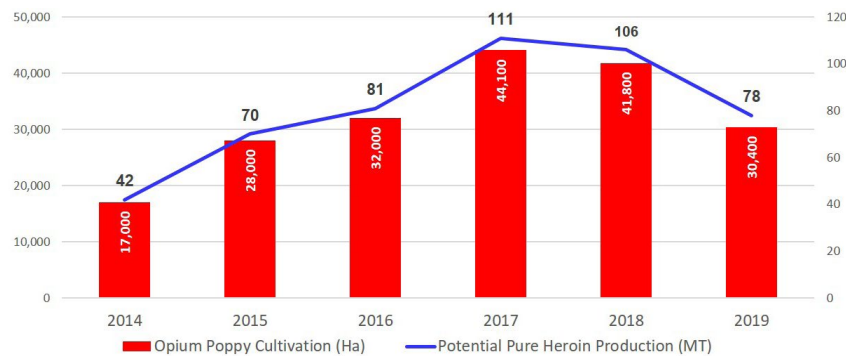
## The Heroin Signature Program (HSP)

DEA uses data from the HSP as an indicator of the geographic origins of heroin available at the wholesale level in the United States. Under this program, DEA's STRL conducts annual in-depth chemical analyses of between 600 and 900 heroin samples that originate from seizures and purchases made in the United States. The science of the HSP entails multiple, detailed chemical analyses through which the purity, cutting patterns, and geographical processing origin (South America, Mexico, Southeast Asia, and Southwest Asia) are determined. Only a portion of the heroin seized throughout the United States in any given year is tested for signature, or source area, through the HSP. Therefore, HSP data is not representative of market share, but rather, indicates trends in the domestic market at the wholesale level.

## Production

Heroin of Mexican origin accounted for 92 percent of the total weight of heroin analyzed under the HSP, the seventh consecutive year that Mexico has been identified as the primary source of origin for heroin encountered in the United States. According to U.S. Government estimates, poppy cultivation in Mexico in 2019 was recorded at 30,400 hectares, a 27 percent decrease from the 41,800 hectares reported in 2018. Similarly, potential pure heroin production decreased by 27 percent from 106 metric tons in 2018 to 78 metric tons in 2019 (See Figure 8). Low opium prices paid to poppy farmers in Mexico, coupled with an increase in fentanyl use in the United States, likely impacted the decrease in cultivation. However, there has been no observed reduction in heroin flows to

<sup>1</sup> States shaded in these types of maps as "data unreliable" or "data suppressed" either have problems with the reporting of the deaths that makes per 100,000 rates unreliable to report or else have so few deaths reported that reporting a rate would violate data privacy issues.

**Figure 8. Potential Pure Heroin Production in Mexico, 2014 – 2019**

Source: U.S. Government Estimates

the United States, as seizures of heroin at Ports of Entry (POEs) remained steady in 2019.

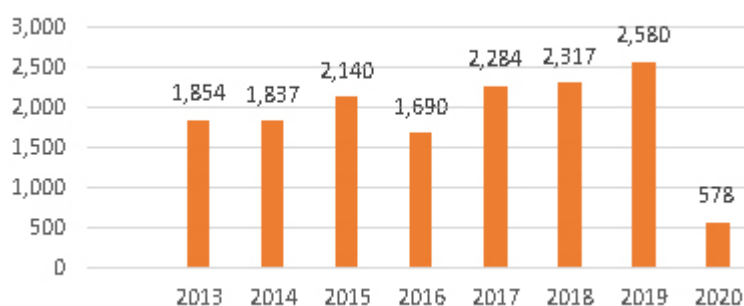
According to HDMP data for 2019, the average purities for heroin at the retail (street) level varied by type, with Mexican white powder and Mexican black tar heroin (the most prevalent types of heroin available at the retail level) averaging 47 percent and 45 percent purity, respectively. Although the presence of both fentanyl and various FRCs were observed in retail-level heroin exhibits analyzed under the HDMP, fentanyl remained the leading synthetic compound detected in a majority of these heroin exhibits.

Since at least 2019, Mexican TCOs' supply to the U.S. fentanyl market is increasing while supply of fentanyl directly from China to the U.S. has decreased substantially, according to reporting and forensic analysis of drug exhibits from DEA, U.S. Customs and Border Protection (CBP), and the U.S. Department of Homeland Security. Seizures at the SWB POEs by CBP, as well as seizures reported by the DEA Field Divisions along the SWB, have been increasing in both weight and purity. Conversely, fentanyl seizures via air routes have decreased, indicating China likely plays a smaller role in the direct supply of fentanyl shipped

into the United States. Fentanyl powder exhibits analyzed through the FSPP averaged 8.7 percent pure in 2019, an increase of 11.5 percent from the average purity of 7.8 percent in 2018. Only five of the 508 exhibits analyzed had purities that exceeded the 90 percent mark typical of the fentanyl seized from parcel shipments to the United States from chemical

companies based in China. This downward trend is likely attributable to the robust bilateral engagement between U.S. Government agencies and China, which led to China implementing its class scheduling of FRCs in May 2019. After this event, shipments of fentanyl and FRCs directly from China to the United States decreased and domestic law enforcement are encountering fewer new FRCs.

DEA reporting indicates that Mexican TCOs are significantly involved in fentanyl production. The Sinaloa Cartel and the Jalisco New Generation Cartel (CJNG) appear to be increasing the production of wholesale quantities of fentanyl in both powder and pill forms. Additionally, these TCOs are diversifying their precursor chemical sources of supply, and moving to precursor chemicals further down the synthesis chain to avoid international chemical controls.

**Figure 9. Southwest Border Heroin Seizures Total Kilograms Seized, 2013 to 2020 to date (as of May 2020)**

Source: U.S. Customs and Border Protection

## Figure 10. Opioid Concealment Methods



Heroin concealed and extracted from a fire extinguisher



Fentanyl-laced pills concealed in luggage

Source: DEA



Heroin concealed in vehicle bumper

Mexican TCOs will almost certainly have the greatest direct impact on the fentanyl market in the United States for the near future because of these organizations' increased capacity and capabilities for fentanyl production, adaptations to restrictions on precursor chemicals, and existing drug trafficking infrastructure in the United States.

TCOs use a combination of methods to obtain chemicals used for fentanyl production in Mexico, primarily from sources originating in China, including purchases made on the open market, smuggling chemicals hidden in legitimate commercial shipments, mislabeling shipments to avoid controls and the attention of law enforcement, and diversion from the

chemical and pharmaceutical industries. Legal controls on these precursors vary from country to country. Law enforcement seizures in 2019 and 2020 include many chemicals which are uncontrolled in China and Mexico. Law enforcement in the United States and Mexico are reporting increased seizures of 4-anilinopiperidine (4-AP) which is a List I chemical in the United States as of May 2020, but is currently not controlled in either Mexico or China. Although 4-AP is not a direct replacement for 4-anilino-N-phenethylpiperidine (4-ANPP) in the synthesis of fentanyl, 4-AP can be converted into 4-ANPP in a one-step chemical reaction. The emergence of this chemical demonstrates the continued efforts by traffickers in Mexico

**Figure 11. Counterfeit Oxycodone Tablet Containing Fentanyl**



Source: Santa Clara, California Department of Health

and China to bypass international precursor chemical controls to continue producing illicit fentanyl. DEA reporting also indicates the use of more sophisticated clandestine laboratories and processing methods in Mexico.

- In May 2020, Mexican officials seized a combination of 169.5 kilograms of 4-AP and N-Phenethyl-4-piperidone (NPP) from a container shipment at the Port of Ensenada, Baja California, Mexico. The bags containing the chemicals were hidden amongst a legitimate shipment containing bags of powdered soap. The container shipment originated in Shanghai, China, and transited through Qingdao, China, and Busan, South Korea, before arriving in Mexico.

## Transportation/Distribution

The majority of heroin and fentanyl available in the United States is smuggled overland across the SWB. Couriers on commercial airlines transport lesser amounts into the United States. Heroin seizures at the SWB remained high but relatively stable with 2,580 kilograms of heroin seized by CBP in 2019 compared to 2,317 kilograms in 2018. From 2013 to mid-year 2020, the amount of heroin seized at the SWB has increased 39 percent (See Figure 9). CBP reported a combined 1,208 kilograms of fentanyl seized at the SWB in 2019; 1,060 kilograms of fentanyl were seized at POEs and 148 kilograms were seized between POEs by the U.S. Border Patrol. This represents a 62 percent increase in total CBP fentanyl seizures at the SWB compared

to 2018 (745 kilograms). Fentanyl seizures at the SWB have been steadily increasing since at least Fiscal Year (FY) 2016.

Mexican TCOs employ a variety of methods to transport heroin, fentanyl, and other illicit opioids into the United States and use all manner of concealment methods to hide their drug shipments (See Figure 10). Land transportation via the interstate system is the most predominant method of transporting illicit opioids, with personally-owned vehicles (POVs), rental vehicles, and trucks/tractor trailers identified as the most commonly used modes of transport. POVs are often retrofitted with concealed compartments that are used by DTOs to hide heroin, fentanyl, bulk currency, and other contraband. The countless different aftermarket modifications of varying sizes and shapes readily available to TCOs often makes the detection of illicit drug loads challenging for law enforcement. TCOs use alternative and less frequent commercial forms of transportation to transport illicit opioids, such as airlines, buses, trains, and shuttle services. Body carriers and parcel delivery services are also used to facilitate the movement of drug shipments.

Mexican TCOs appear to be trafficking substantially greater amounts of fentanyl pills into the United States, likely resulting in decreasing reports of domestic pill pressing operations. The TCOs have consistently chosen to counterfeit a brand of licit 30 mg oxycodone pills that have been regularly diverted for years to the street market for opioids (See Figure 11). The selection of these tablets—blue, round, stamped with “M” on one side and “30” on the other, and increasingly referred to on the streets as “Mexican Oxy” or “M30s”—demonstrate that traffickers are taking advantage of an established market for these pills to increase the

profit margins with fentanyl. In addition, when analyzing the contents of these tablets, DEA's FSPP revealed that approximately 71 percent of these tablets are consistent with Mexican TCO illicitly manufactured fentanyl production techniques. Simultaneously, the number of illicit fentanyl tablet exhibits containing a potentially lethal dose of fentanyl is increasing, according to FSPP. Analysis of 2019 seizures revealed that 26 percent of illicit fentanyl tablet exhibits examined contained a potential lethal dose of fentanyl (71 exhibits out of 269 total exhibits). In comparison, in 2018 and 2017, FSPP analysis revealed that 14 percent and 10 percent of the tablet exhibits sampled, respectively, contained a potential lethal dose of fentanyl.

Fentanyl distributors in the United States also continue to order fentanyl, FRCs, and other synthetic opioids, such as U-47700, directly from manufacturers in China via the Internet including the dark web, with delivery accomplished by international mail and commercial parcel services. China-sourced fentanyl typically is smuggled in small volumes and generally tested over 90 percent pure. In 2019, U.S. law enforcement continued to seize China-sourced fentanyl though in smaller volumes and with fewer occurrences than previous years.

- *In September 2019, DEA's San Diego Field Division responded to an apartment in San Diego, California, to investigate a fatal drug overdose and seized more than five pounds of fentanyl, furanyl fentanyl, U-47700, and valeryl fentanyl from the apartment. Subsequent investigative information determined that the overdose victim purchased fentanyl online from a supplier in China. A subject close to the decedent stated that the victim had purchased a large stock of fentanyl for personal use, to eliminate the need for future street-level transactions. The quantity seized, however, was consistent with amounts involved in significant distribution and sales operations.*

## Outlook

Heroin availability, while high, has stabilized, and corresponds with a decline in heroin-involved overdose deaths when those deaths do not also involve fentanyl or other synthetic opioids. Mexico will likely remain the primary source of origin for heroin transported to the United States and both Mexican white powder and Mexican black tar heroin will continue to be the most prevalent types of heroin available in major U.S. heroin markets. The heroin and fentanyl markets, already intertwined, will continue to grow as traffickers mix heroin with fentanyl to stretch heroin supplies and maximize revenues. Fentanyl and other synthetic opioids will likely continue to contribute to high numbers of drug overdose deaths in the United States in the near term, as fentanyl availability either by itself or mixed in with other drugs—particularly heroin—continues to persist. However, overdose deaths involving heroin alone may stabilize or continue to decline in the near term. The low cost, high potency, and ease of acquisition of fentanyl may encourage heroin users to switch to the drug should future heroin supplies be disrupted. As Mexico is the dominant supplier of heroin entering the United States, additional restrictions or limits on travel across the U.S.-Mexico border due to pandemic concerns will likely impact heroin DTOs, particularly those using couriers or personal vehicles to smuggle heroin into the United States. Another possibility may be a decrease in the price level for heroin as DTOs and street-level dealers maximize associated profit margins by increasingly mixing fentanyl into distributed heroin. DTOs may come to view heroin as simply an adulterant to fentanyl. Mexican TCOs will remain the primary source of supply for heroin and fentanyl smuggled into the United States, using precursors primarily

sourced from China, and they will continue to use their extensive infrastructure in both Mexico and the United States to supply lucrative U.S. opioid markets.



# METHAMPHETAMINE

## Overview

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Methamphetamine seizures, price, and purity data as well as law enforcement reporting all indicate that methamphetamine continues to be readily available throughout the United States.

Most of the methamphetamine available in the United States is clandestinely produced in Mexico and smuggled across the SWB. Drug poisoning deaths involving methamphetamine continue to rise as methamphetamine purity and potency remain high while prices remain relatively low.

The outbreak of COVID-19 has disproportionately affected methamphetamine markets compared to other drugs of abuse. Many DEA Field Divisions report changes in pricing for methamphetamine at the wholesale and retail levels. However, based on reports of limited impact to overall supply of precursor chemicals and finished methamphetamine, TCOs likely capitalized on the pandemic in order to drive up methamphetamine's generally low price and in turn, their profits.

## Availability

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Methamphetamine is available throughout the United States, with the highest availability in the West and Midwest regions of the country, as well as a strong presence in the Southeast. However, in recent years, methamphetamine has become more prevalent in areas that historically were not major markets for the drug, particularly

the Northeast. DEA seized 53,079 kilograms of methamphetamine nationwide in 2019, an increase of 55 percent from 2018 (34,270 kilograms). Methamphetamine seizures occur to varying degrees in nearly every state.

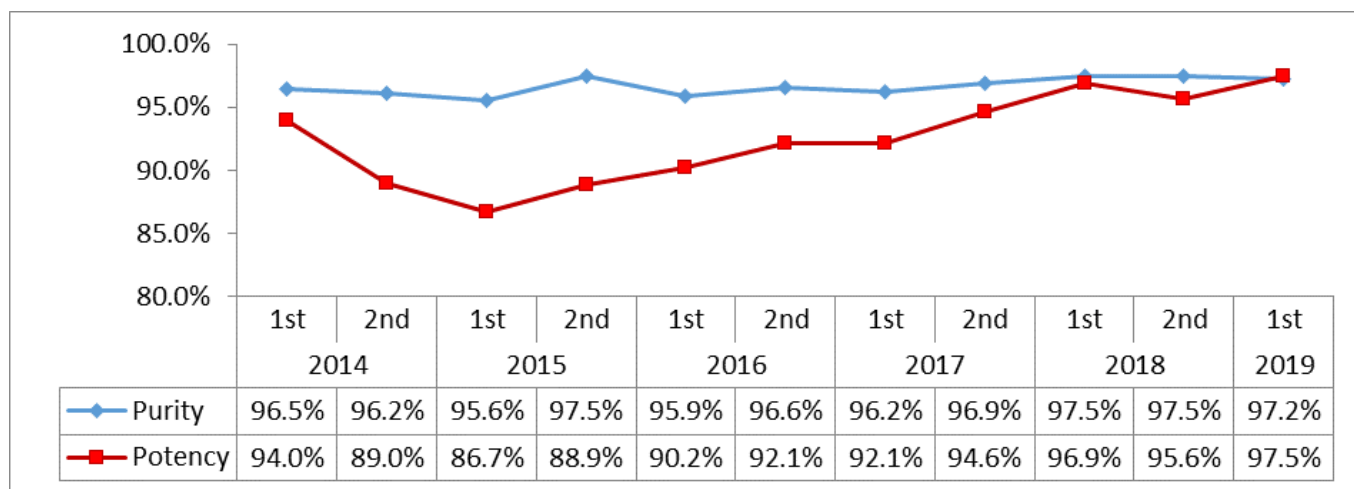
Reporting from the majority of DEA Field Divisions indicated methamphetamine availability was high throughout the United States. In 2019, 17 DEA Field Divisions reported high methamphetamine availability, and six divisions reported increasing methamphetamine availability compared to the previous reporting period.

Methamphetamine reports to NFLIS-Drug increased two percent between 2018 and 2019—there were 424,926 reports in 2018, and 433,740 reports in 2019. However, overall methamphetamine reports have increased significantly since 2014, when there were 247,546 reports, marking a 75 percent increase since that time. NFLIS-Drug data also indicates methamphetamine reports represent an increasingly larger portion of the total number of all drug reports—increasing from approximately nine percent of all reports submitted in 2009 to approximately 24 percent in 2018.

## Purity, Potency, and Price

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Seizures sampled through the DEA Methamphetamine Profiling Program (MPP) continue to have high purity and potency, reflecting high availability of methamphetamine. In the first half of 2019, methamphetamine

**Figure 12. Methamphetamine Purity and Potency**

Source: DEA Methamphetamine Profiling Program

sampled through the MPP averaged 97.2 percent purity and 97.5 percent potency (See Figure 12).

## Drug Consumption and Overdose Deaths

The number of deaths in the CDC category psychostimulants with abuse potential continues to increase. Methamphetamine-involved drug poisoning deaths are counted under this broader category, which includes other drugs such as caffeine and phenethylamines (including 3, 4-methylenedioxy-methamphetamine (MDMA)),

and cathinones (e.g. ethylone). According to the CDC, in 2018, there were 12,676 psychostimulant drug-poisoning deaths in the United States, representing a nearly 23 percent increase from 2017 (10,333), and an 874 percent increase since the lowest point in 2008 (1,302) (See Figure 13). The steadily increasing number of deaths from psychostimulants may be due to increased availability and market expansion into areas and user bases that are not traditionally associated with methamphetamine use.

## Methamphetamine Precursor Chemicals

### Controlled Examples:

- Methylamine
- Benzaldehyde
- Nitroethane

### Not Controlled Examples:

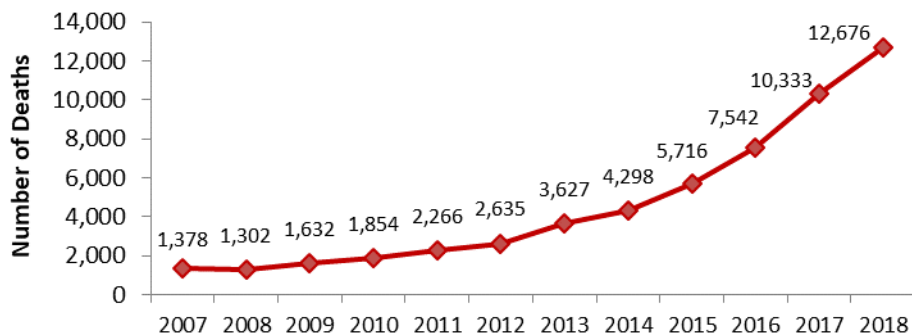
- Ammonium chloride
- Formaldehyde

Methamphetamine is produced using multiple methods, which use a variety of different chemicals depending on the process. Many of these chemicals are regulated as listed chemicals in the United States and Mexico, though TCOs have sought to bypass restrictions through the use of uncontrolled pre-precursors. The involvement of Mexican TCOs in methamphetamine production is through the use of industrial scale laboratories<sup>m</sup> that rely upon the importation of these chemicals, primarily from China and India. Chemical shipments are mislabeled at the origin, shipped to legitimate companies, and then diverted by the TCO and smuggled to the clandestine laboratories.

m. An industrial scale laboratory refers to its ability to manufacture kilogram quantities of methamphetamine that can range from 100 grams up to multi-kilogram quantities depending on amounts shipped across the border. Currently, methamphetamine produced from medium, large, or extra-large laboratories, which generally accounts for multi-kilogram quantities of methamphetamine, are most likely from industrial scale laboratories.



**Figure 13. Psychostimulant-involved Drug Poisoning Deaths, 2007 – 2018**



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

increased competition among the different TCO groups. TCOs are exploring new markets for methamphetamine, and increasing quantities are coming across the SWB. The price of methamphetamine may begin to rise with a market expansion, although prices in established markets remain consistently low.

## Production

### Foreign Production

Mexican TCOs continue to be the primary producers and suppliers of low cost, high purity methamphetamine available in the United States. Mexican TCOs regularly produce large quantities of methamphetamine, which has led to a significant supply of methamphetamine in the U.S. market. The majority of Mexican TCOs are also involved in methamphetamine trafficking, which has led to

Shortly after the enactment of the Combat Methamphetamine Epidemic Act (CMEA) in 2006, Mexico introduced similar legislation regulating precursors, notably ephedrine and pseudoephedrine. The series of legislative actions ultimately banned ephedrine and pseudoephedrine from the country entirely in 2008. Despite the restrictions in Mexico on precursor chemicals, Mexican TCOs continue to adapt by finding alternative methods of manufacture, with many of the precursor chemicals sourced from companies in China and India. Mexican TCOs produce methamphetamine using the reductive amination method, which employs the precursor phenyl-2-propanone (P2P) instead of pseudoephedrine. According to the DEA MPP, 99.2 percent of samples analyzed in the first half of 2019 were produced using this method. Mexican TCOs are able to produce methamphetamine that is highly pure and potent, while less expensive to produce, which has contributed to the decline of domestic production.

In mid-2014, a new forensic profile had emerged from samples analyzed from the U.S.-Mexico border and other U.S. locations. This newer profile is linked to an alternate P2P recipe called the nitrostyrene method, which starts with benzaldehyde and nitroethane as the key precursors. This forensic profile was identified

### DEA's Methamphetamine Profiling Program (MPP)

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 identifies 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 morphine and cocaine, which are extracted from plant sources. 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.

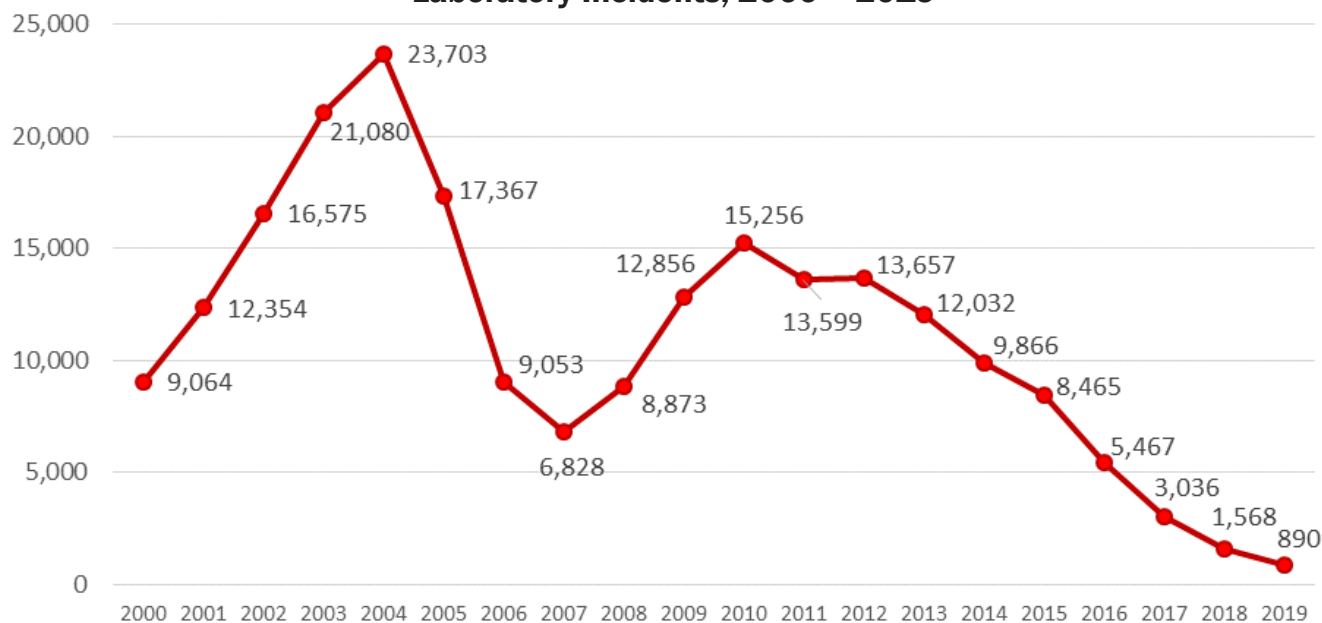
## Precursor Restrictions and Pricing Can Influence Production Methods

DEA reporting suggests precursor chemical availability and price drive the P2P production technique used by Mexican methamphetamine manufacturers. In October 2015, the Government of Mexico formally controlled the P2P precursor chemicals benzaldehyde and nitroethane, which caused an over 300 percent increase in pricing of chemicals on the black market. While there are many different methods to produce methamphetamine, production follows a predictable pattern of chemical reactions and ingredients. Rather than wait on shipments of preferred precursor chemicals or restricted chemicals, significant methamphetamine producers will shift methods and/or chemicals depending on what materials are readily available to maintain supply and production. Identifying, targeting, and restricting necessary precursors could slow production, drive prices up, and force producers to shift production methods.

as the primary production method, at the time, for the majority of samples seized and analyzed from the U.S.-Mexico border as well as throughout the United States.

MPP data reflects that the newer P2P-nitrostyrene method decreased in prominence during the first half of 2019, representing only 11 percent of samples analyzed, a one percent decrease from the second half of 2018. Older phenyl-acetic acid (PAA) profiles represented 39 percent of analyzed samples, a decrease nine percent from the second half of 2018. Profiles that contained a mixture of both P2P methods<sup>n</sup> increased by five percent from the second half of 2018, and represented 37 percent of analyzed samples. This shift may be in reaction to precursor chemical restrictions and seizures focusing on the newer nitrostyrene methods, which are contributing to the profile's shrinking percentage of samples. The remainder of samples (13 percent) could not be placed into a P2P method sub-category.

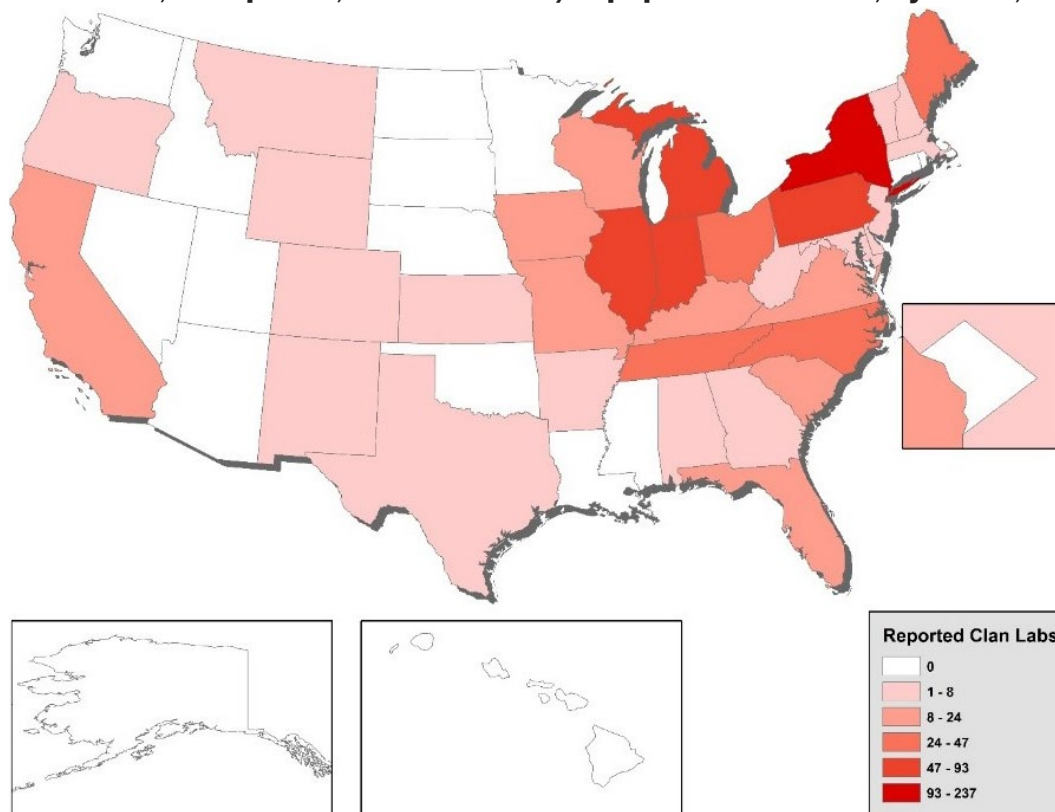
**Figure 14. Number of Domestic Methamphetamine Laboratory Incidents, 2000 – 2019**



Source: El Paso Intelligence Center, National Seizure System

n. A "mixed" profile is defined as a chemical signature containing indicators of both the nitrostyrene profile and the phenylacetic acid profile.

**Figure 15. Methamphetamine Clandestine Laboratory Incidents Including Laboratories, Dumpsites, and Chemical/Equipment Seizures, by State, 2019**



Source: El Paso Intelligence Center, National Seizure System

DEA reporting also indicates a potential new PAA production method utilizing benzyl chloride and sodium cyanide to make an oil called benzylnitrile. While no forensic marker has been created, DEA reporting has documented the establishment of this formula as well as monitored the movements of new related precursor chemicals.

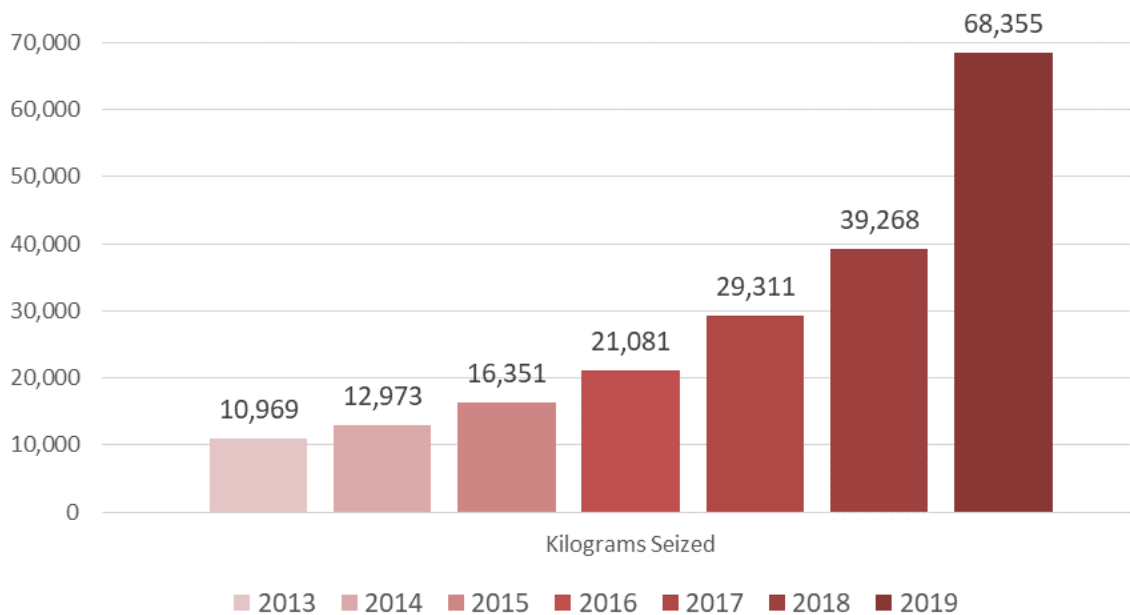
## Domestic Production

Clandestine methamphetamine laboratory seizures continue to decrease across the United States. The enactment of the CMEA reduced domestic methamphetamine production by placing restrictions on key ingredients. Domestic producers have been unable to keep up with the quantity or quality of the lower cost methamphetamine produced on an industrial scale in Mexico.

In the early 2000s, domestic methamphetamine laboratory seizures increased yearly in the United States and peaked in 2004 with approximately 23,700 methamphetamine laboratory incidents<sup>o</sup> reported to the El Paso Intelligence Center's (EPIC) National Seizure System (NSS). Domestic methamphetamine production has decreased annually since 2004, with a moderate spike in production from 2007 to 2010 that has since declined significantly with 890 seizure incidents of methamphetamine laboratories reported to NSS in 2019, the lowest reported in 19 years (See Figures 14 & 15). In 2019, 84.8 percent of all methamphetamine laboratories seized in the United States were small laboratories capable of producing two ounces or less of methamphetamine.

<sup>o</sup>. Incidents include Dumpsites, Chemical Only, or Equipment Only Seizures, and Laboratory Seizures.

**Figure 16. U.S. Customs and Border Protection Southwest Border Methamphetamine Seizures, 2013 – 2019**



Source: U.S. Customs and Border Protection

However, methamphetamine remains the most frequently manufactured drug seized in clandestine laboratories in the United States, according to NSS reporting. Clandestine laboratories can be set up anywhere: private residences, motel and hotel rooms, apartments, mobile homes, campgrounds, and commercial establishments. Many of the domestic methamphetamine laboratories seized in 2019 were small-capacity production laboratories, known as “one-pot” or “shake and bake.” A laboratory of this size generally produces two ounces or less of methamphetamine per production cycle, making it small-scale and easy to conceal, yet often dangerous, and in many cases can cause fires, serious injuries, or even death. Common household items (i.e. pseudoephedrine/ephedrine tablets, lithium batteries, camp fuel, starting fluid, and cold packs) are used as ingredients and mixed inside a container such as a plastic soda bottle.

## Transportation and Distribution

Methamphetamine seizures occur in every U.S. state. Mexican TCOs control wholesale methamphetamine distribution, while both Mexican and domestic 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 74 percent from 2018 (39,268 kilograms) to 2019 (68,355 kilograms) (See Figure 16). Total nationwide methamphetamine seizures increased 77 percent between 2018 (41,396 kilograms) and 2019 (73,351 kilograms).

While methamphetamine precursors are often transported via maritime shipments from China and India, finished methamphetamine is commonly trafficked overland across the SWB. Traffickers employ various techniques to transport and conceal methamphetamine, such as using human couriers, parcel services,

and commercial conveyances. Commonly, traffickers transport multi-kilogram shipments of methamphetamine in privately owned vehicles. Fuel tank concealment remains a widely used technique with either packaged methamphetamine or methamphetamine in solution. Methamphetamine concealed in tires and other natural voids in vehicles are other popular methods for smuggling methamphetamine and other contraband into the United States.

- In May 2020, DEA's Austin, Texas Resident Office (RO) High Intensity Drug Trafficking Area (HIDTA) Task Force seized 17 kilograms of methamphetamine and nearly 38 liters of methamphetamine in solution. A methamphetamine conversion laboratory was discovered after complaints of chemical odors. Among the seized items were tire rims as well as modified fuel tanks used to conceal and transport methamphetamine.

## Methamphetamine in Solution

Methamphetamine can be dissolved in a variety of liquids, including vehicle fluids, fuels, water, and alcoholic beverages (See Figure 17); it is more easily smuggled, more difficult to detect, and can be less expensive than in powder or crystal forms. This smuggling method requires a conversion laboratory to extract the methamphetamine from the solution in which it is dissolved. Methamphetamine in solution form is rarely sold on the streets.

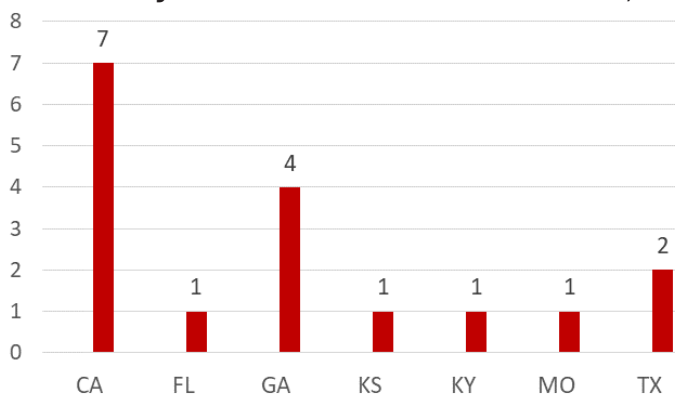
**Figure 17. Methamphetamine in Solution seizures from HIDTA DHE Initiative**



Source: Gulf Coast Blue Lightning Operations Center/High Intensity Drug Trafficking Area Watch Center

Methamphetamine in solution seizures in SWB states have increased from 2015 to 2019. According to the EPIC NSS, there were approximately 8,890 kilograms of methamphetamine in solution seized in SWB states in 2019, a 348 percent increase from 1,986 kilograms in 2015. According to EPIC NSS reports and Domestic Highway Enforcement reporting, there were 66 seizures of methamphetamine in some type of solution, up from 57 incidents in 2018.

**Figure 18. Methamphetamine Conversion Laboratory Incidents in the United States, 2019**



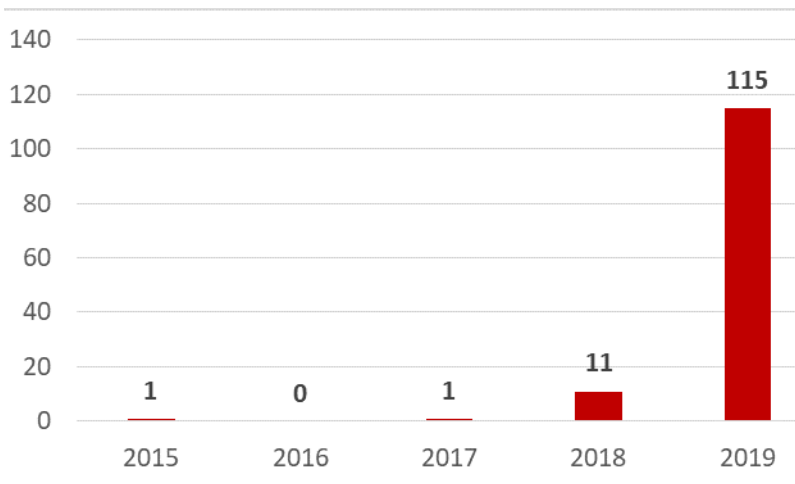
Source: El Paso Intelligence Center, National Seizure System

## Conversion Laboratories

Methamphetamine conversion laboratories are used to either convert powder methamphetamine into crystal methamphetamine or to recrystallize methamphetamine in solution back into crystal methamphetamine—conversion laboratories are not used for methamphetamine production. From 2000 to 2019, with the exception of 2018, the majority of conversion laboratory seizures occurred in California. The state of Georgia had the majority of conversion laboratories in 2018.

Law enforcement has seized conversion laboratories in states farther from the SWB, primarily in the Midwest region. In 2019, there were conversion laboratories seized in Florida, Kansas, Kentucky, and Missouri (See Figure 18).

**Figure 19. EPIC NSS Seizure Totals for Methamphetamine in Pill Form**



Source: El Paso Intelligence Center, National Seizure System

## Methamphetamine in Pill Form

Methamphetamine in pill form has appeared in several states in 2019 and into 2020. Many incidents have involved pill forms that resemble MDMA tablets, while others have been counterfeit pharmaceuticals with methamphetamine present or as the primary substance. Ten of DEA's 23 Field Divisions reported having encountered methamphetamine in some type of pill form. Due to the sporadic nature of reports and encounters, it is likely that individuals domestically manufacture counterfeit pills containing methamphetamine marketed to new or niche markets rather than being available/marketed as a wholesale-level product.

Seizures of methamphetamine pills reported to NSS have increased dramatically with 115 seizures reported to NSS in 2019, up from only 11 in the previous year. From 2015 to 2019, NSS reported 128 seizures of methamphetamine pills in total (See Figure 19).

- In May 2020, authorities stopped an individual arriving at Dulles International Airport outside Washington, D.C. and seized approximately five pounds of suspected MDMA in pill form from the individual's luggage. Laboratory analysis indicated that the multi-colored/various shaped pills in a fish oil bottle and in a coconut oil bottle were not MDMA, but rather methamphetamine.
- Counterfeit Adderall tablets have been encountered previously in Michigan, Florida, and also in Washington State in 2019. These pills bore similar coloring and markings of legitimate prescription Adderall (See Figure 20). The primary substance identified in laboratory analysis in these cases was methamphetamine. In 2019, the Michigan State Police, DEA's Miami Field Division, and the Clark-Vancouver Regional Drug Task Force in Washington seized pills of this type.

As with other drugs of abuse, these product innovations illustrate the determination of DTOs to make methamphetamine appealing to non-traditional users, particularly those in the CPD user population, by offering the drug in atypical forms. Counterfeit MDMA tablets may also

**Figure 20. Legitimate Adderall Tablets (Top) and Counterfeit Tablets (Bottom) Containing Methamphetamine**



Source: Northwest High Intensity Drug Trafficking Area

be an attempt at attracting a non-traditional user base by supplementing or replacing a more expensive product with a cheaper, more easily obtained drug. DEA consistently seizes methamphetamine in traditional forms, and pill forms remain sporadically reported.

## **COVID-19 Pandemic Impact**

While the COVID-19 pandemic may have affected TCOs' short-term ability to obtain precursor chemicals, lasting long-term impacts on the supply chain and methamphetamine production appears to be minor or negligible, allowing the TCOs flexibility in determining pricing. DEA reporting indicates TCOs were already looking to increase the price of methamphetamine prior to the onset of the pandemic. Additionally, TCOs may have exaggerated the effects of the pandemic on aspects of production and supply, particularly chemical supplies, to further increase pricing.

DEA reporting also indicates that some TCOs sought to intentionally price gouge customers by holding shipments of methamphetamine in order to charge higher prices as the crisis prolonged and supplies in the United States diminished. Assertions of limited availability do not appear credible, given a reported two-year inventory of illicit methamphetamine in Mexico before the crisis began.

## **Outlook**

Mexican TCOs are likely to continue to produce, transport, and distribute high-purity, high-potency methamphetamine across the SWB into the United States and will likely continue to adapt their production methods as precursor chemicals become restricted, become temporarily unavailable, or cost-prohibitive. Domestic production will likely continue declining as methamphetamine produced in Mexico remains a lower cost, higher purity, and higher potency alternative.

Conversion laboratories will likely continue to increase, or at least maintain a stable presence, as methamphetamine in solution remains an effective concealment and transportation option. Additionally, TCOs are likely to continue to attempt to expand existing markets or establish new ones by offering methamphetamine in non-traditional forms such as tablets.

The price of methamphetamine currently remains low compared to other drugs of abuse despite the impact of the COVID-19 pandemic, but has seen price increases during the ongoing pandemic. As the COVID-19 pandemic crisis continues, fluctuations in pricing and availability will likely continue with all drugs of abuse, with the methamphetamine market disproportionately affected.

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# COCAINE

## Overview

Production, trafficking, and abuse of cocaine consistently pose a threat to the safety and security of citizens and law enforcement, from the production zones in South America to transportation and distribution networks in the United States. Domestic availability is steady, likely driven by high levels of coca cultivation and cocaine production in the Andean Region of South America, and deaths from drug poisoning involving cocaine have increased every year since 2013.

## Impact of COVID-19 on Cocaine Trafficking to the United States

The COVID-19 pandemic has impacted multiple nodes of the cocaine trafficking supply line, yet has not significantly reduced the overall supply to the United States. In Colombia—the primary source country of cocaine in the United States—the pandemic has not significantly affected TCOs' abilities to produce and smuggle cocaine, as of October 2020. COVID-19 related restrictions in South, Central, and North America have not significantly impacted the flow of cocaine to the United States. While these restrictions led to fewer opportunities for TCOs to engage in drug trafficking activities via air and land, the impact has generally not extended to maritime activity. Moreover, TCOs adapted and have continued smuggling large quantities of cocaine into the United States. Domestically, traffickers faced uncertainty and likely increased

prices in an effort to maximize short-term profits in anticipation of a shortened supply as the pandemic progressed. Though availability and pricing of cocaine has varied in certain locations in the United States during the pandemic, the overall cocaine supply chain remains intact.

## Availability

A steady supply of cocaine was available throughout U.S. domestic markets in 2019. Despite some reports of diminished supply during the spring of 2020, cocaine availability remained stable, although some price fluctuations were reported across DEA Field Divisions in the early stages of shelter-in-place orders due to the pandemic. All 23 DEA Field Divisions reported that cocaine was easily obtained throughout 2019. Ten field divisions reported cocaine availability was high, and 13 reported cocaine availability was moderate. The only division reporting a change from 2018 was the Louisville Field Division, where availability of the drug changed from high to moderate.

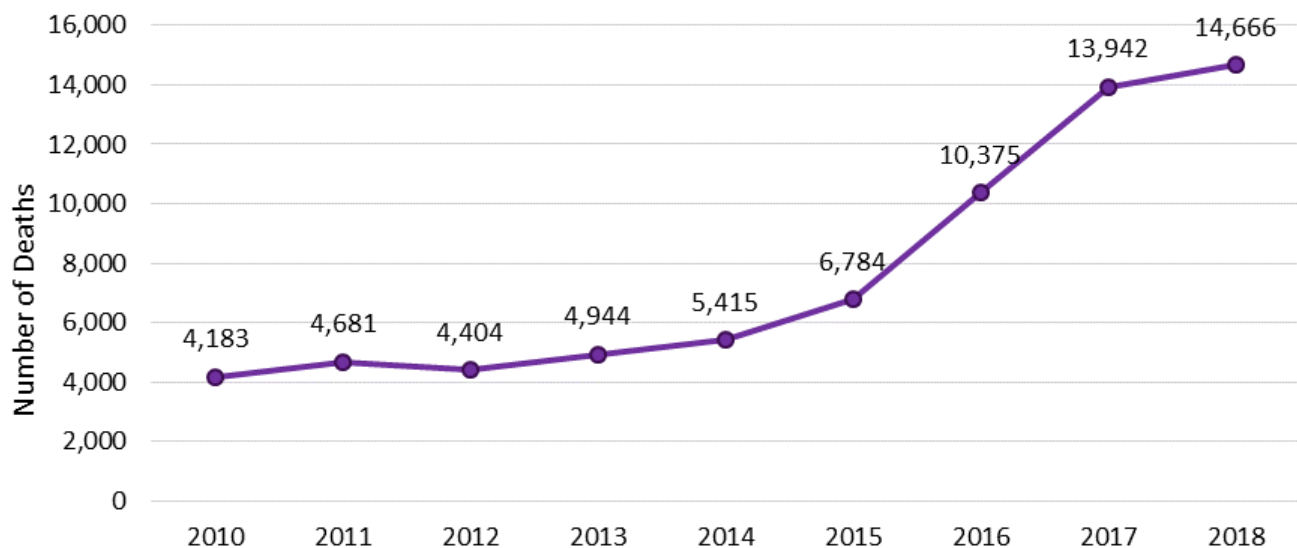
There were 196,721 cocaine reports submitted to NFLIS-Drug in 2019, a 14 percent decrease from the 229,803 reports submitted in 2018. In 2019, the number of cocaine reports to NFLIS-Drug was the lowest number reported in the past six years and is less than half of the amount reported at the peak in 2006 (640,141 reports). Still, of the top 25 most frequently identified drugs in NFLIS-Drug, cocaine ranked third overall in 2019, behind methamphetamine and cannabis/tetrahydrocannabinol (THC).

## DEA's Cocaine Signature Program (CSP)

Each year through the CSP, in-depth chemical analyses are performed on cocaine 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 STRL 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 cocaine processing and trafficking trends. The CSP also provides a substantial 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.

**Figure 21. Total Number of Deaths from Drug Poisoning Involving Cocaine in the United States and the District of Columbia, 2010 – 2018**



Source: U.S. Customs and Border Protection<sup>p</sup>

p. Drug poisoning deaths include the following ICD-10 underlying cause codes: X40-X44, X60-X64, X85, Y10-Y-14. Drug poisoning deaths include unintentional (accidental overdose), intentional (suicide or homicide by drug), and deaths of undetermined intention. Cocaine-involved drug poisoning deaths are coded under ICD-10 multiple cause code T40.5.

Sustained cocaine production at record levels in Colombia is likely stabilizing cocaine’s overall presence in the U.S. drug market.

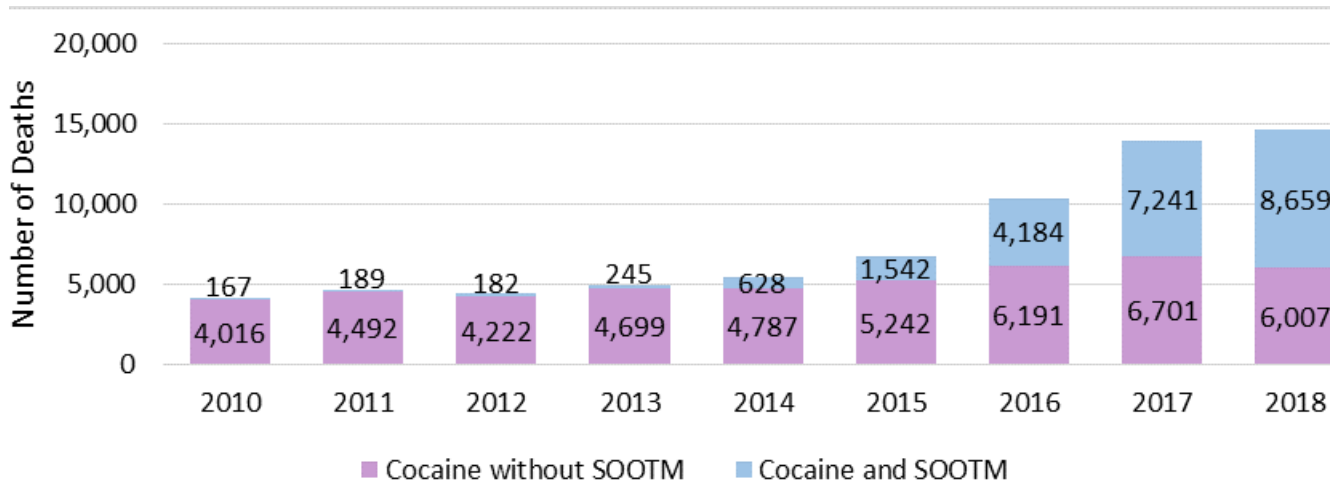
## Drug Consumption and Overdose Deaths

Cocaine abuse is a serious concern for law enforcement and public health officials throughout the United States. In 2018, there were 14,666 deaths from drug poisoning involving cocaine in U.S. states and the District of Columbia, according to CDC estimates (See Figure 21). Between 2012 and 2018, the number of deaths from drug poisoning involving cocaine increased every year, and 2018 is the third year in a row that such deaths exceeded 10,000. Deaths from drug poisoning involving cocaine have increased about 251 percent from 2010 to 2018. The U.S. states with the greatest number of deaths from drug poisoning involving cocaine in 2018, in descending order, were New York (1,276 deaths), Florida (1,221), Ohio (1,105), Pennsylvania (1,045), New Jersey (867), Illinois (771), Michigan (768), Texas (741), Massachusetts (716) and North Carolina (711). In 2018, the highest age-adjusted death

rates from drug poisoning involving cocaine, per 100,000 population, were in Delaware (15.9), the District of Columbia (14.2), Rhode Island (13.1), Maryland (11.4), Massachusetts (10.7), New Jersey (9.9), Ohio (9.8), Vermont (9.4), Connecticut (9.1), and Pennsylvania (8.5). Four U.S. states—Massachusetts, New Jersey, Ohio, and Pennsylvania—that were among the ten states with the most overall deaths from drug poisoning involving cocaine were also among the ten states with the highest age-adjusted death rates from drug poisoning involving cocaine, per 100,000 population. Those four states collectively accounted for 3,733 deaths, or approximately 25 percent of all deaths from drug poisoning involving cocaine in the United States in 2018.

Polydrug cocaine combinations, particularly cocaine with SOOTM, are a serious concern and have contributed to the increase in drug poisoning deaths involving cocaine over the past four years. Drug poisoning deaths involving cocaine and SOOTM increased from 167 deaths in 2010, to 8,659 deaths in 2018 (See Figure 22), a 5,085 percent increase. In 2017 and 2018, the number of drug poisoning deaths

**Figure 22. Drug Poisoning Deaths Involving: Cocaine and a SOOTM; Cocaine without a SOOTM, 2010 – 2018**



Source: Centers for Disease Control and Prevention



involving cocaine and a SOOTM were greater than the number of drug poisoning deaths involving cocaine without a SOOTM. Drug poisoning deaths involving cocaine and a SOOTM began to dramatically increase at the same time as the onset of the fentanyl epidemic in the United States in 2014. Therefore, these deaths may be attributable primarily to cocaine-fentanyl combinations, though this cannot be confirmed with the referenced data.

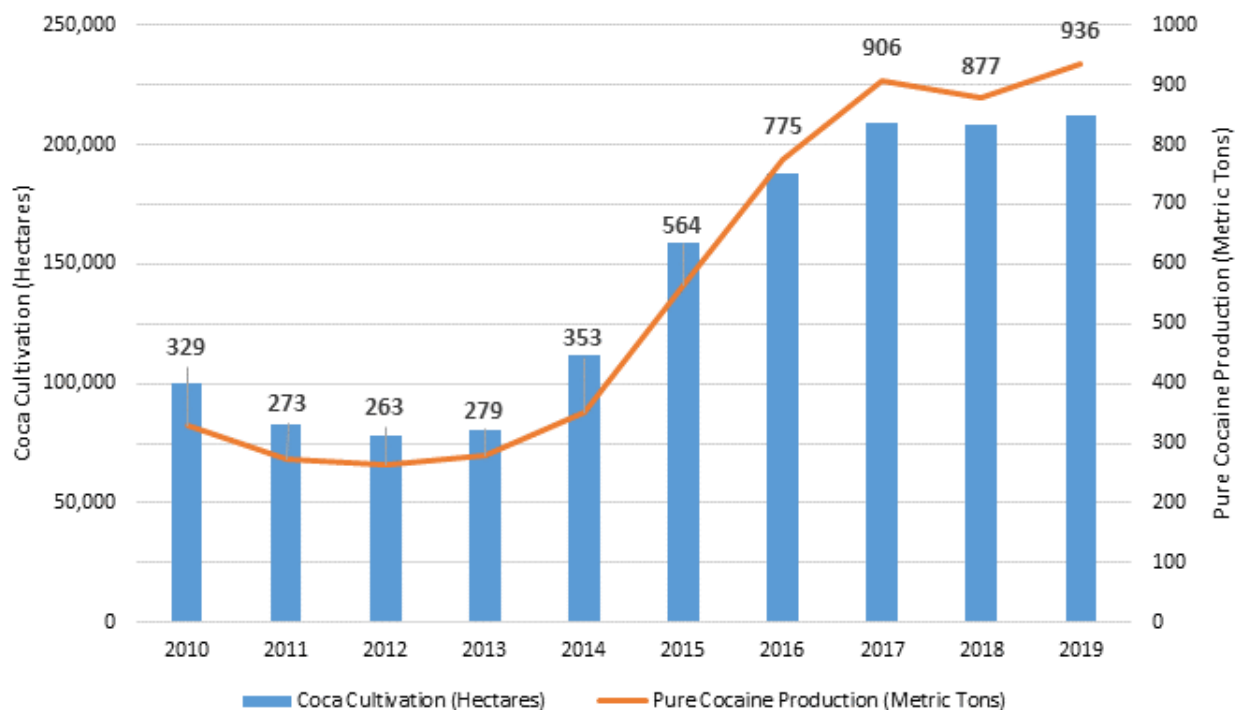
Because many DTOs are polydrug in nature—specializing in the packaging, sale and distribution of more than one drug at a time—multiple drugs are often processed in the same shared space, which can result in unintentional mixture of substances. Cocaine and fentanyl or other SOOTM may be packaged together for street sale without the knowledge of the user and/or seller, which can lead to adverse reactions in those who lack the opioid tolerance of a habitual opioid user. There is a tangible threat associated with intentional mixing of

cocaine and SOOTM, but without additional information it is difficult to distinguish whether spikes in overdose deaths are primarily attributed to intentional use of true drug combinations, ingestion of SOOTM containing only small elements of cocaine (or ingestion of cocaine with small elements of SOOTM), or dual use of cocaine and SOOTM at different times.

## Production

Coca cultivation and potential pure cocaine production remain at record high levels in South America, from where almost all of the world's cocaine is sourced. In 2019, the three major cocaine-producing countries of the world—Bolivia, Colombia, and Peru—had approximately 326,180 hectares (ha) of coca cultivation and potential pure cocaine production of approximately 1,886 metric tons, according to USG estimates. Of the three countries, both coca cultivation and potential pure cocaine production were highest in Colombia in 2019,

**Figure 23. Colombia: Coca Cultivation and Potential Pure Cocaine Production, 2010 – 2019**



Source: U.S. Government Estimates

the origin for the majority of the cocaine in the United States. Coca cultivation in Colombia increased slightly, from 208,000 ha in 2018 to 212,000 ha in 2019. Additionally, the estimated potential pure cocaine production increased from 877 metric tons in 2018 to 936 metric tons in 2019 (See Figure 23). The strategic trends documented by the USG in recent years –increased overall coca cultivation in Colombia; higher coca yields; higher potential cocaine production; and higher farmer profits per hectare of coca—continued in 2019.

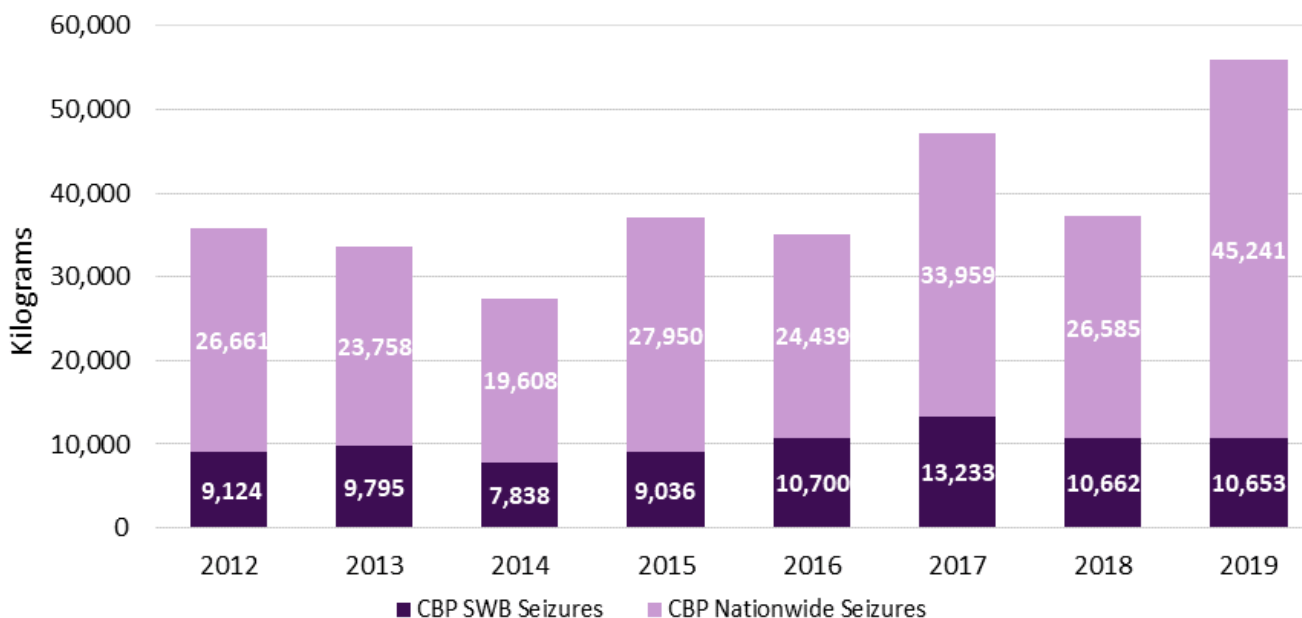
## Transportation and Distribution

Mexican TCOs control cocaine trafficking in the United States, which is likely to continue as no other trafficking group is positioned to challenge them in the near term. While Mexican TCOs dominate the wholesale distribution of cocaine to the United States, Colombian TCOs maintain control over its production and supply. Mexican TCOs continue to obtain multi-ton shipments of powder cocaine from South American traffickers,

moving it through Central America and Mexico, and then smuggling it into the United States over the Southwest Border. Traffickers, including Dominican TCOs, also transport cocaine through the Caribbean Corridor, primarily via maritime and aerial smuggling methods. Mexican TCOs dominate cocaine transportation throughout the United States, but rely on local criminal groups for retail-level distribution. After Mexican, Colombian, or Dominican trafficking organizations transport cocaine into the United States, local U.S. criminal groups and street gangs facilitate mid-and retail-level distribution. Moreover, the production and distribution of crack cocaine is mainly handled by local U.S. criminal groups and street gangs.

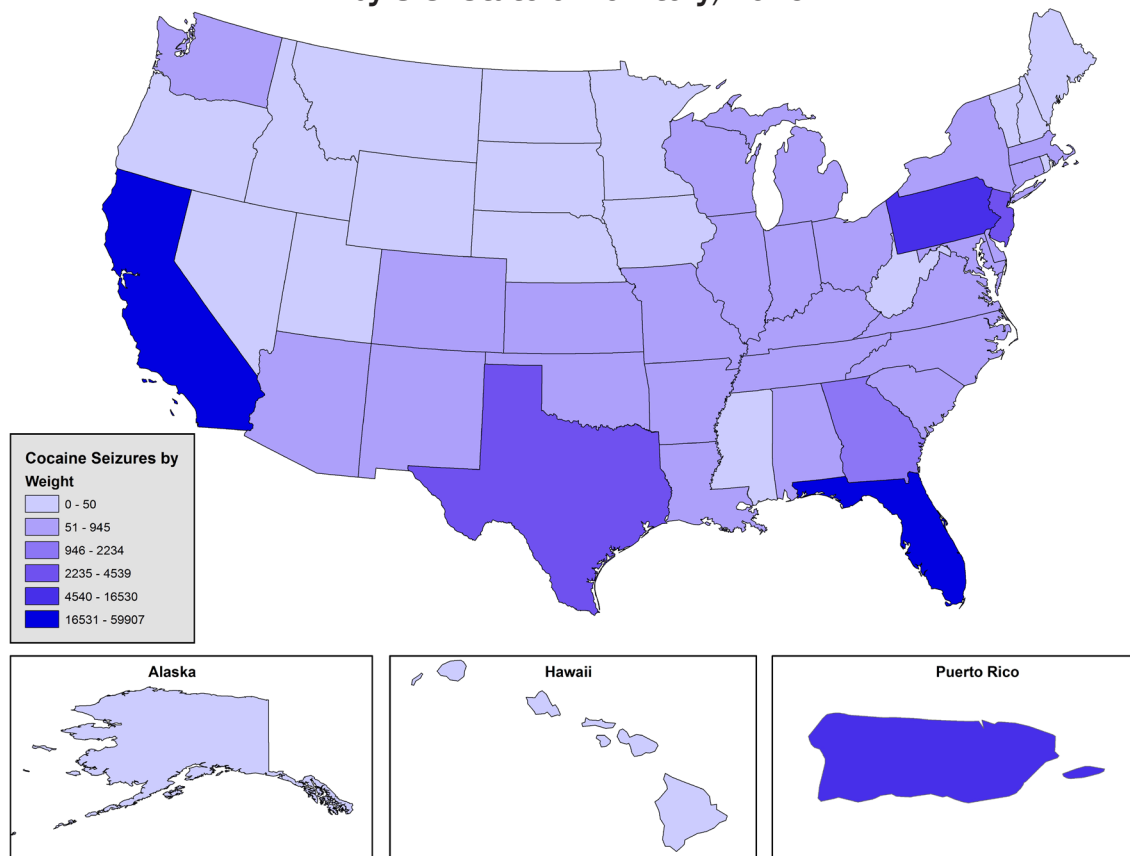
The amount of cocaine seized in the United States increased in 2019 in comparison to 2018, according to U.S. law enforcement agencies. According to CBP information, cocaine seizures along the SWB decreased slightly, from 10,662 kilograms in 2018, to 10,653 kilograms in 2019 (See Figure 24). Nationwide CBP cocaine seizures increased 70 percent, from

**Figure 24. U.S. Customs and Border Protection Nationwide and Southwest Border Cocaine Seizures, 2010 – 2019**



Source: U.S. Customs and Border Protection

**Figure 25. DEA Reported Domestic Cocaine Seizures by U.S. State or Territory, 2019**



Source: DEA

26,585 kilograms in 2018 to 45,241 kilograms in 2019 (See Figure 24). Other law enforcement datasets indicate similar trends for cocaine seizures in 2019. According to EPIC's NSS, the amount of cocaine seized in the United States increased from 61,966 kilograms in 2018 to 72,856 kilograms in 2019.<sup>q</sup>

The increase in reported cocaine seizures is primarily attributed to the record seizure of approximately 17,928 kilograms from cargo containers on the *MSC Gayane* in Philadelphia, Pennsylvania, destined for Antwerp, Belgium, on June 17, 2019. Excluding that seizure, nationwide CBP seizures increased a little less than three percent, from 2018 (26,585 kilograms) to 2019 (27,312.79 kilograms). Similarly, NSS data indicates the amount of

cocaine seized (54,913.45 kilograms) decreased approximately 11 percent from 2018 to 2019.

DEA state and territory-level cocaine seizures in 2019 generally followed previously established patterns.<sup>r</sup> The greatest amount of cocaine seized reported by the DEA occurred in states along the SWB and Caribbean Corridor, or those with high-traffic international airports or seaports (See Figure 25). Florida was the U.S. state or territory with the largest amount of cocaine seizures by weight in 2019. Florida's proximity to the Caribbean Corridor facilitates a large volume of cocaine smuggling. California had the second greatest amount of cocaine seized in 2019 and Pennsylvania the third. Puerto Rico was the U.S. state or territory with the fourth largest amount of cocaine seizures. These seizures indicate

q. Date of information: May 15, 2020

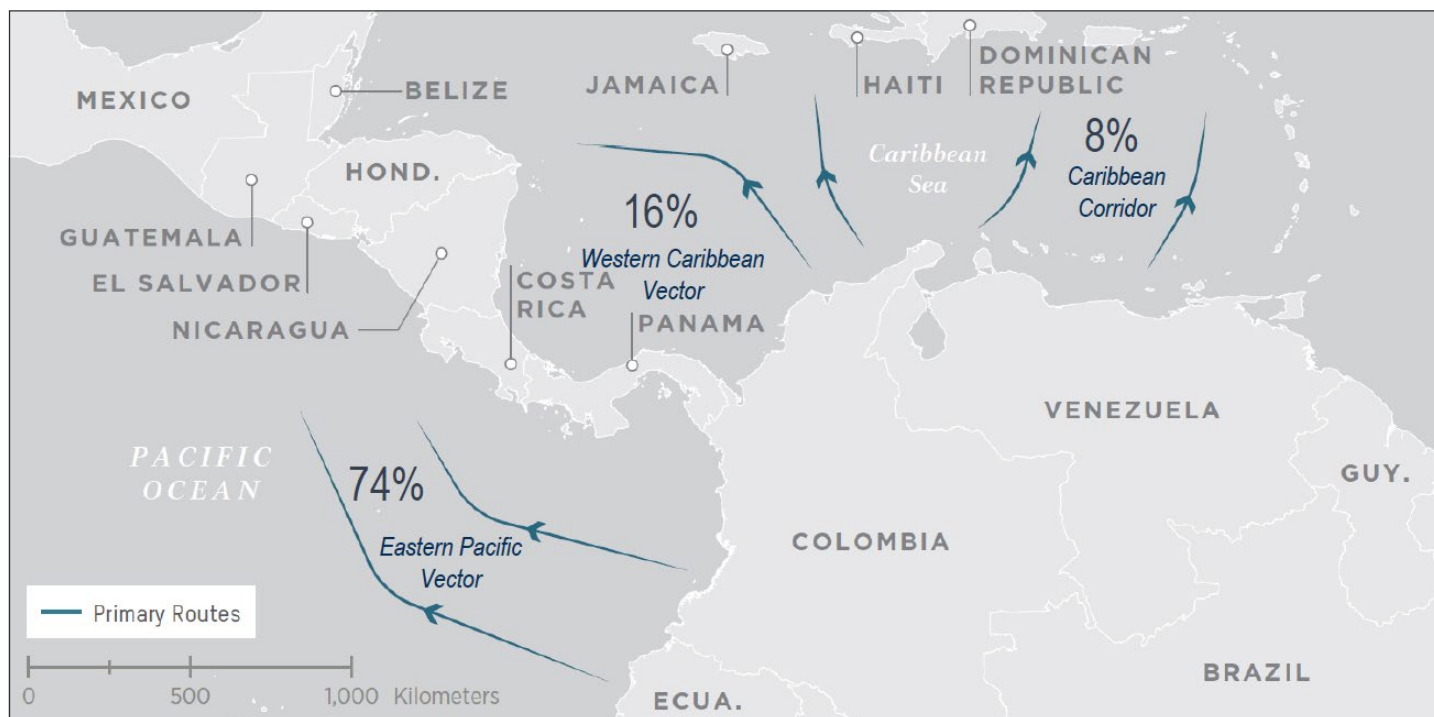
r. Date of information: June 8, 2020

that traffickers continue to use Puerto Rico as a major transit location in the Caribbean for cocaine destined for the continental United States.

The vast majority of cocaine destined for the United States initially transits through one or multiple countries. Less than one percent of documented cocaine movement was shipped directly to the United States from South America in 2019, according to a U.S. Government database of known and suspected drug seizure and movement events. Traffickers predominantly utilize maritime routes in the Eastern Pacific (EPAC) to smuggle cocaine from South America to the United States. In 2019, about 74 percent of cocaine documented departing South America toward the United States transited the EPAC, mostly aboard go-fast vessels (See Figure 26).

Traffickers less frequently utilize the Western Caribbean Vector and the Caribbean Corridor to smuggle cocaine destined for the United States. In 2019, approximately 16 percent of cocaine departing South America transited the Western Caribbean Sea toward Central America and Mexico, split evenly between noncommercial maritime vessels and illicit aircraft (See Figure 26). Roughly eight percent of documented cocaine movements departing South America moved toward the Caribbean Islands in 2019, mostly aboard go-fast vessels (See Figure 26). Additionally, small amounts of cocaine are moved overland from Colombia to Panama.

**Figure 26. Cocaine Movement to Mexico, Central America, and the Caribbean, Calendar Year 2019**



Source: U.S. Government database of known and suspected drug seizure and movement events. Date accessed: June 9, 2020. Information cutoff date: December 31, 2019.

## Outlook

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Cocaine trafficking in the United States will continue to remain a threat, with continued availability driven by record production levels in Colombia. Despite the initial pricing increases per kilogram of cocaine reported in some U.S. drug markets during the COVID-19 pandemic, prices will likely stabilize. Mexico will remain the primary intermediate source of supply for South American-origin cocaine smuggled into the United States, and Mexican TCOs will continue to use their extensive infrastructure in both Mexico and the United States to supply lucrative cocaine markets. Based on the existing cultivation and production estimates in South America, these TCOs are able to consistently supply cocaine to the U.S. markets.



# CONTROLLED PRESCRIPTION DRUGS (CPDs)

## Overview

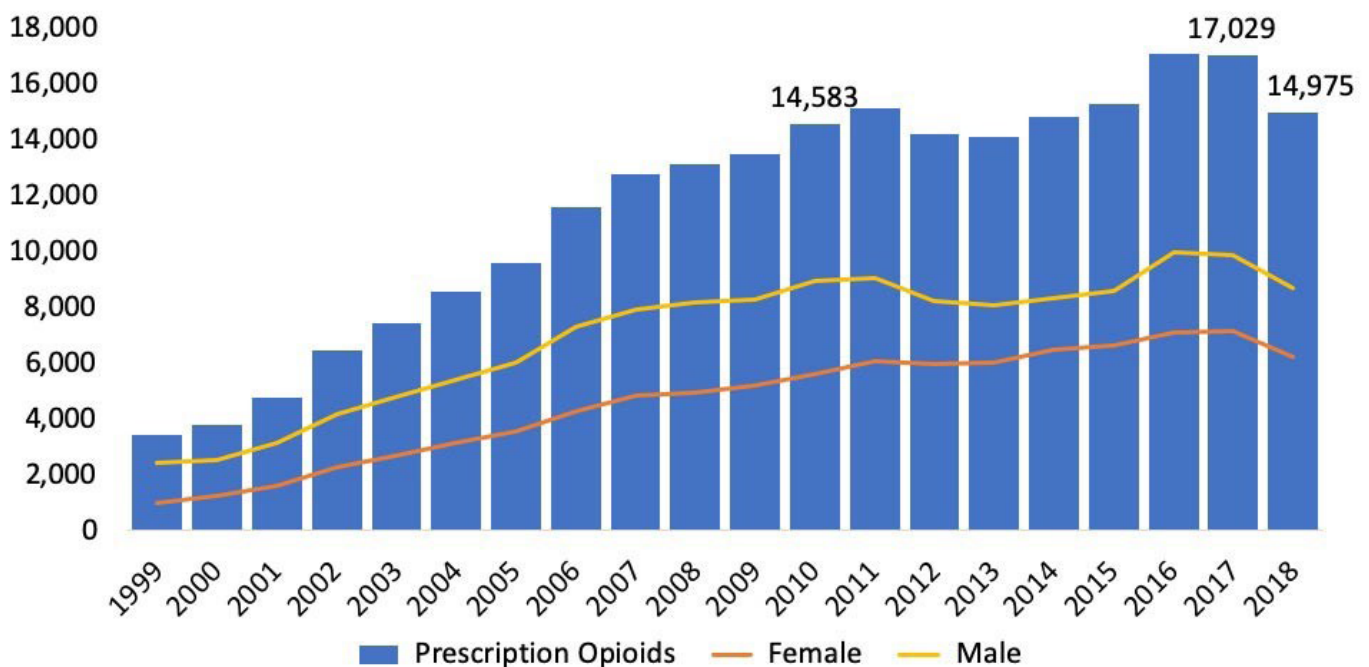
Controlled Prescription Drugs (CPDs) remain a prevalent concern within the United States—availability remains constant although abuse levels decreased from the previous year.<sup>s</sup> DEA Field Divisions consistently report high CPD availability on the street within their AORs. CPD diversion continues to decrease across most categories at the national level, but some states report an increase in the number of incidents. The number of opioid dosage units available on the retail market and opioid thefts and losses reached their lowest levels in nine years.

## Availability

DEA reporting in 16 of 23 Field Divisions indicates high CPD street availability for 2019. All DEA Field Divisions reported the same availability except DEA's Seattle Field Division which reported a drop from high availability in 2018 to moderate availability in 2019.

Prescription opioids were involved in nearly 15,000 U.S. deaths in 2018, averaging 41 each day, according to the CDC (See Figure 27). Prescription opioids were involved in 32 percent of all opioid overdose deaths; however, there was a notable 13.5 percent decrease in prescription

**Figure 27. National Drug Overdose Deaths Involving Prescription Opioids, Number Among All Ages, 1999 – 2018**



Source: Centers for Disease Control and Prevention, National Center for Health Statistics. Multiple Cause of Death 1999-2018 on CDC WONDER Online Database, released January, 2019.

s. CPDs include, but are 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).

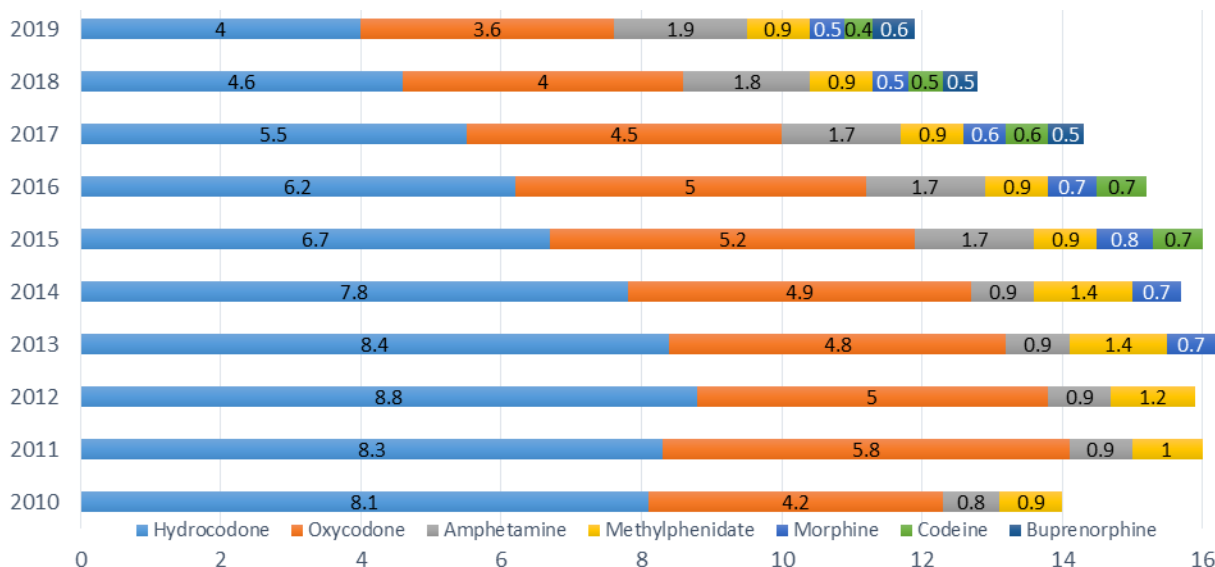
opioid-involved death rates from 2017 to 2018. Even though prescription-involved opioid deaths decreased from the previous year, CPD misuse and diversion of these drugs has continued to rise over the past two decades. The CDC reports that U.S. prescription-involved opioid overdose deaths have increased from just under 4,000 deaths in 1999 to 15,000 deaths in 2018 with a total 232,000 deaths from 1999 to 2018.

None of the states observed a significant increase of prescription opioid deaths, and 17 states reported decreasing numbers. In 2018, West Virginia experienced the highest prescription overdose death rate at 13.1 per 100,000 people while also presenting the largest decrease with 4.1 fewer deaths per 100,000 people than in 2017.

Although DEA’s Automation of Reports and Consolidated Orders System (ARCOS) reveals that the number of dosage units distributed nationwide at the retail level (hospitals, pharmacies, practitioners, treatment programs, and teaching institutions) decreased from 2018

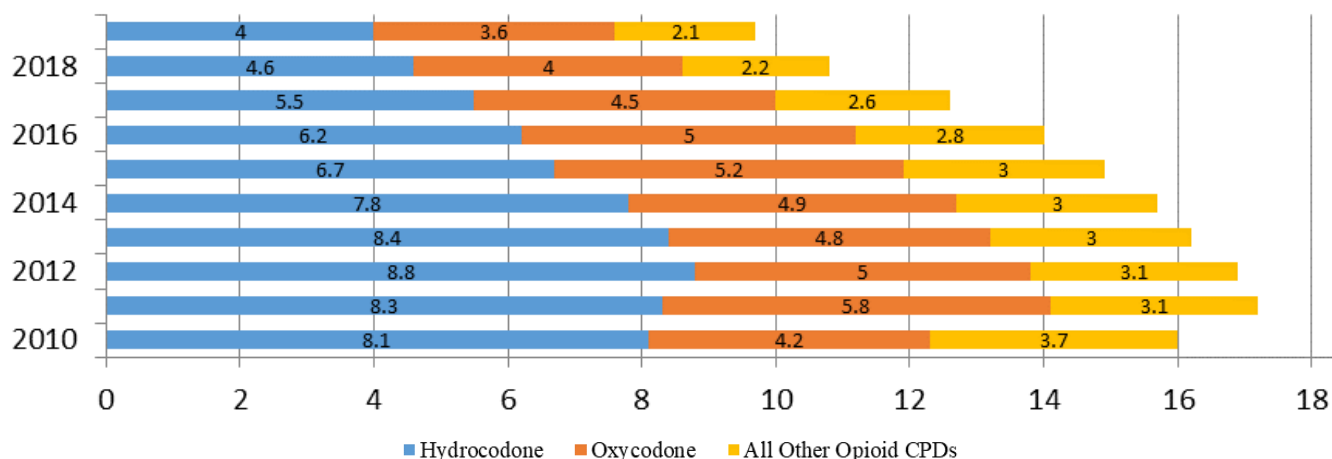
to 2019, opioids continue to rank as five out of the seven most distributed CPDs (See Figure 28). Hydrocodone and oxycodone products were dispensed at more than twice the rate of any other CPD, which remains a steady trend. Two stimulants—amphetamine and methylphenidate (brand name Ritalin)—have maintained a continual presence over the years, while buprenorphine, a medication used to treat opioid dependence, replaced methadone in the top seven most distributed CPDs from 2017 through 2019. During the pandemic, DEA enacted temporary measures to permit better access to individuals in need of treatment for opioid use disorder, allowing for distribution of methadone and buprenorphine outside of treatment clinics. DEA also temporarily allowed DATA-waived practitioners to prescribe buprenorphine to new patients following telephone consultation, rather than requiring an in-person visit. Authorizing greater access and availability of buprenorphine allows for patients with an opioid use disorder to receive medication assisted treatment.

**Figure 28. Top Controlled Prescription Drugs Sold to Domestic Retail Level Purchasers in Billions of Dosage Units, 2010 – 2019**



Source: DEA’s Automation of Reports and Consolidated Orders System

**Figure 29. Hydrocodone and Oxycodone Prescription Drugs Sold to Retail Level Purchasers Compared to All Other Opioid CPDs in Billions of Dosage Units, 2010 – 2019**

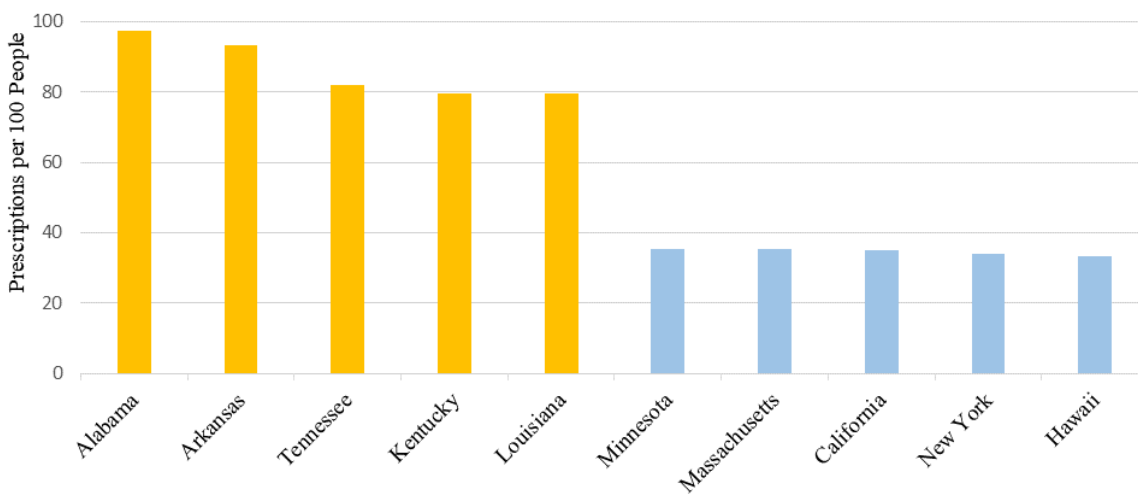


Source: DEA's Automation of Reports and Consolidated Orders System

While the amount of prescription opioids available on the legitimate market continued to decline since peaking in 2011, the numbers remain significant. ARCOS data indicated 9.7 billion dosage units of opioid CPDs were manufactured and distributed in 2019. This signifies the first time that opioid prescriptions dropped below ten billion dosage units since 2010. Hydrocodone and oxycodone products comprised approximately 78 percent of all CPDs sold to retail level purchasers for 2019 (See Figure 29).

Opioid prescription rates continue to decrease since the peak in 2012, with the 2018 prescribing rate at its lowest point in 13 years. The 2018 nationwide prescribing rate was 51.4 prescriptions per 100 U.S. residents, which dropped from 58.6 prescriptions per 100 U.S. residents in 2017. However, the prescribing rate continues to vary state-by-state. Alabama and Arkansas continued to have the highest opioid prescription rates from 2017 to 2018, although the rate dropped below 100 prescriptions per 100 U.S. residents for both states (See Figure 30). New York and Hawaii have the lowest opioid

**Figure 30. States with Five Highest and Five Lowest Opioid Prescribing Rates, 2018**

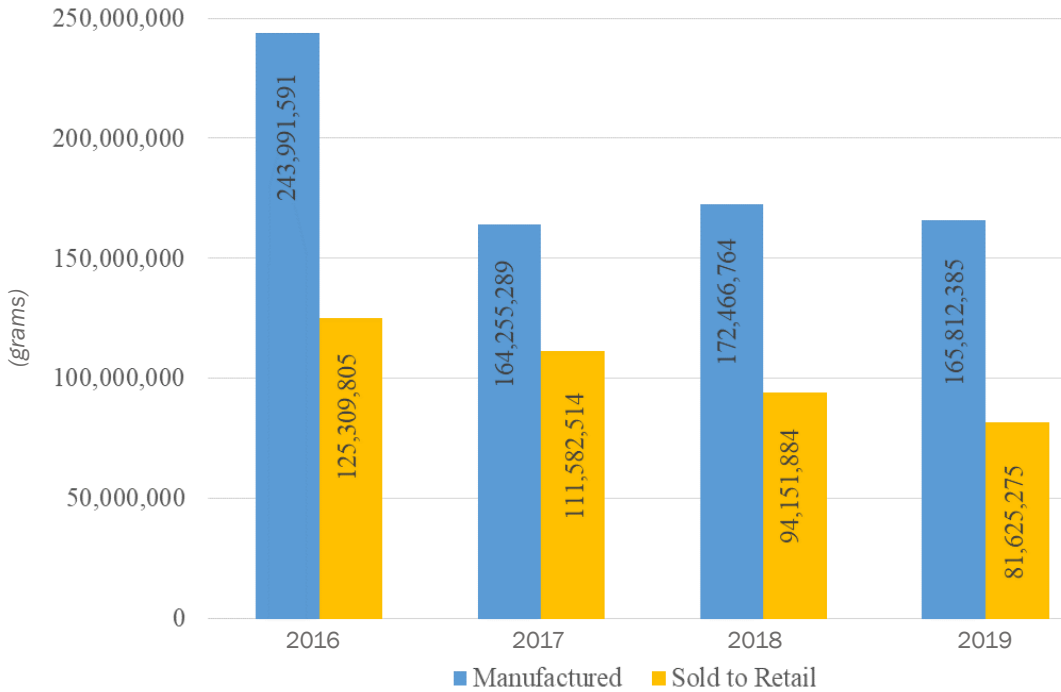


Source: Centers for Disease Control and Prevention

Controlled Prescription Drugs

### Figure 31. Opioids\* Manufactured, and Distributed at the Retail Level, 2016 – 2019

\* Codeine, fentanyl, hydrocodone, hydromorphone, morphine, oxycodone, and oxymorphone



Source: Centers for Disease Control and Prevention

prescribing rates at 34 and 33.4 prescriptions per 100 U.S. residents, respectively.

Opioid manufacturing levels dropped significantly from 2016 to 2017 and have remained relatively steady since 2017. Opioids sold to retail distributors have declined by roughly 15 percent each year since 2016. The decreasing amount of pharmaceuticals available in the illicit market is likely attributable to the combined efforts of law enforcement, diversion control enforcement, and community education and outreach to combat opioid and pharmaceutical abuse. The difference between the quantities manufactured versus quantities provided to retail distributors (See Figure 31) can be explained by several reasons including commercial medical needs, scientific research, exports, and inventory.

DEA increased the 2020 aggregate production quota by 15 percent for fentanyl, morphine, hydromorphone, codeine, oripavine,

oxymorphone, ephedrine, and pseudoephedrine to account for increased medical demand during the COVID-19 pandemic. DEA also granted an exception to all DEA-registered bulk manufacturers which allowed them to exceed the cap which normally restricts manufacturers to not exceed 65 percent of their estimated net disposal in their inventory to ensure the availability of active pharmaceutical ingredients needed to manufacture dosage forms and avoid potential production shortages. These adjustments allow more flexibility for manufacturers to reply to elevated licit demand during the COVID-19 pandemic, if needed, and to stave off a potential disruption to the global manufacturing and supply chain should COVID-19 conditions lead to widespread shutdowns. Reinstated mandatory stay-at-home orders, varying international response, and an increasingly impacted workforce would strain production and transportation.

## DEA's Response to COVID-19: Prescription Drugs

DEA adjusted certain guidelines to swiftly and appropriately assist medical professionals and patients during the unprecedented COVID-19 pandemic. DEA granted state reciprocity for neighboring states to practitioners who dispense controlled substances. DEA also provided two exceptions for Schedule II oral prescriptions: the requirement for practitioners to provide a follow-up paper copy of an emergency oral prescription to the pharmacy was extended from seven days to 15 days and practitioners were allowed to send a follow-up prescription via copy or photograph rather than an original copy. DEA also relaxed telemedicine regulations to ensure practitioners could prescribe medicine without direct contact. These extensions allowed medical practitioners the flexibility needed to care for patients while abiding by state and federal orders to avoid leaving their homes. However, these flexibilities could lead to abuse or misuse without proper accountability and management as restrictions for the COVID-19 pandemic begin to wane.

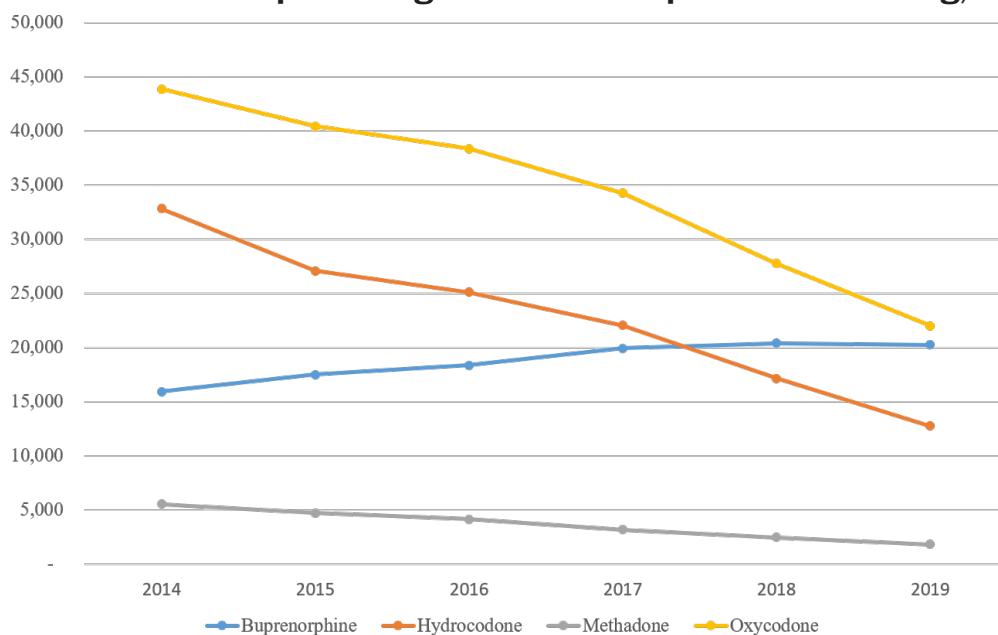
## Drug Consumption

The 2018 National Survey on Drug Use and Health (NSDUH) indicated that CPD abuse dipped from the previous year, but remained high. Illegitimate use of CPDs rendered them the second most abused illicit substance after marijuana with 16.9 million Americans over the age of 12 reporting prescription drug misuse within the past year, which dropped from 18.1 million persons in 2018. This number includes 9.9 million who misused prescription pain relievers, 5.1 million who misused prescription

stimulants, and about 6.4 million who misused prescription tranquilizers or sedatives in that period. Misused pain relievers were the most commonly abused type of prescription drugs with 9.3 million for adults over 18 and 695,000 for adolescents aged 12-18. Respondents in 2018 identified relieving pain as the main purpose behind prescription drug misuse at 63.6 percent. Other reasons behind prescription misuse were to get high (10.6 percent), relieve tension (9.2 percent), improve sleep (4.5 percent), cope with feelings or emotions (4.0 percent), addiction (3.2 percent), and drug experimentation (2.5 percent). These numbers remained relatively steady from 2017 data.

The NSDUH asked respondents in 2018 to identify the specific prescription pain relievers they used in the past year, then whether they misused that pain reliever during that period. For example, it measured the codeine misuse percentage amongst the codeine use percentage. For reference, hydrocodone products such as Vicodin or Lortab represent the most commonly misused subtype of prescription pain relievers overall at two percent of the total U.S. population. Comparatively, the U.S. Substance Abuse and Mental Health Services Administration (SAMHSA) reports that 28.4 percent of oxymorphone users misused oxymorphone products and 28.3 percent of buprenorphine users misused buprenorphine products. The Food and Drug Administration approved buprenorphine products include Bunavail, Suboxone, and Zubsolv, all variations of buprenorphine and naloxone.

The SAMHSA states that buprenorphine is the first medication to treat opioid dependency that a practitioner may dispense or prescribe, unlike methadone that a practitioner must administer inside a regulated clinic. NFLIS-

**Figure 32. Controlled Prescription Drugs Substance Reports to NFLIS-Drug, 2014 – 2019**

Source: National Forensic Laboratory Information System-Drug – Retrieved July 10, 2020

Drug data reveals that buprenorphine reports<sup>t</sup> from all participating federal, state, and local laboratories increased each year except a minor drop from 2018 to 2019 (See Figure 32).<sup>u</sup> NFLIS-Drug reported a 50 to 67 percent decrease of hydrocodone, methadone, and oxycodone reports from 2014 to 2019, so the 27 percent increase of buprenorphine during that time frame was significant.

## Transportation/Distribution

Diversion of lawfully made controlled pharmaceuticals from the legitimate market into illicit use threatens U.S. communities. NSDUH reports that just over half (51.3 percent) of prescription pain reliever users obtained their most recently misused CPDs from a friend or

relative for free, in exchange for payment, or via theft. Over a third of CPD users obtained their pain relievers through prescription(s) or by stealing them from a health care provider, with most obtaining the pain relievers through a prescription from a single doctor.

## Robberies and Thefts

The DEA Theft Loss Reporting Database, formerly the Drug Theft/Loss Database, reveals that the number of dosage units of opioid narcotics unaccounted for peaked in 2011 with 19.5 million dosage units and has continued to decrease.<sup>v</sup> This amount further declined to 6.1 million units in 2019, which marks the lowest amount for the past nine years (See Figure 33).

t. In reference to the data's unit of measure, one count represents one single report in the NFLIS-Drug database. One single report equates to one documented occurrence of a drug, whereas each report is counted separately and added to the NFLIS-Drug data.

u. NFLIS-Drug does not distinguish between licit pharmaceuticals and illicitly manufactured drugs. Thus, the data presented may contain both.

v. DEA's Theft Loss Reporting Database (TLR) is a collection of information reported by registrants under regulatory requirement to report thefts and losses of controlled substances (21 C.F.R. §§ 1301.74 and 1301.76). Registrants are required to amend reports if the drug originally reported as a loss is recovered. The systems and requirements also do not capture disposals of controlled substances. The information contained in TLR generated reports is a complete and accurate record of what DEA registrants provided to TLR in accordance with reporting requirements. This information is susceptible to future updates and corrections, without notice, as new information is obtained. Recipients should be aware of these limitations before analyzing or publishing TLR data. DEA assumes no liability for analysis, conclusions, or policy decisions of third parties based on internal interpretation of provided data. Lastly, the data contains only what has been reported to the electronic TLR system. It may not contain reports sent back for correction or reports submitted in hardcopy to the local field office. It is important to remember these numbers can change, based on any new information that is subsequently received. There is no direct correlation between reported theft or loss of controlled substances and any possible presumption that these drugs were ultimately used for illicit purposes.

**Figure 33. Number of Dosage Units for Opioid Thefts/Losses in Millions, 2010 – 2019**

Opioids	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
	12.5	19.5	13.1	11.6	12.4	9.8	9.7	9.4	7.0	6.1

Source: DEA

**Figure 34. Total Number of Robberies, 2010 – 2019**

Robbery*	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
	771	712	801	738	836	872	835	884	662	401

\*Armed Robberies reported from 2010 to 2018; All Robberies 2019 to date

Source: DEA

According to DEA's Theft Loss Reporting Database, the total number of prescription drug robberies, which resulted in the loss of a variety of prescription medications, decreased over 45 percent in 2019 from the high of 884 armed robberies in 2017. In fact, 2019 saw the lowest number of robberies in the past nine years (See Figure 34). However, this trend applies only to the national level as certain states witnessed increases in 2019.

### Rise in Pharmacy Looting During the COVID-19 Pandemic and Social Unrest that Occurred in 2020

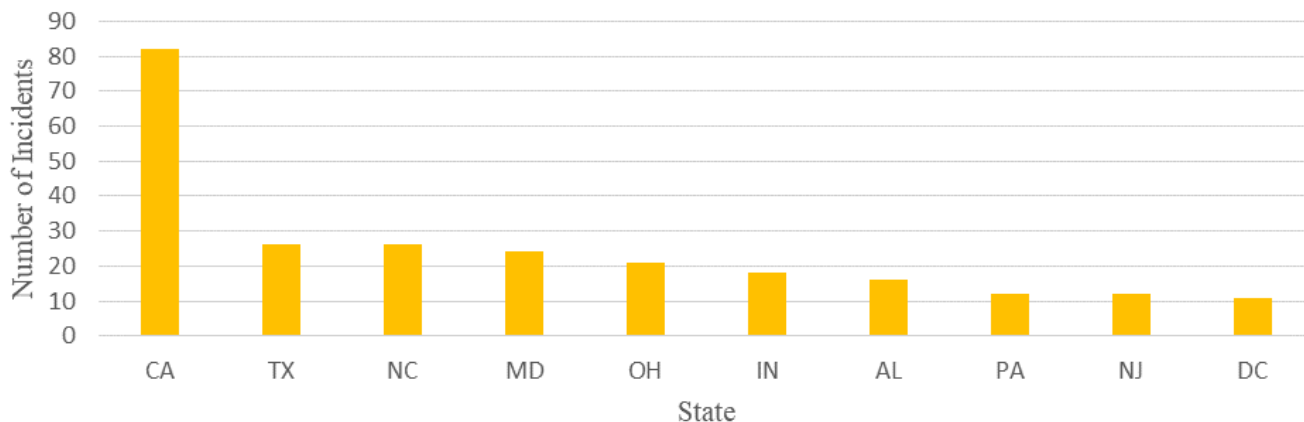
Information received from DEA Field Divisions indicated an uptick in thefts, burglaries, and/or robberies during the protests that occurred in late May through June 2020. Looters took advantage of the civil unrest during the summer of 2020 to target local pharmacies and are believed to have stolen various controlled prescription drugs.

The state of Michigan reported only four robberies in 2019, a decline of 91 percent from 44 reported armed robberies in 2018 before the categories were altered.<sup>w</sup> The state of Alabama and the District of Columbia both experienced nearly double the number of armed robberies from 2017 to 2018, but stayed consistent in 2019. The state of California reported the highest number of robberies at 82, which marked a 29 percent decrease from the previous year. Texas and Maryland maintained high number of robberies, yet saw significant dips from 2018; a 54 percent decrease and 56 percent decrease, respectively (See Figure 35). Only six states saw an increased number of robberies from 2018 to 2019, including Utah from zero to 11 and Massachusetts from four to 10.

In addition to robberies, loss of CPDs also occurs through employee theft (or suspected), customer theft (or non-employee), packaging discrepancy, disaster (fire, weather, etc.), hijacking of transport vehicle, and break-in burglary, as well as losses in transit. In 2019, incidents of employee theft (or suspected) increased in 48 states, Puerto Rico, and the District of Columbia.

w. The DEA Theft Loss Reporting Database categories fluctuated from 2018 to 2019, thus altering how the data is presented. The reader should take caution when comparing categories. From 2018 to 2019, "Armed Robbery" became "Robbery" and "Night Break In" became "Break In Burglary." In addition, "Packaging Discrepancy" was added in 2019.

**Figure 35. Top Ten States for Controlled Prescription Drug Robberies, 2019**



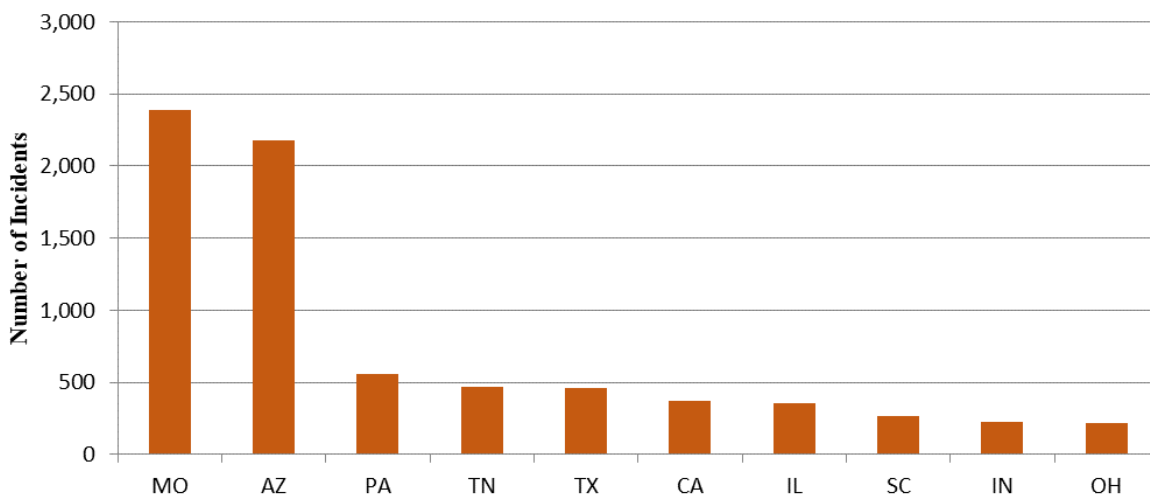
Source: DEA

Alaska and Delaware are the only states that experienced a slight decrease in employee theft (or suspected) incidents. Customer theft (or non-employee) incidents only decreased in five states: Delaware, Hawaii, Kansas, New York, and Rhode Island. Break-in burglaries increased in 23 states. California reported the highest number of break-in burglaries at 248; however, this number has decreased from a high of 339 incidents reported in 2016.

### Lost in Transit

Lost in transit describes controlled substances being misplaced while moving from one point to another within the supply chain. There has been a decrease in lost in transit incidents from 2017 through 2019 (See Figure 36). This data is self-reported from any facility that manages CPDs. In 2019, 22 states, Puerto Rico, and the District of Columbia experienced increases in the number of incidents, with the greatest increases occurring in the state of Texas and the District of Columbia. Missouri experienced an increase for the sixth straight year. Overall, Arizona accounted for more losses in transit than any

**Figure 36. Top Ten States for Controlled Prescription Drugs Lost In Transit, 2019**



Source: DEA



other state with 17,514 incidents from 2014-2019. It is unclear if these dosage units are being diverted, destroyed, or truly lost.

## Outlook

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CPD availability and abuse will most likely persist as significant threats to the United States as CPDs continue to be involved in large numbers of overdose deaths. Continued information sharing aided by enhanced enforcement against pill mills has lowered CPD diversion. The increasing number of counterfeit pills resembling prescription medications and users who may be pivoting to abusing illicit substances with waning CPD availability may prove to be a significant threat into 2021.

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# MARIJUANA

## Overview

Marijuana remains illegal under federal law and is the most commonly used illicit drug in the United States. The national landscape continues to evolve as states enact voter referenda and legislation regarding the possession, use, and cultivation of marijuana and its associated products. The prevalence of marijuana use, the demand for potent marijuana and marijuana products, the potential for substantial profit, and the perception of little risk entice diverse drug traffickers and criminal organizations to cultivate and distribute illegal marijuana throughout the United States.

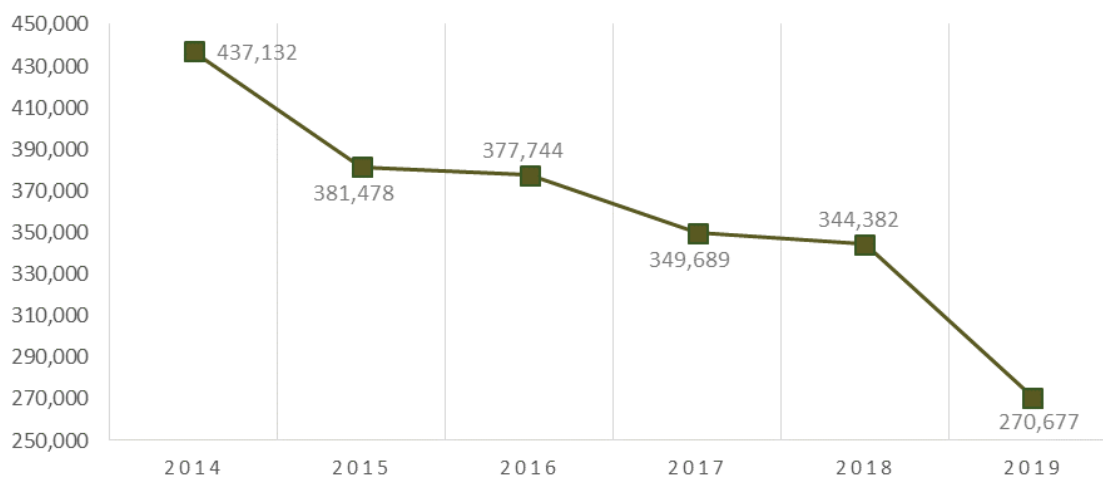
Mexico remains the most significant foreign source for marijuana in the United States; however, in U.S. markets, Mexican marijuana has largely been supplanted by domestic-produced marijuana. In 2019, CBP seized nearly 249,000 kilograms of marijuana along the SWB, a

decline from over 287,000 kilograms in 2018. CBP marijuana seizures along the SWB have decreased more than 81 percent since 2013, when almost 1.3 million kilograms were seized. Lesser volumes of marijuana are smuggled into the United States from Canada and the Caribbean.

## Availability

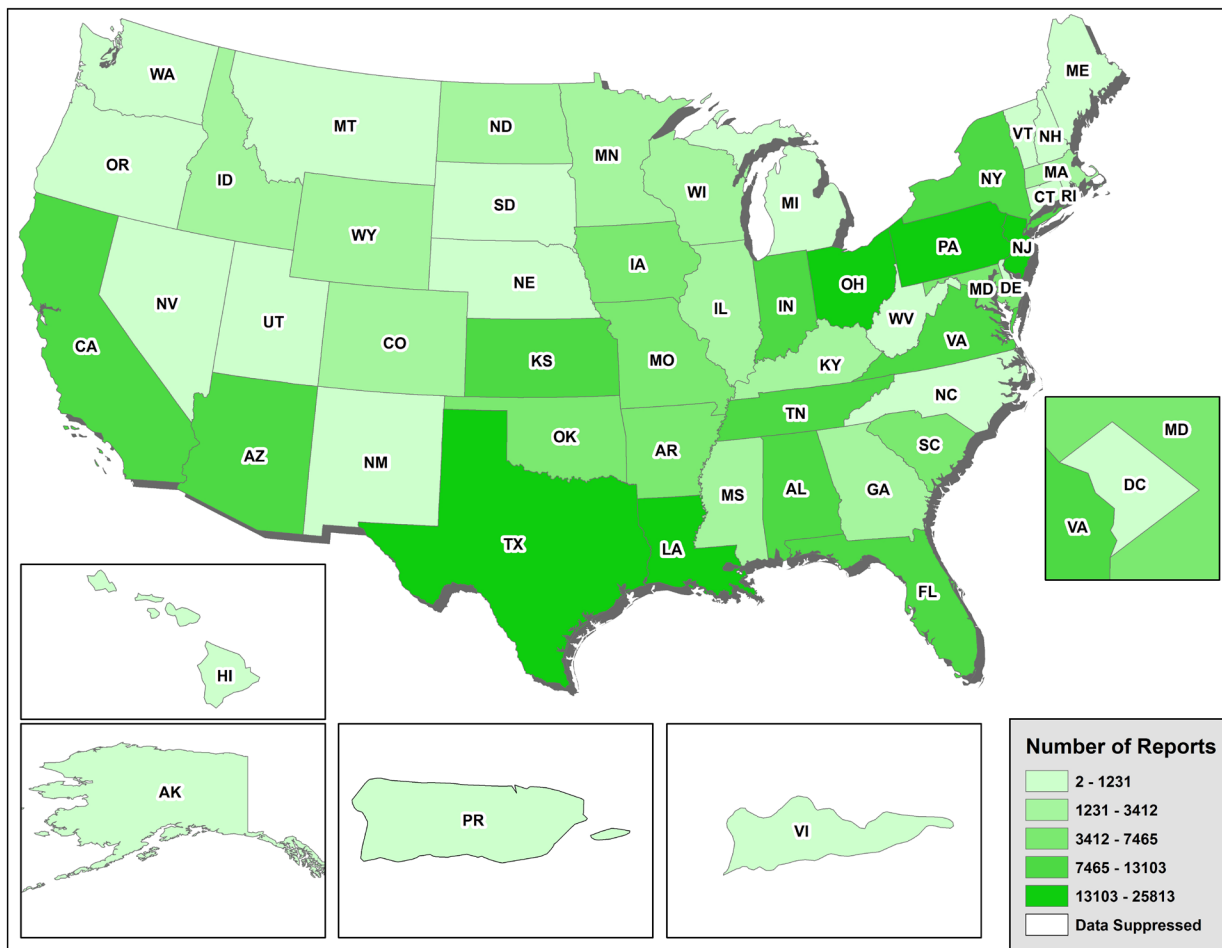
Marijuana is widely available and cultivated in all 50 states. In 2019, the majority of DEA Field Divisions indicated marijuana availability was high in their respective areas, meaning marijuana is easily obtained at any time. Only four DEA Field Divisions—Atlanta, Caribbean, El Paso, and New Jersey—indicated marijuana availability was moderate, meaning marijuana is generally readily accessible. DEA's Atlanta Field Division was the only division that reported marijuana was less available compared to the previous reporting period.

**Figure 37. Reports of Cannabis/THC to NFLIS-Drug, 2014 – 2019**



Source: National Forensic Laboratory Information-Drug – Retrieved July 10, 2020

**Figure 38. Cannabis/THC Reports to NFLIS-Drug by State, 2019**



Source: National Forensic Laboratory Information-Drug – Retrieved July 10, 2020

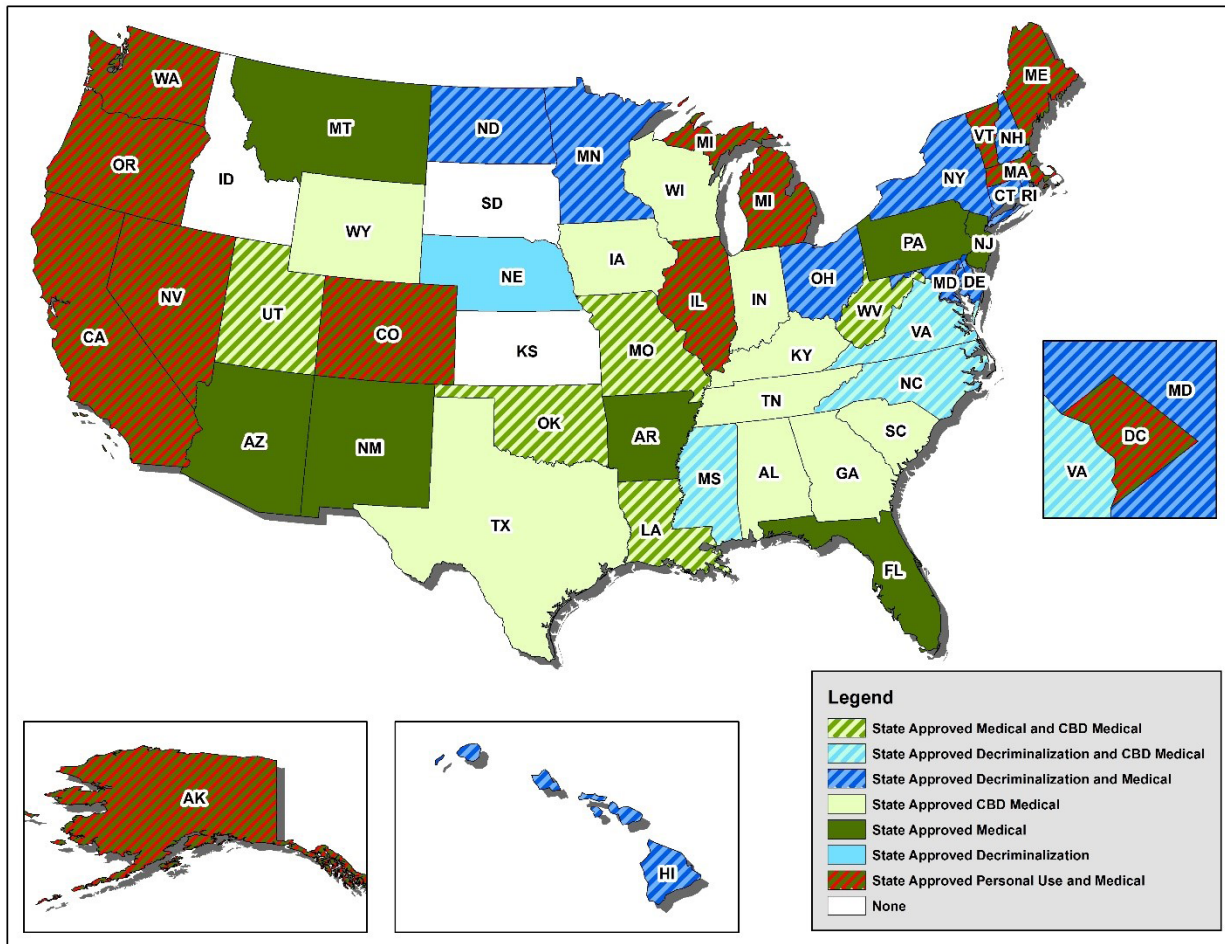
Marijuana

Cannabis/THC reports to NFLIS-Drug data by forensic laboratories continued to decline in 2019 (See Figure 37). In 2019, there were 270,677 marijuana reports submitted to NFLIS-Drug data, a 21 percent decrease from the 344,382 reports submitted in 2018. Cannabis/THC was second only to methamphetamine in the number of NFLIS-Drug data reports in 2019.

## State-Approved Marijuana Measures

Marijuana remains illegal under federal law. The federal prohibition on marijuana has existed since the 1937 Marijuana Tax Act, which was later replaced with the 1970 Controlled Substances Act (CSA). Individual states have approved a variety of measures since 1996 relating to the use, possession, and cultivation of marijuana. Figure 39 reflects the categories of state-approved marijuana measures passed as of July 2020.

**Figure 39. Current State-Approved Marijuana Status – July 2020**



Source: DEA

### H.R. 5485 - Hemp Farming Act of 2018

The Hemp Farming Act of 2018 legalized industrial hemp with THC concentration of no more than 0.3 percent by removing it from Schedule I of the CSA. Hemp is defined as the plant *Cannabis sativa* L. and any part of that plant, including the seeds thereof and all derivatives, extracts, cannabinoids, isomers, acids, salts, and salts of isomers, whether growing or not, with a delta-9 tetrahydrocannabinol concentration of not more than 0.3 percent on a dry weight basis. The bill also amended the Agricultural Marketing Act of 1946 to allow state and tribal regulation of hemp production. States and Native American tribes may regulate hemp production by submitting plans to the U.S. Department of Agriculture (USDA). The bill makes hemp producers eligible for both federal crop insurance and USDA research grants, and gives hemp producers water rights and access to the national banking system. The Hemp Farming Act of 2018 was incorporated into the Agriculture Improvement Act of 2018, which was signed into law on December 20, 2018.

## U.S. Marijuana Markets

There are three types of marijuana markets operating in the United States: illicit markets, state-approved medical marijuana markets, and state-approved personal use/recreational markets. These markets operate differently and are best described independently. Drug traffickers obtain supplies from all three markets, as well as foreign-produced marijuana trafficked into the United States.

A myriad of DTOs cultivate illicit marijuana nationwide. These groups range from individuals growing a limited number of plants to DTOs growing large quantities of marijuana intended for distribution across the United States. Many polycrime and polydrug organizations are involved in domestic marijuana production, often establishing large-scale illicit grow operations in states that have legalized marijuana.

State-approved medical marijuana is diverted to the illicit market in several ways. Some individuals and organizations exploit medical marijuana allowances to produce or acquire marijuana or marijuana products. Instead of using what they purchase or grow, they sell some or all of it, often in markets where marijuana is not legal at the state level, thus increasing their profit. Additionally, some marijuana produced by state-licensed growers is diverted and sold illicitly rather than through state-licensed retailers.

State-approved recreational and personal use markets are supplied by a growing number of state-approved producers and retail stores. As with medical marijuana, each state allowing for recreational or personal use marijuana has created unique and often vague or evolving laws, which blur the lines between what is legal

under state law and what is not. Illicit and state-approved markets often overlap. This creates opportunities for criminals looking to exploit state legalization, while presenting challenges for federal law enforcement.

Although many marijuana markets have state-level approval, law enforcement reporting indicates that financial backing for some marijuana businesses flows from illicit revenue streams, including from TCOs. These organizations utilize long-standing black market techniques to shelter profits from marijuana businesses and undercut the tax revenues anticipated by state governments.

Colorado law limits the amount of marijuana that dispensary customers can purchase per transaction. However, by making multiple purchases of marijuana or marijuana products on the same day, individuals can acquire larger amounts to divert and sell on the illicit market—referred to as “looping.”

The 2018 Farm Bill legalizing hemp production at the federal level has further challenged law enforcement, particularly in states that legalized marijuana. For example, investigations in some states in which marijuana production is legal under state law have revealed a significant number of hemp businesses and grow operations that are owned and operated by members of DTOs illegally producing and trafficking marijuana. According to law enforcement officials, traffickers use their state-issued hemp documentation as cover for large-scale marijuana grows and marijuana loads transported across state lines. Additionally, large hemp grows are sometimes used to hide marijuana plants interspersed throughout the hemp plants.

## Domestic Production

Both state-licensed and illicit domestic marijuana production continue to increase and diversify. Expanding marijuana production, specifically in states that have legalized the drug, has led to saturated markets. Meanwhile, black market marijuana production continues to grow in California, Colorado, Oregon, Washington, and other states that have legalized marijuana, creating an overall decline in prices for illicit marijuana as well. This further incentivizes drug trafficking organizations operating large-scale grow sites in these states to sell to customers in markets throughout the Midwest and East Coast, where marijuana commands a higher price. Marijuana is also shipped via mail and express consignment shipping services from the United States mainland to the U.S. Virgin Islands (USVI). In the USVI, marijuana users generally desire marijuana with a higher THC and often obtain it from areas in the United States where medical and/or recreational marijuana is legal.

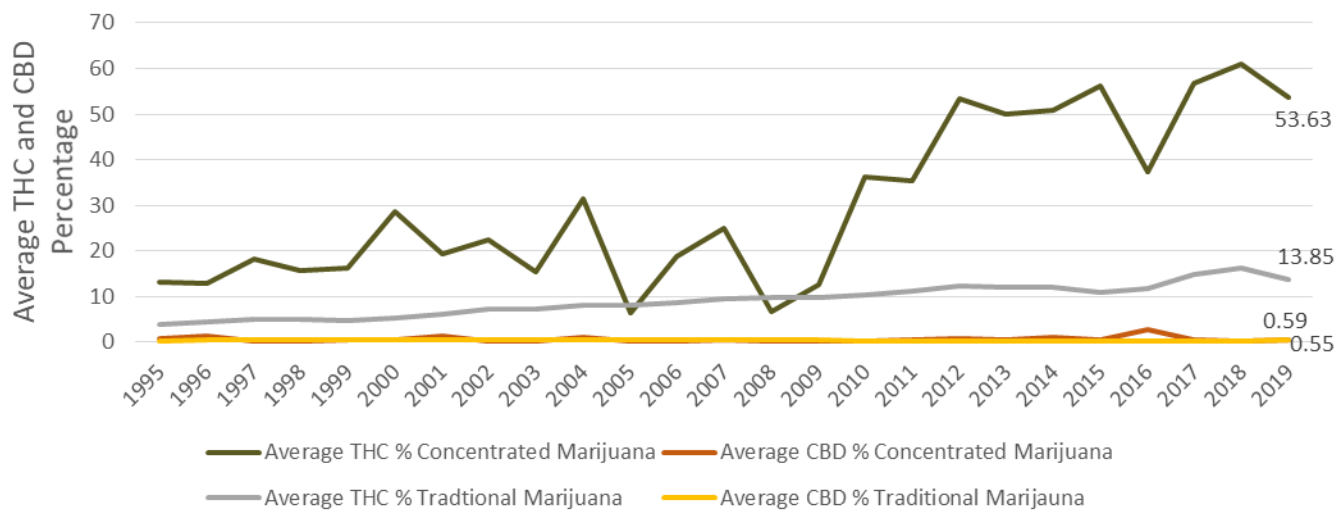
## Increasing Potency

As domestic production and availability continue to rise, the THC potency of marijuana and marijuana concentrate products increases as well. Most states that have legalized marijuana have not placed limits on THC potency, with the exception of those states with cannabidiol (CBD)-only provisions.

Print and online ads routinely promote smokable marijuana at levels of 30 percent THC or more available in retail marijuana dispensaries. Some boast marijuana concentrate products with THC levels exceeding 90 percent. High levels of THC potency is not limited to the marijuana industry. Black market growers have also capitalized on the wide availability of plant strains with high THC content, most of which have low CBD content. Data from the University of Mississippi’s Potency Monitoring Program shows that in 2019, average THC potency in both traditional and concentrated marijuana decreased from 2018—although still at a high level (See Figure 40).

Marijuana

**Figure 40. Average THC and CBD Potency of Traditional and Concentrated Marijuana, 1995 – 2019**



Source: University of Mississippi

## Indoor Grow Operations

State-approved private marijuana cultivation, often referred to as “home grows,” has changed the nationwide marijuana trafficking landscape. State laws vary widely with regard to how many medical and recreational plants an individual is allowed to cultivate and whether or not medical marijuana patients are required to register home grows with the state. Consequently, it is largely unknown how many people may be cultivating marijuana within the parameters of state-approved marijuana legality.

### Criminal Organizations and Marijuana Profits

Where personal marijuana cultivation is legal at the state level, growing marijuana for profit offers drug traffickers substantial profit with little risk. A grower with some experience and the proper equipment can produce up to one pound of marijuana per plant per 90-day growing cycle. Therefore, six marijuana plants can produce roughly 24 pounds of marijuana in a year. The average black market price for high quality indoor marijuana is \$800 - \$1,000 USC per pound, meaning growers can potentially earn \$19,200 - \$24,000 USC per year from six “legal” plants. Prices are higher in state markets where marijuana is not legal, meaning growers can command double or even triple the average black market price.

DEA reporting indicates drug trafficking organizations with substantial experience, equipment, and resources are able to produce up to 1,800 pounds of marijuana per year for every 100 plants cultivated, earning as much as \$5.4 million USC in that time from those 100 plants.

Of the states with some form of legalized marijuana, about one-third prohibit private residents from growing their own marijuana. The rest allow for private grows in the general range of 6 to 12 plants with varying stipulations on how many can be mature plants and how many can be seedlings. Among those, Colorado remains as an outlier. While a state law enacted in 2018 limits home grows to 12 total plants within a residence, medical marijuana patients can still get higher plant recommendations from physicians and can legally grow up to 99 plants, provided the grow is not located in a residential property.

### Figure 41. DTO-operated Residential Marijuana Grows



Source: DEA Denver Field Division

Indoor cultivation provides year-round harvests, along with privacy and security compared to outdoor cultivation. Indoor grows can yield marijuana regardless of climate conditions or growing seasons. Personal home grows are often located in residential houses, though some large medical marijuana grows and cooperative grows can be found in warehouses or industrial space.

The conversion of residential properties into marijuana greenhouses presents significant risks to homeowners, neighbors, utility companies, and first responders. Indoor grows require large amounts of water and artificial light, creating



high demand on local utilities. Neighborhoods with large or many grows experience blown transformers and blackouts. Trafficking groups often steal power by illegally wiring directly into the city's power system, which drives up the price of power for legitimate customers and creates a significant fire hazard.

Marijuana grow homes often sustain severe structural damage. Moisture, condensation, and mold can spread throughout the residence. Illegal growers often cut holes in floors and exterior walls in order to install ventilation tubes, as well as tamper with electrical systems in order to supply multiple high-power grow lights and industrial air-conditioning units. Altered electrical systems with loose and entangled wires; flammable fertilizers and chemicals; explosive materials, such as propane and butane; holes cut into subfloors; booby traps; and weapons all pose clear hazards to firefighters or police officers responding to the residence in an emergency.

## Outdoor Grow Operations

Outdoor grows are conducted in a variety of settings, from backyards to multiple-acre public lands, and are frequently co-mingled among legitimate crops and natural vegetation. Marijuana cultivation on public lands is undiminished despite state legalization. Grows on public lands are often in remote areas that are difficult to access and expensive to maintain. These grows are challenging for law enforcement to discover and eradicate.

Large outdoor grow sites have significant negative environmental impacts. Millions of acres of public lands are at risk of devastation from the illegal cultivation of marijuana. Large grow operations produce tons of toxic waste that permeate the landscape and endanger wildlife

by poisoning and destroying natural habitats. In a 2017 report, the National Wildlife Refuge System in California, Nevada, and the Klamath Basin reported these sites are dangerous to employees and to the public in general, and are expensive to find and reclaim. Illicit cultivation of marijuana also threatens statewide water resources.

**Figure 42. Illicit Outdoor Marijuana Grow**



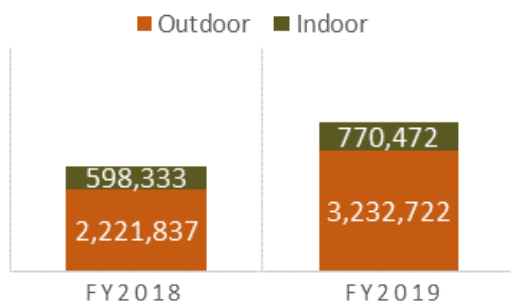
Source: DEA Los Angeles Field Division

## Domestic Cannabis Eradication/Suppression Program

During FY 2019, DEA's Domestic Cannabis Eradication/Suppression Program (DCE/SP), in coordination with state and local law enforcement agencies, documented over 4 million plants and 363,098 pounds of processed marijuana seized from 5,287 outdoor and indoor grow sites throughout the United States (See Figures 43 and 44). This reflects a 30 percent increase in total plants eradicated compared to FY 2018 (2.8 million plants). Outdoor grow sites accounted for most of the increase. The number of plants eradicated from outdoor grow sites rose by over 1 million from FY 2018 to FY 2019 (a 45 percent increase), while the number of plants eradicated from indoor grow sites rose by more than 172,000 (a 22 percent increase).

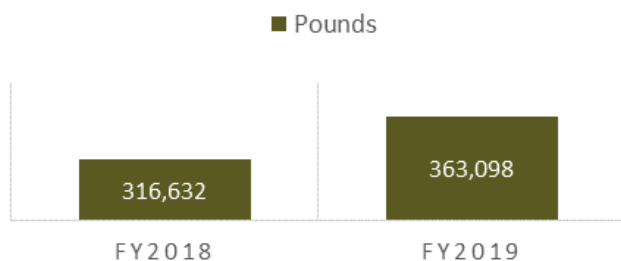
California topped the list at 1,344 outdoor grows, up from 889 in FY 2018. Next were Kentucky (583) and Ohio (477). Likewise, California topped the list at 644 indoor grows, followed by Colorado (118) and Maryland (90). Of the total number of plants eradicated, 79 percent (3.19 million) were in California, an increase from FY 2018, when 1.8 million plants were eradicated in that state. Over half (54 percent) of the bulk processed marijuana seized was also in California, followed by Arizona (18 percent), Colorado (5 percent), and Oklahoma (5 percent). From the eradication sites, there were 3,210 weapons seized, with California accounting for almost half (46 percent).

**Figure 43. Number of Marijuana Plants Eradicated by DCE/SP, FY 2018 and FY 2019**



Source: DEA's Domestic Cannabis Eradication and Suppression Program

**Figure 44. Number of Pounds of Bulk Harvested Marijuana Seized at Indoor and Outdoor Grow Sites by DCE/SP, FY 2018 and FY 2019**



Source: DEA's Domestic Cannabis Eradication and Suppression Program

## Criminal Organizations and Black Market Production Operations

Many DTOs and TCOs involved in large-scale marijuana production are also involved in other criminal activity, including financial fraud, international money laundering, and polydrug trafficking and production. Marijuana generates millions of dollars that furthers the scope of their criminal activity throughout the United States.

Marijuana is often seized in conjunction with other illicit drugs. In 2019, DEA offices in southern California noted several instances wherein THC extraction laboratories were discovered along with psilocybin mushroom grows or illicit fentanyl pill press operations.

- In April 2020, eight members of a DTO operating in the Chicago area were arrested and 32 pounds of THC oil, 120 pounds of THC-infused gummies, 135 pounds of marijuana, several firearms, and approximately \$762,000 in U.S. currency (USC) were seized as part of an ongoing investigation into a drug trafficking and money laundering organization with ties to Mexican DTOs. Several of the arrested DTO members were Mexican money launderers.
- An investigation into a methamphetamine and marijuana distribution organization operating in Kentucky and Tennessee culminated with federal search warrants executed in December 2019. Law enforcement seized approximately 4.5 kilograms of methamphetamine, 366 pounds of marijuana, and 400 vape cartridges containing 65-85 percent THC concentrate. The sources of supply for this organization included an affiliate of a white supremacist group and outlaw motorcycle gang.

## Marijuana Concentrates/ Extracts and THC Extraction Labs

THC extraction laboratories continue to produce marijuana concentrates such as hashish, hash oil, and kief, which have gained popularity in the United States. Marijuana concentrates often are ingested through e-cigarettes and vape devices. Marijuana concentrates are also in edible products like cookies, brownies, and gummy candies, as well as topical lotions, tinctures, capsules, and patches. These potent forms of marijuana present challenges to law enforcement, educators, and parents, as they are easier to conceal and ingest than traditional leafy marijuana. Additionally, such products pose a significant health risk to children who might mistakenly consume them.

- In April 2020, multiple drug-laden parcels that were shipped from California to South Carolina were interdicted. The packages included marijuana and numerous THC edibles that mimicked legitimately manufactured candy and food products (See Figure 45).

**Figure 45. THC-infused Candy and Cereal**



Source: Charleston County Sheriff's Office

**Figure 46. Illicit Concentrated Marijuana Distillation Laboratory**



Source: DEA San Diego Field Division

Clandestine distillation laboratories are increasingly encountered by law enforcement in California, which use sophisticated equipment to remove impurities from concentrated marijuana. This removal process, sometimes referred to as “winterization,” can produce a THC product with 90 percent purity or higher (See Figure 46).

Tetrahydrocannabinolic acid (THCA), a Schedule I drug, is available in both state-licensed marijuana retail markets and the illicit market.

It is advertised as the strongest form of hash, containing up to 99 percent THC. THCA is a biosynthetic precursor of THC and is extracted using various methods from undried cannabis plants. It is typically clear or white in color, with a texture in the form of crystals, powder, or oil. THCA converts to THC when it is heated. The substance is typically dabbed (i.e. inhaling the vapors) to achieve an intense high.

Extraction laboratories using volatile solvents, such as butane and hexane, continue to cause explosions and fires, resulting in injuries and structural damage (See Figure 47).

**Figure 47. Clandestine THC Extraction Laboratory**



Source: DEA Los Angeles Field Division

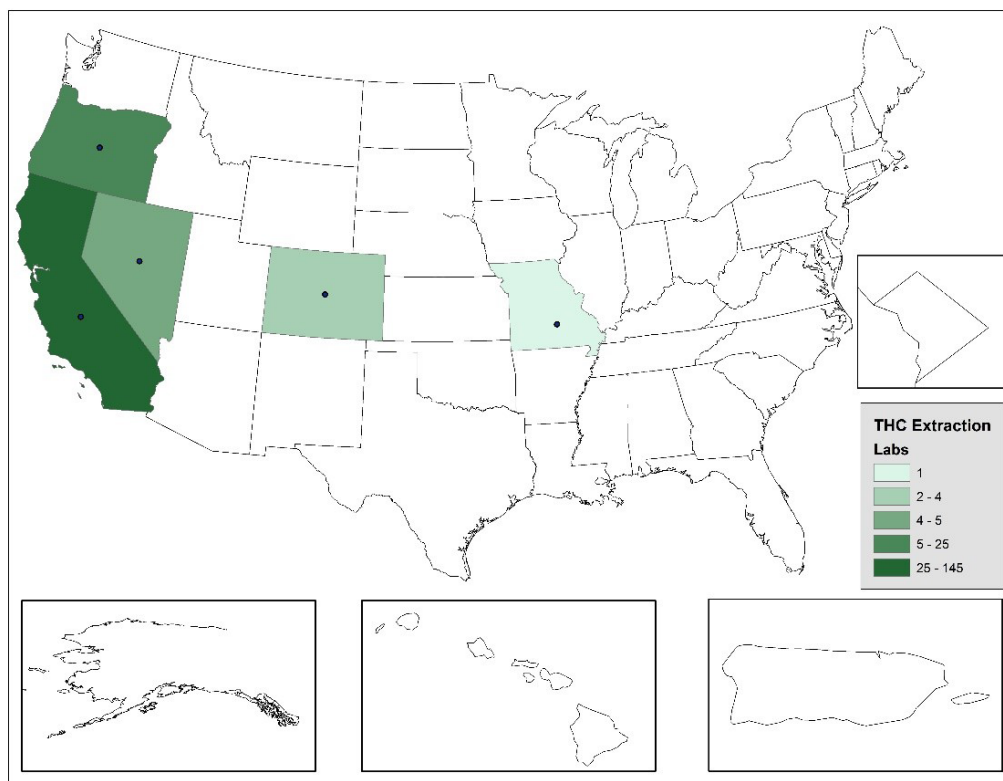
For calendar year 2019, a total of 180 extraction laboratories were reported to NSS; 81 percent of the laboratories were reported in California, and 14 percent were reported in Oregon (See Figure 48). Four percent of the reported extraction laboratories were listed at residential locations and another 26 percent were reported/discovered as the result of a fire or explosion.

## Transportation and Distribution

According to DEA drug seizure data, total gross weight nationwide marijuana seizures declined by 30 percent from 441,037 kilograms in 2018 to 309,012 kilograms in 2019. Overall, DEA marijuana seizures have been declining since 2015 when 886,200 kilograms were seized (See Figure 49). The decrease in seizures is most likely caused by the challenges presented by the changing marijuana legal landscape.

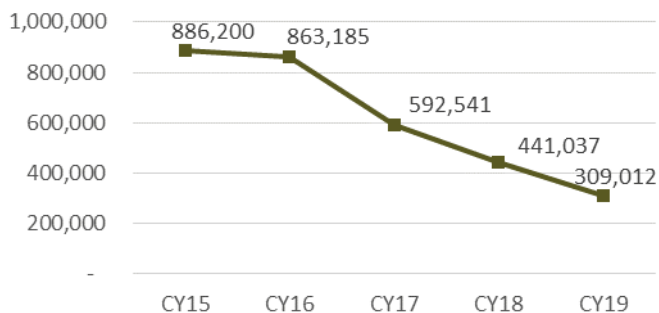
State-level DEA (net weight) marijuana seizures generally followed previously established patterns. The highest seizures occurred in states with major land border crossings or high traffic seaports, as well as in states with large recreational or medical marijuana state-approved markets (See Figure 50). California and Texas had the largest marijuana seizure levels, consistent with previous years, followed by Arizona and Colorado.

**Figure 48. BHO/THC Extraction Laboratories Seized in the United States, 2019**



Source: El Paso Intelligence Center, National Seizure System

**Figure 49. DEA Nationwide Marijuana Seizures in Kilograms, 2015 – 2019**



Source: DEA

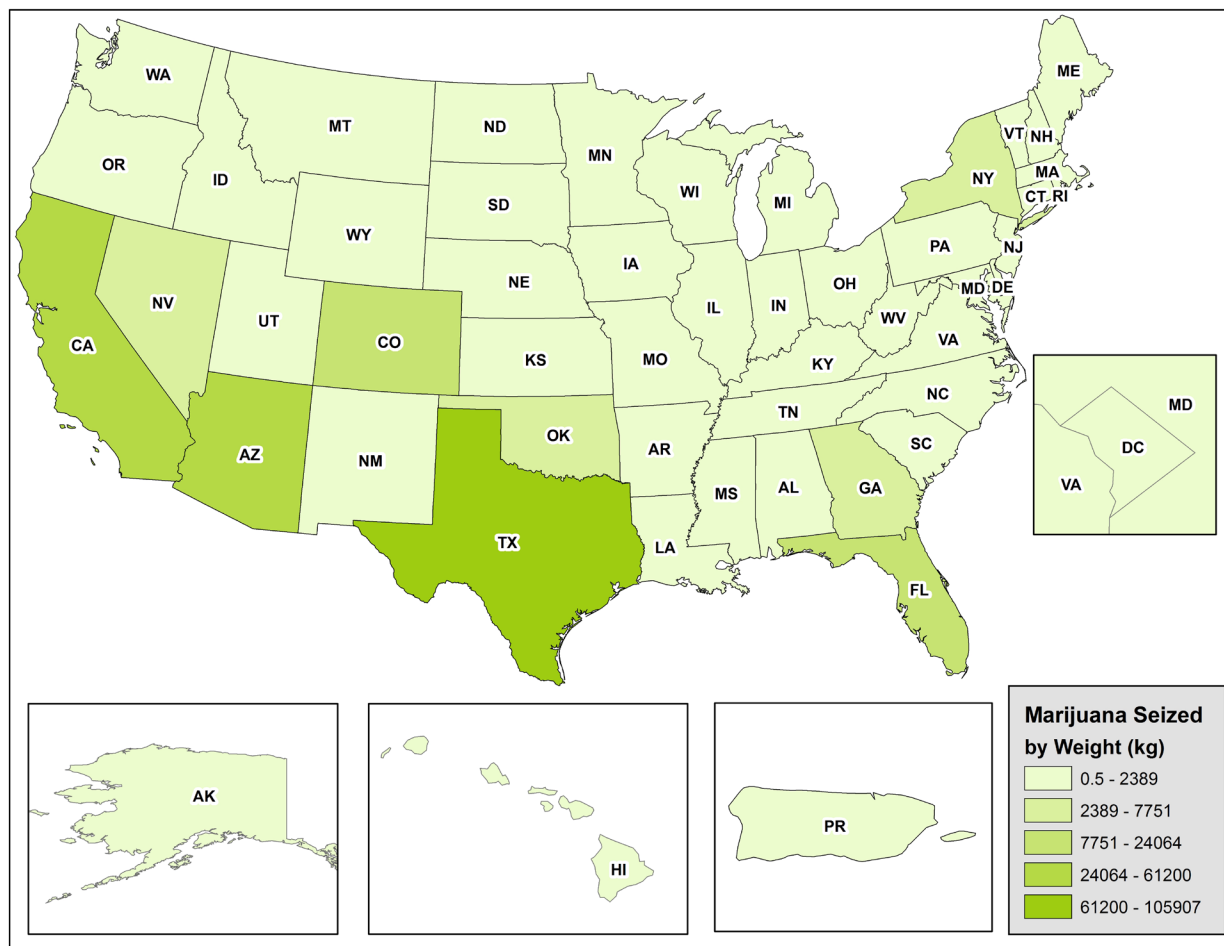
Marijuana produced in the United States is often trafficked from states where production is legal to or through states where production is not. Domestically produced marijuana is transported in POVs, rented vehicles, semi-trucks, tractor-trailers, vehicle hauler trailers, trains, and buses as well as through personal and commercial

planes. The use of commercial parcel services is also common especially for trafficking concentrated forms of marijuana, which are concealed in envelopes, small containers, or flattened parcels.

## Foreign-Produced Marijuana

Marijuana is also smuggled into the United States from Mexico, and in smaller volumes from Canada and the Caribbean. Marijuana from Mexico is typically classified as “commercial-grade” or “low-grade” marijuana, lesser in quality than marijuana produced in the United States and Canada. High-grade marijuana is transported from Canada, which legalized marijuana in October 2018, into the United States at various points along the shared

**Figure 50. DEA State-Level Marijuana Seizures in Kilograms, 2019**



Source: DEA

Marijuana

border, particularly through the Mohawk Nation at Akwesasne, bordering New York State and Canada.

Jamaica continues to be the largest Caribbean marijuana supplier to local Caribbean nations; however, production is increasing in Puerto Rico and the USVI.

Large quantities of foreign-produced marijuana are smuggled into the United States via POVs, commercial vehicles, buses, rail systems, subterranean tunnels, small boats, unmanned aerial vehicles/drones, and catapults.

Backpackers also walk loads of marijuana across the SWB. Once marijuana has been smuggled into the United States, it is often stored in warehouses along the border prior to distribution throughout the United States.

According to CBP information, marijuana seizures along the SWB have continued to decline as domestic production increases. The total weight seized by CBP along the SWB decreased 13 percent from 287,398 kilograms in 2018 to 248,585 kilograms in 2019.

- *In June 2020, authorities seized 779 kilograms of marijuana hidden in the cab of a tractor-trailer crossing the World Trade Bridge from Mexico into Laredo, Texas (See Figure 51).*

**Figure 51. 1,344 packages of marijuana totaling 5,779 kilograms seized in Laredo, Texas**



Source: U.S. Customs and Border Protection, Laredo Sector

In response to an increased demand for marijuana concentrate products in the United States, TCOs in Mexico have begun producing and trafficking THC oil.

- *Between May 2019 and January 2020, five seizures of THC oil occurred in Arizona's west desert corridor, totaling 607 pounds. In each case, backpackers were transporting the THC oil through Arizona's west desert.*
- *In April 2020, CBP officers at the Port Huron, Michigan POE discovered 788 kilograms of marijuana pressed and packaged into 48 bundles hidden in a semi-truck driven by a Canadian citizen.*

## Outlook

Domestic use of marijuana remains high and is likely to increase as state legalization continues and perception of risk by potential users continues to decrease. The high availability of high-potency marijuana, marijuana concentrate products, and trendy paraphernalia will likely continue to entice potential users. Domestic production and trafficking of marijuana will likely increase as more states adopt or change current marijuana laws to establish medical or recreational marijuana markets.

Despite widespread state legalization measures, TCOs will continue to expand their illicit marijuana production and trafficking, earning substantial profits that will further enhance their polydrug trafficking and polycriminal operations.

Marijuana produced in Mexico will continue to be trafficked into the United States in bulk quantities and may increase in quality to compete with domestic-produced marijuana.

# NEW PSYCHOACTIVE SUBSTANCES (NPSs)

## Overview

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New Psychoactive Substances (NPSs) are a diverse group of synthetic substances that are purported to have similar effects to controlled substances. The NPS market is typified by new substances constantly being created and marketed to users, most often as legal alternatives to controlled substances. Synthetic cannabinoids and synthetic cathinones are the most common classes of NPSs available and abused in the United States; however, there are many other classes of NPSs including opioids<sup>x</sup>, phenethylamines, tryptamines, benzodiazepines, and piperazines. Synthetic cannabinoids are commonly applied to plant material or suspended in an oil and are designed to be smoked or used in e-cigarettes. Synthetic cathinones are usually powder or crystal substances, typically consumed in powder, tablet, or capsule form. In addition to these classes of NPSs, designer benzodiazepines and synthetic opioids garnered significant national attention in 2019 for their presence in overdoses and deaths.

## Availability

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The NPS market continues to feature new substances belonging to a multitude of chemical structural classes, which are responsible for overdoses across the country, thus posing a significant risk to communities. While some substances are encountered year after year,

many substances quickly rise to popularity and then fall out of use or are no longer available. Some of these changes are likely due to regulatory controls on specific NPSs, which have been successful in discouraging NPS use and availability among the general population.

The majority of DEA Field Divisions indicated NPS availability was low or moderate throughout the United States. In 2019, 11 of 23 DEA Field Divisions reported NPS availability was moderate and nine reported NPS availability was low, with only three divisions reporting high NPS availability. Of the 23 divisions, two reported NPS availability increased between 2018 and 2019 and two divisions reported NPS availability decreased between 2018 and 2019. NPS availability across the United States remained largely unchanged in 2019 in comparison to 2018. The number of NPSs worldwide stabilized at around 500 substances identified per year between 2015 and 2017, according to a report from the United Nations Office on Drugs and Crime (UNODC).

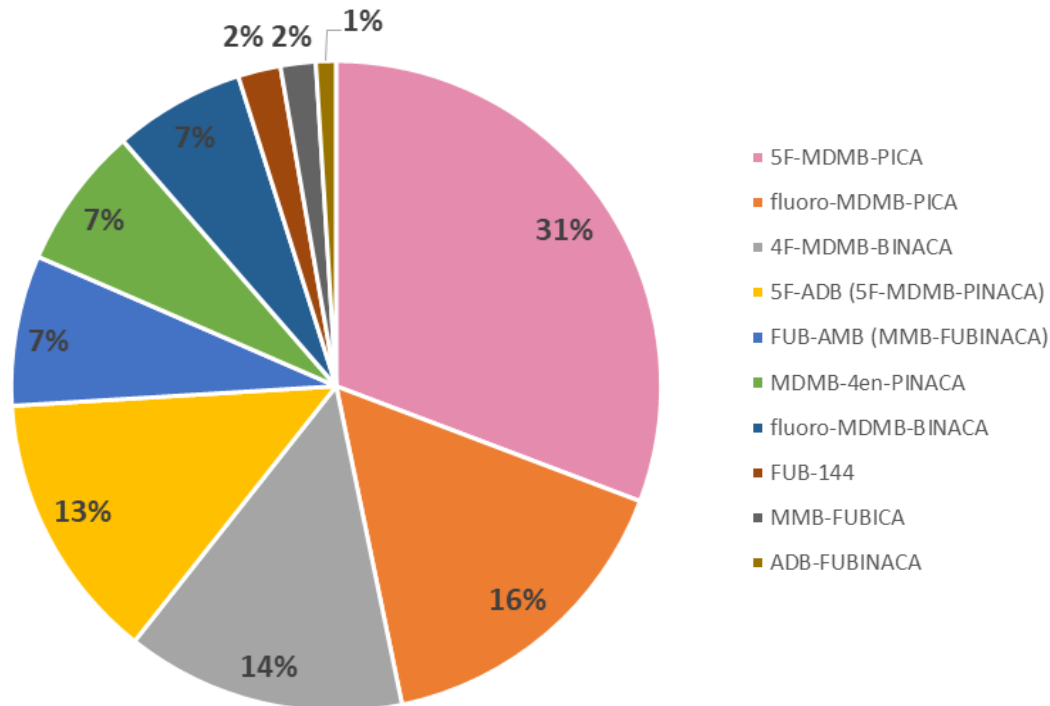
## Synthetic Cannabinoids

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According to NFLIS-Drug, in 2019 there were 18,591 synthetic cannabinoid reports, which represents a 21 percent decrease compared to the 23,416 synthetic cannabinoid reports in 2018. The most commonly occurring synthetic cannabinoid in the United States in 2019 was 5F-MDMB-PICA, which represented 31 percent

x. Synthetic opioids, as a class of New Psychoactive Substances (NPS), include fentanyl-related substances in addition to other synthetic drugs. Given the threat posed by fentanyl and fentanyl-related substances/fentanyl analogues, those substances are discussed in their own section of this report.

**Figure 52. Ten Most Frequently Reported Synthetic Cannabinoids to NFLIS-Drug by Percentage, 2019**



Source: National Forensic Laboratory Information System-Drug – Retrieved July 10, 2020

of the top 10 synthetic cannabinoids reports to NFLIS-Drug data. The next most commonly occurring synthetic cannabinoids in 2019 were fluoro-MDMB-PICA and 4F-MDMB-BINACA, representing 16 percent and 14 percent, respectively, of the top 10 synthetic cannabinoid reports to NFLIS-Drug data (See Figure 52).

5F-MDMB-PICA was officially placed in Schedule I of the CSA in April 2019. 4F-MDMB-BINACA is controlled as a Schedule I substance as a positional isomer of 5F-AMB, a Schedule I controlled substance under the CSA since April 2017.

Synthetic cannabinoids are most commonly inhaled. These substances are commonly smoked in cigarettes, pipes, and other smoking devices. Synthetic cannabinoids are also available in an oil form for use in e-cigarettes or vape pens and are sometimes pressed into counterfeit prescription pills.

- In February 2020, DEA's Gulfport, Mississippi RO analyzed an express package seized from the Terre Haute federal prison containing two legal sized envelopes. Officers examined the papers inside the envelopes and believed that at least some of them were soaked in a solution containing FUB-AMB. This seizure was related to a DTO suspected of trafficking synthetic cannabinoids into at least 13 different federal prisons using a network of inmates.

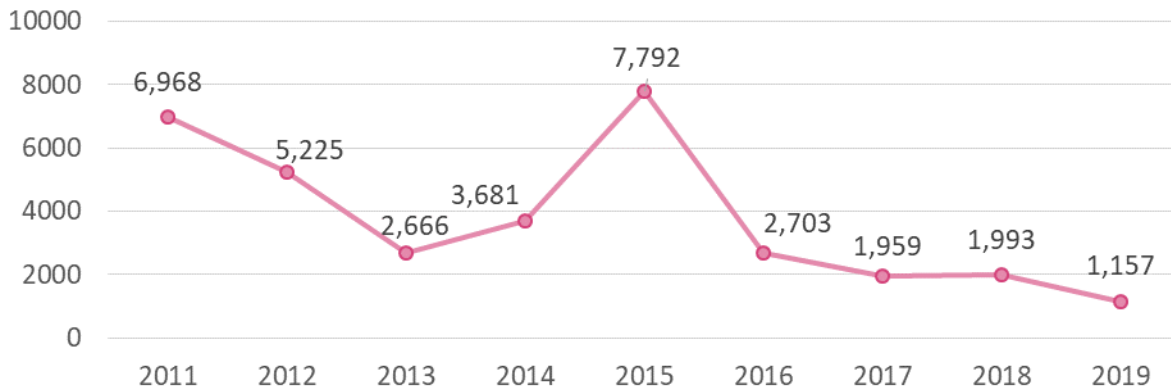
**Figure 53. Synthetic Cannabinoid 5F-MDMB-PICA Sold as “Herbal Hookah”**



Source: DEA



**Figure 54. Number of Exposure Calls to the American Association of Poison Control Centers for Synthetic Cannabinoids, 2011 – 2019**

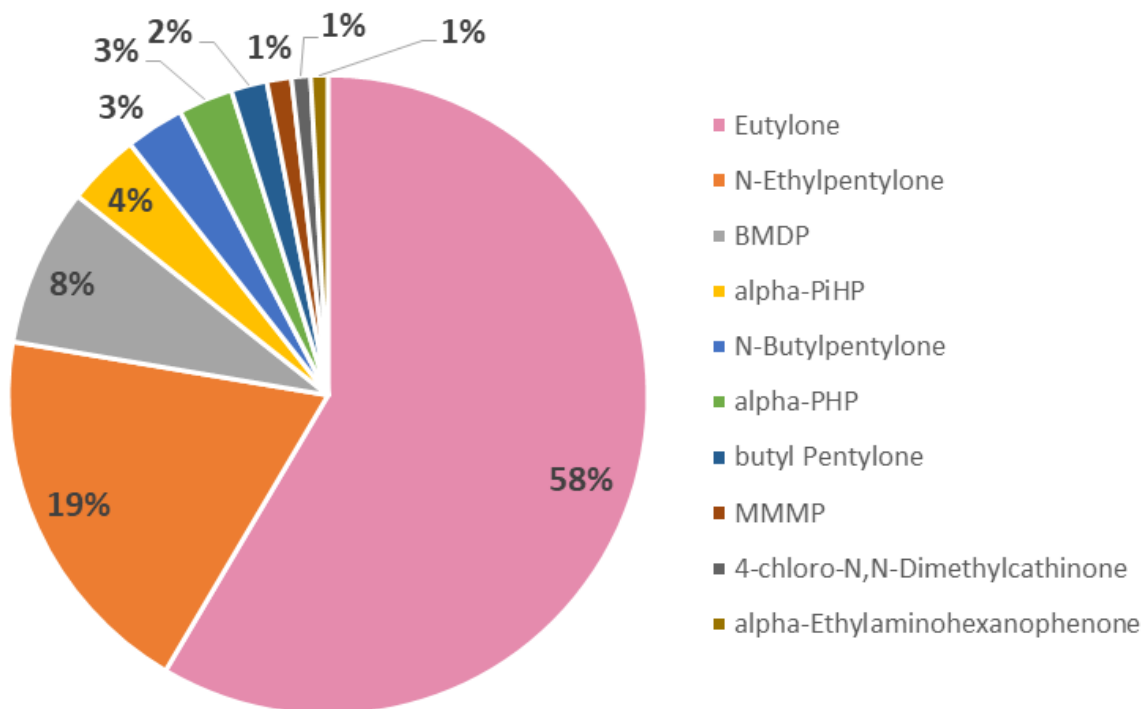


Source: American Association of Poison Control Centers

The American Association of Poison Control Centers (AAPCC) reports that in 2019 there were 1,157 calls to poison centers across the country regarding synthetic cannabinoid exposure (See Figure 54). This is an 85 percent decrease from the record-high 7,792 AAPCC calls in 2015 and a 42 percent decrease from 2018. The sharp

increases and decreases in calls to poison control centers occur for multiple reasons, such as the short-lived popularity of some NPS varieties or medical providers becoming increasingly familiar with proper treatments for these substances, lessening the need for them to contact poison control centers.

**Figure 55. Ten Most Frequently Reported Synthetic Cathinones to NFLIS-Drug by Percentage, 2019**



Source: National Forensic Laboratory Information System-Drug – Retrieved July 10, 2020

New Psychoactive Substances

## Synthetic Cathinones

In 2019, there were 9,575 reports of synthetic cathinones<sup>y</sup> to NFLIS-Drug, a 28 percent decrease from the 13,226 reports in 2018. The most frequently reported synthetic cathinone in 2019 was eutylone at 58 percent, according to NFLIS-Drug. The second most common synthetic cathinone was N-ethylpentylone at 19 percent (See Figure 55). Eutylone is a positional isomer of pentylone and is therefore a Schedule I substance under the CSA. DEA published a temporary scheduling order controlling N-ethylpentylone in Schedule I of the CSA in August 2018.

Synthetic cathinones are usually consumed in pill or capsule form, but sometimes users will smoke or insufflate (sniff) them. Many synthetic cathinones are commonly misrepresented and/or sold as substitutes for MDMA for use in the rave and club scenes because of the energy and euphoria reportedly provide.

- *In April 2020, DEA's Savannah, Georgia RO along with the U.S. Secret Service and the U.S. Postal Inspection Service obtained 20 suspected eutylone pills from a dark web supplier. The pills were ordered and arrived in a heat sealed package containing 24 pills with a variety of colors and stamps.*

## Other Emerging NPSs

Although synthetic cannabinoids and synthetic cathinones are far and away the types of NPSs most available in the United States, in 2019 and 2020 there were two other NPSs that were noted for causing overdoses and deaths across the country: isotonitazene and flualprazolam. Historically, different NPSs rise and fall in popularity every year based on their availability from international sellers, as well as their scheduling status both internationally and in the United States.

Isotonitazene is a potent synthetic opioid similar in chemical structure to etonitazene, a highly potent Schedule I substance. In August 2020, DEA issued a temporary order to place isotonitazene as a Schedule I substance of the CSA. The abuse of isotonitazene is consistent with the traditional opioid abuse pattern. Available scientific data demonstrates that isotonitazene may be similar in potency to fentanyl, meaning the drug poses a significant threat of overdose to users. Isotonitazene can be encountered in numerous forms, one of the most popular being in the form of illicit counterfeit eight milligram hydromorphone tablets. The drug has been detected in numerous cases and fatal overdoses in the Midwest through April 2020.

Flualprazolam is a designer benzodiazepine with a relatively short onset of action, similar to alprazolam. As of March 2020, the United Nations Commission on Narcotic Drugs decided to add flualprazolam to Schedule IV of the 1971 Convention on Psychotropic Substances. The drug has been marketed as a research chemical since at least 2017 and, similar to isotonitazene, users often purchase the drug through online marketplaces and dark web marketplaces.

**Figure 56. Illicit Counterfeit Alprazolam Bar Tablets Containing Flualprazolam**



Source: DEA

y. Synthetic cathinones are stimulants meant to produce similar effects as amphetamine or ecstasy.

Flualprazolam is commonly sold in the form of illicit counterfeit alprazolam bar tablets (See Figure 56) and is often marketed as an alternative benzodiazepine. As flualprazolam is a relatively newly trafficked designer benzodiazepine, users who are abusing the substance, knowingly or unknowingly, are at an increased risk for overdose and/or death.

## Production

NPSs are created in laboratories and do not require any plant material for production. Each variety requires different precursors and chemical processes to synthesize. These substances are widely available in China and other Asian and European countries. Therefore, most U.S.-based traffickers purchase the NPS

### Indictment of Synthetic Cannabinoid Traffickers in Virginia

In March 2020, four individuals were indicted for distributing synthetic cannabinoids that resulted in bodily injury and death. The charges stemmed from an investigation beginning in April 2017 into the retail distribution of synthetic cannabinoids from a convenience store at a gas station in Warrenton, Virginia. Local law enforcement reporting indicated that several individuals had been admitted to local emergency rooms after having consumed quantities of synthetic cannabinoids from the gas station in Warrenton. In December 2017, law enforcement executed search warrants in connection with the investigation and seized seven kilograms of synthetic cannabinoids and over \$400,000 USC.

Further reporting revealed the cannabinoids were purchased from an online website which marketed synthetic cannabinoids as herbal incense. The four indicted individuals were assessed to be the suppliers of the cannabinoids available in the convenience store. These individuals reportedly utilized multiple warehouses in Palm Desert, California, as storage facilities for their cannabinoid trafficking operation. In 2019, agents searched these warehouses and seized over 30 kilograms of synthetic cannabinoids from thousands of packets in silver envelopes containing one, five, and ten-gram quantities, along with \$45,000 USC (See Figure 57). Throughout the investigation, laboratory analysis revealed that the indicted individuals were trafficking multiple Schedule I controlled synthetic cannabinoids, including 5F-ADB, 5F-MDMB-PICA, FUB-AMB, and ADB-FUBINACA.

**Figure 57. Seized Synthetic Cannabinoids in Packages and Oils**



Source: DEA

already synthesized and have them shipped through mail carriers to perform final processing and packaging domestically.

Domestic cannabinoid processing facilities are found in residential spaces, such as homes and garages, and in warehouses. Traffickers dissolve powders into a solvent, typically ethanol, or acetone, to create a liquid solution. Cement mixers distribute the synthetic cannabinoid solution on dry plant material (usually damiana leaf), or it can be sprayed onto dry plant material. Once dry, the synthetic cannabinoids are packaged into individual foil packets for sales, with each packet containing anywhere from a few grams to ten or more grams of product.

## Transportation and Distribution

Wholesale quantities of NPSs are usually trafficked to the United States via commercial mail carriers from China, often intentionally mislabeled or described as not for human consumption in an attempt to avoid scrutiny from domestic law enforcement and customs officials. Synthetic cannabinoids are commonly distributed in gas stations and smoke shops throughout the United States. At the street level, users and distributors will often use generic names to refer to synthetic cannabinoids (spice, K2) and cathinones (bath salts), indicating that neither the user nor the distributor/trafficker knows exactly which cannabinoid or cathinone they are consuming or selling. Sales have increasingly moved to street sales in traditional illicit drug markets as law enforcement and local business regulations have targeted stores selling synthetic cannabinoids.

## Outlook

NPSs continue to pose a nationwide threat, causing occasional spikes in overdoses and deaths, though NPSs are unlikely to pose the same level of threat as other illicit drugs. The availability of both synthetic cannabinoids and synthetic cathinones, the two primary types of NPS available in the United States, will likely remain stable. As many previously popular substances are controlled, other new substances are developed and rise quickly in popularity. Two new NPSs—isonitazene and flualprazolam, have gained national attention in 2019 and 2020 due to their presence in abuse and overdose deaths, indicating that these substances may increase the threat posed by NPSs in the near term if the popularity of these drugs continues to rise.

# TRANSNATIONAL CRIMINAL ORGANIZATIONS

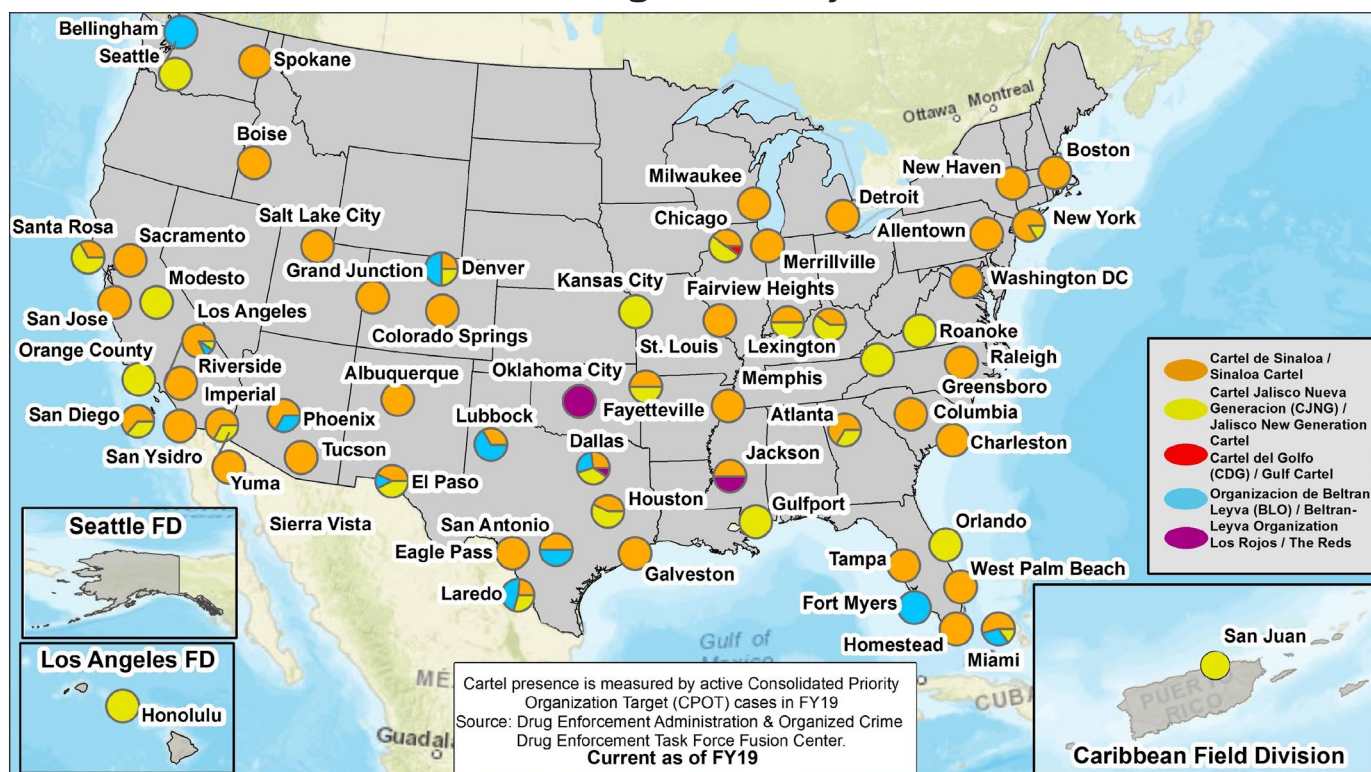
## Mexican Transnational Criminal Organizations

### Overview

Mexican TCOs continue to control lucrative smuggling corridors, primarily across the SWB, and maintain the greatest drug trafficking influence in the United States. The two largest organizations, the Sinaloa Cartel and the Jalisco New Generation Cartel (CJNG), show signs of expansion in Mexico, demonstrating their continued influence even compared to other Mexican TCOs. These TCOs expand their criminal influence by engaging in business alliances with other organizations, including

independent DTOs, and working in conjunction with transnational gangs, U.S.-based street gangs, prison gangs, and Asian money laundering organizations (MLOs). Mexican TCOs export significant wholesale quantities of fentanyl, heroin, methamphetamine, cocaine, and marijuana into the United States annually. The drugs are delivered to user markets in the United States through transportation routes and distribution cells that are managed or influenced by Mexican TCOs, and with the cooperation and participation of local street gangs (See Figure 58).

**Figure 58. United States: Areas of Influence of Major Mexican Transnational Criminal Organizations by Individual Cartel**



Source: DEA

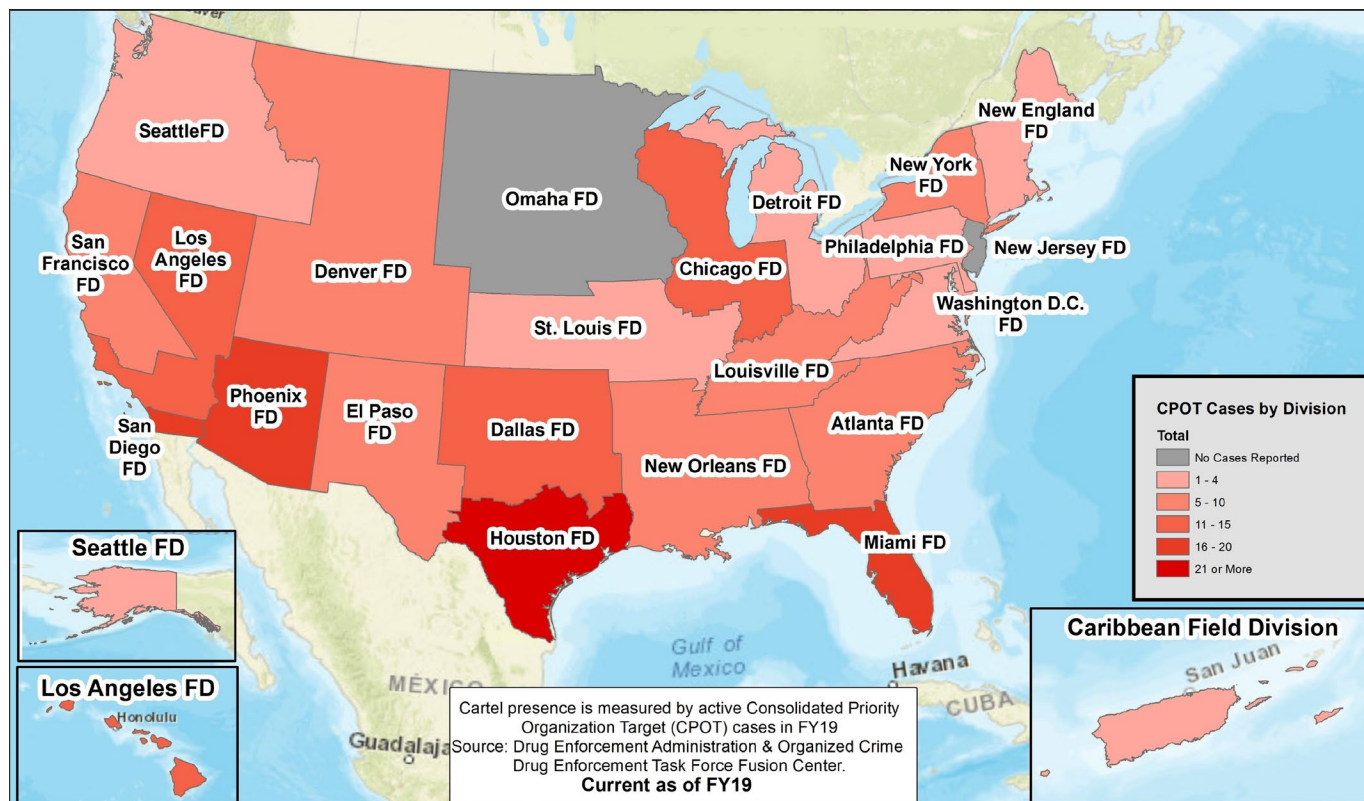
## Most Significant Mexican TCOs Currently Active in the United States

DEA considers the following nine Mexican TCOs as having the greatest drug trafficking impact on the United States: Sinaloa Cartel, CJNG, Beltran-Leyva Organization, Cartel del Noreste and Los Zetas, Guerreros Unidos, Gulf Cartel, Juarez Cartel and La Linea, La Familia Michoacána, and Los Rojos. These TCOs maintain drug distribution cells in cities across the United States that either report directly to TCO leaders in Mexico or report indirectly through intermediaries. The cartels dominate the drug trade influencing the United States market, with most cartels having a polydrug market approach that allows for maximum flexibility and resiliency of their operations (See Figures 58 and 59).

## ► Sinaloa Cartel

The Sinaloa Cartel is one of the oldest and most established TCOs in Mexico. The Sinaloa Cartel has significant presence in 15 of the 32 Mexican states and controls drug trafficking activity in various regions in Mexico, particularly along the Pacific Coast in northwestern Mexico and near Mexico’s southern and northern borders. Additionally, the Sinaloa Cartel maintains the most expansive international footprint compared to other Mexican TCOs, providing the group an added advantage over its rivals. The Sinaloa Cartel exports and distributes wholesale amounts of fentanyl, heroin, methamphetamine, cocaine, and marijuana in the United States by maintaining distribution hubs in various cities. Illicit drugs distributed by the Sinaloa Cartel are primarily smuggled into the United States

**Figure 59. United States: Areas of Influence of Major Mexican Transnational Criminal Organizations by DEA Field Division**



Source: DEA

through crossing points located along the SWB. The cartel employs gatekeepers assigned to POEs and controls Arizona and California area smuggling corridors into the United States. The primary fentanyl threat to the United States is most likely the Sinaloa Cartel due to their demonstrated ability to run clandestine fentanyl synthesis labs in Sinaloa Cartel dominant areas in Mexico.

### ► **Cartel Jalisco Nueva Generación (CJNG)**

The Cartel Jalisco Nueva Generación, also referred to as Jalisco New Generation Cartel, is one of the fastest growing cartels—with CJNG and the Sinaloa Cartel being the two most dominant TCOs in Mexico. CJNG has a significant presence in 23 of the 32 Mexican states with most of its growth and territory being in central Mexico and strategic locations on the border between the United States and Mexico. The CJNG smuggles illicit drugs into the United States by accessing various trafficking corridors in northern Mexico along the SWB including Tijuana, Juarez, and Nuevo Laredo. The CJNG also has influence over the busiest port in Mexico, the Port of Manzanillo, and utilizes that influence for the distribution of large quantities of drugs. The CJNG's rapid expansion of its drug trafficking activities is characterized by the group's willingness to engage in violent confrontations with Mexican government security forces and rival cartels. Like most major Mexican TCOs, the CJNG is a polydrug trafficking group, manufacturing and distributing large amounts of fentanyl, heroin, methamphetamine, and cocaine.

### ► **Beltran-Leyva Organization (BLO)**

The Beltran-Leyva Organization was a once powerful group and, despite the deaths or arrests of various leaders in recent years, continues to function throughout Mexico in a less structured manner than the cartel historically operated. BLO relies on its loose alliances with larger cartels for access to drug smuggling corridors along the SWB. BLO members primarily traffic heroin, methamphetamine, cocaine, and marijuana.

### ► **Los Zetas and Cartel del Noreste (CDN)**

Los Zetas and their most prominent faction, Cartel del Noreste, have a presence in northeastern Mexico. From there, members smuggle the majority of their illicit drugs through the SWB in the areas of Laredo, Texas; Eagle Pass, Texas; and the Mexican states of Coahuila, Nuevo Leon, and parts of Tamaulipas. CDN's leadership structure has been weakened by law enforcement efforts and internal conflicts; however, the cartel is still operational and able to control the flow of drugs in their territories.

### ► **Guerreros Unidos (GU)**

Guerreros Unidos is a cartel based in the Mexican state of Guerrero. Its presence in the region creates a high degree of violence. GU was originally a splinter group from BLO and has become increasingly involved in the heroin trade. The cartel has a working partnership with the CJNG and uses the same transportation networks to move drug shipments into the United States and to return drug proceeds back to Mexico.

## ► Gulf Cartel

The Gulf Cartel holds its power base in parts of the Mexican state of Tamaulipas and in the state of Zacatecas, and may have alliances with CJNG members working in that region of Mexico. The Gulf Cartel focuses its drug trafficking activities on heroin and cocaine by transporting loads into the United States near the McAllen and Brownsville, Texas, areas.

## ► Juarez Cartel and La Linea

The Juarez Cartel and the faction unit La Linea are two once powerful groups and, although not as expansive as other cartels, they continue to impact the United States through their drug trafficking activities. These cartels' greatest territorial influence is in the state of Chihuahua near the SWB. This area has profitable smuggling opportunities between Ciudad Juarez and El Paso, Texas. These drug traffickers target this corridor to smuggle shipments of heroin, methamphetamine, cocaine, and marijuana.

## ► La Familia Michoacána (LFM)

La Familia Michoacána's organizational base is in the state of Michoacán, Mexico. The group's operational capacity has degraded recently due to cartel feuding and successful law enforcement operations. LFM has some ties to the CJNG and also works with other smaller groups to further the cartel's drug trafficking activities.

## ► Los Rojos

Los Rojos is a splinter group of BLO, similar to GU, generating violence in the Mexican regions where they are active. Los Rojos is involved in heroin trafficking. The group's leadership rotates more regularly than other cartels due to frequent arrests of members.

## Structure and Characteristics

Mexican TCO members operating in the United States can be traced back to leading cartel figures in Mexico, often through familial ties. U.S.-based TCO members may reside in the United States prior to employment 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. The Sinaloa Cartel maintains the widest national influence, with its most dominant positions along the West Coast, in the Midwest, and in the Northeast. The CJNG continues to be the Mexican TCO with second-most widespread domestic influence.

U.S.-based Mexican TCO affiliates compose various compartmentalized cells and are assigned to specific functions, to include: drug distribution or transportation, consolidation of drug proceeds, or money laundering. Mexican TCO operations in the United States typically function as a supply chain to maximize operational security. 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 work for multiple Mexican TCOs. The number of these transportation groups is increasing in some areas, and they often transport smaller shipments.

U.S.-based Mexican TCO members generally coordinate the transportation and distribution of wholesale quantities of illicit drugs to U.S. markets while smaller local groups and street gangs—who are not directly affiliated with



Mexican TCOs—typically handle retail-level distribution. At times, Mexican TCOs collaborate directly with local criminal groups and gangs across the United States to distribute and transport drugs at the retail level.

### ► Drug Smuggling and Transportation Methods

Mexican TCOs transport the majority of illicit drugs entering into the United States, moving product across the SWB using a wide array of smuggling techniques. Cartels transport bulk quantity, polydrug loads via commercial and passenger vehicles as well as via underground tunnels. These cross-border tunnels originate in Mexico and lead into safe houses on the U.S. side of the border. TCOs exploit major highway routes for transportation and the most common method employed involves smuggling illicit drugs through U.S. POEs in passenger vehicles with concealed compartments or commingled with legitimate goods on tractor-trailers.

Mexican TCOs also transport illicit drugs into the United States aboard commercial cargo trains, passenger buses, and maritime vessels clandestinely or through official maritime POEs. Mexican TCOs rely on traditional drug smuggling methods, such as the use of backpackers and couriers, when smuggling drugs across remote areas of the SWB into the United States. Mexican TCOs also exploit various aerial methods to transport illicit drugs across the SWB. These methods include the use of ultralight aircraft and unmanned aerial systems (drones) to conduct airdrops.

### ► Violence

While drug-related violence in Mexico remains a concern, there is minimal spillover violence in the United States, as U.S.-based Mexican TCO members generally refrain from inter-cartel violence to avoid detection and increased scrutiny by law enforcement. 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.

### ► Money Laundering Activity

Mexican TCOs generate billions of dollars annually through the sale of illegal drugs in the United States. The cartels utilize a variety of methodologies to counter law enforcement efforts to identify and confiscate illicit proceeds in the United States and Mexico. TCOs use members to transport cash across the border in vehicles, small aircraft, and by couriers. They also use wire transfers, shell and legitimate business accounts, funnel accounts, and structured deposits with money remitters in order to move money while concealing the routing of the illicit proceeds. Mexican TCOs also use cryptocurrencies to further their criminal enterprise. Furthermore, Asian MLOs engage in the laundering of drug proceeds on behalf of the Mexican TCOs.

### ► Impact of COVID-19

Mexican TCOs’ long term operational outlook and capacities were not significantly impacted by the COVID-19 pandemic with regard to their drug trafficking and drug production activities. Most significantly, the Sinaloa Cartel and the CJNG used the COVID-19 pandemic to artificially inflate pricing for methamphetamine. According to DEA

reporting, both the Sinaloa Cartel and CJNG may also have been withholding regular shipments of methamphetamine into the United States, which allowed the cartels to increase the wholesale price. Although DEA reporting suggests Mexican TCOs may have encountered initial difficulties obtaining precursor chemicals at the onset of the pandemic, there are likely no long term significant impacts from COVID-19-related government restrictions. Therefore, there will likely be no significant long term impacts on the availability or the capability for Mexican TCOs to obtain the necessary precursor chemicals to produce synthetic drugs.

Mexican TCOs' financial situations have been influenced by the COVID-19 pandemic, as DEA reporting suggests that the pandemic has affected both the global and domestic illicit financial networks that the TCOs use. These disruptions include the transportation of bulk currency, the processing performed by illicit money brokers, the operations of Asian MLOs (specifically Chinese money laundering networks), and trade-based money laundering.

# Colombian Transnational Criminal Organizations

## Overview

Colombian TCOs continue to influence the U.S. illicit drug market. According to DEA's CSP, approximately 91 percent of the cocaine seized in the United States and tested by the CSP is of Colombian origin. Colombian TCOs continue to control the production and supply of cocaine, and rely on partnerships with Mexican TCOs to smuggle cocaine from Colombia to U.S. markets. Mexican TCOs dominate the wholesale distribution of Colombian cocaine into the United States. Principally, large-scale Colombian TCOs work closely with Mexican and Central American TCOs to export multi-ton quantities of cocaine from Colombia every year. Large-scale Colombian TCOs sell multi-ton quantities of cocaine and smaller quantities of heroin to Mexican TCOs, who smuggle those drugs through the Central American corridor and Mexico for eventual smuggling into the United States. Colombian TCOs also route cocaine and heroin shipments through the Caribbean Corridor where local TCOs receive and transport them into the United States.

Some smaller Colombian TCOs maintain direct pipelines into the United States, primarily to Northeast and East Coast drug markets, using couriers on commercial flights and air cargo to move smaller wholesale amounts of cocaine and heroin. Colombian TCO members also maintain a physical presence in the United States to assist in laundering drug proceeds. Although illicit Colombian cocaine smuggling has decentralized and fragmented, particularly in the past few years, Colombian TCOs will remain dominant in the international cocaine trade for the foreseeable future.

## Large-scale Colombian TCOs

Recently, various Armed Criminal Organizations (Grupos Armados Organizados or GAOs) and dissident factions of the Revolutionary Armed Forces of Colombia (Fuerzas Armadas Revolucionarias de Colombia or FARC) have dominated the drug trade in Colombia.

The most significant Colombian TCO with an impact on the U.S. drug market is the Gulf Clan, also known as Los Urabeños, Clan del Golfo, and Clan Úsuga. This TCO functions as a highly structured and centralized criminal enterprise that has evolved into the largest GAO in Colombia with a cohesive national presence. 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 GAOs. 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.

## Collaboration with Mexican TCOs

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 smuggling it into and its 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 representatives in Mexico to serve as brokers for cocaine orders or illicit money movements. Central American TCOs work with both Mexican and Colombian TCOs for the northbound movement of cocaine and the southbound flow of illicit drug proceeds.

## Colombian TCOs Transportation

Colombian TCOs export large cocaine shipments through Mexico, the Central American Corridor, and the Caribbean Corridor, using a variety of maritime and aerial means including speedboats (go-fast vessels), fishing vessels, self-propelled semi-submersibles, private aircraft, and commercial air and sea cargo. Less commonly, Colombian TCOs transport cocaine over land across the 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. Due to successful counterdrug efforts by the Colombian Government, Colombian TCOs have shifted a sizable portion of their drug trafficking activities to neighboring countries. Colombian TCOs transport and store large quantities of cocaine in remote areas of Venezuela and Ecuador until maritime or aerial transportation can be secured.

## Small-scale Colombian TCOs

Smaller Colombian TCOs directly supply smaller wholesale quantities of cocaine and heroin to the United States, primarily to eastern and

northeastern drug markets. Colombian TCOs previously dominated cocaine and heroin wholesale markets in the Midwest and East Coast; however, Mexican TCOs now dominate most of these markets, increasingly serving as the primary source of supply to other TCOs in these regions.

Smaller 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 Cali, Colombia-based money launderers coordinate the receipt of drug proceeds in various U.S. cities including Boston, Chicago, Houston, Miami, and New York. Once received, these funds are often placed in U.S.-based bank accounts and wire transferred externally under the guise of payment for products and services.

## Money Laundering Activities

DEA reporting indicates that Colombian TCOs generate and receive as much as \$10 billion USC annually through the sale of drugs in the United States, Central America, and Mexico. The principal mechanisms by which Colombian TCOs launder their drug proceeds are the Black Market Peso Exchange (BMPE) and trade-based money laundering (TBML). Colombian TCOs rely on international networks of money launderers who profit from foreign exchange transactions and trade-based activity. Although not as prominent as with the Mexican TCOs, there has been an increase in the presence of Asian MLOs in areas where Colombian TCOs operate. There has also been evidence of the utilization of cryptocurrencies by Colombian TCOs in order to transfer their proceeds internationally.

# Dominican Transnational Criminal Organizations

## Overview

Dominican TCOs dominate the distribution of cocaine and white powder heroin in the Northeastern corridor of the United States. These TCOs are supplied by Mexican and Colombian TCOs, and dominate wholesale distribution of heroin and fentanyl in certain areas of the Northeast. They also engage in street-level sales in the Northeast. Illegal drugs destined for Dominican TCOs in the Northeast initially arrive 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 foreign suppliers to have cocaine, heroin, and fentanyl shipped directly to the Northeast from Mexico, Colombia, and the Dominican Republic.

## Organizational Structure

Dominican TCOs typically operate as an unstructured network of independent groups without a centralized hierarchy. Each Dominican TCO independently maintains its own internal organized structure with an identified leader and subordinates in designated roles, ensuring compartmentalization of their criminal activities. Dominican TCOs are typically comprised of friends and family members of Dominican nationality or U.S. citizens of Dominican descent. By relying on these networks of family members, friends, and hometown acquaintances, Dominican TCOs are often able to remain insulated from outside threats. Dominican TCOs are willing to collaborate with different ethnic criminal groups in the United States, such as Puerto Rican, Colombian, and Mexican TCOs.

## 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, where New York City serves as the main hub for Dominican TCO activity in the Northeast.

## Trafficking Connections

Dominican TCOs have expanded their capabilities to have command and control originating in source zone countries and orchestrate the transportation of multi-ton quantities of drugs through the Caribbean with final destination of Northeastern cities in the United States and in Europe. Dominican TCOs also obtain multi-kilogram quantities of cocaine and heroin from wholesalers, which they subsequently break down for local street sales. In many cases, the customers 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.

## Drug Trafficking Activities

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 cocaine and heroin. They are also heavily involved in the distribution of fentanyl

and CPDs, due to the current demand for opioids in the United States. To a lesser extent, they engage in regional supply of other illegal drugs to include marijuana, methamphetamine, and NPSs.

Dominican traffickers take advantage of Puerto Rico's status as a U.S. territory to facilitate commercial air transport of cocaine into the United States, mainly into the Northeast and south Florida. Dominican TCOs typically use small maritime vessels to transport cocaine and heroin from the Dominican Republic into Puerto Rico via the 80 mile stretch of sea known as the Mona Passage, and subsequently these traffickers utilize mail, commercial shipping services, and maritime vessels to transport illegal drugs to the United States. Furthermore, Dominican TCOs exploit the vulnerabilities of maritime commercial cargo containers to transport multi-ton kilograms of cocaine from the Dominican Republic to U.S. ports in Florida, Georgia, Philadelphia, and New York. Additionally, Dominican traffickers utilize private maritime vessels to transport cocaine directly from the Dominican Republic to south Florida. Dominican traffickers utilize Chinese money laundering organizations to facilitate the laundering of Dominican TCO drug trafficking proceeds.

## **Role in Retail Drug Market**

The higher echelon of Dominican TCOs serve as the command, control, and supplier for organizations at the street level in certain regions of the U.S. East Coast. Dominican TCOs based in New York City, New York; Philadelphia, Pennsylvania; and Lawrence, Massachusetts, mainly source Dominican drug dealers involved in retail distribution. 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, Dominican traffickers in the Northeast can expand their inventory and profit.

# Asian Transnational Criminal Organizations

## Overview

Asian TCOs specialize in the trafficking of marijuana and 4-methylenedioxy-methamphetamine (MDMA), and, to a lesser extent, cocaine and methamphetamine. They are also heavily involved in international money laundering activities, working with Colombian and Mexican TCOs. Asian TCOs actively conduct drug trafficking activities on both U.S. coasts and have distribution networks stretching across the country. U.S.-based Asian TCOs work in concert with Asian TCOs in Canada, Asia, and other international locations to import and export illicit drugs to and from the United States.

## Organizational Structure

Asian TCOs are mostly small, independent groups. Some operate with investment from Asia-based crime bosses in Hong Kong, Macau, and Taiwan. Asian TCOs use their contacts in Asian diaspora communities in the United States and around the world to co-opt or establish businesses to facilitate drug trafficking and money laundering. Businesses concentrated in California and New York facilitate the transshipment and importation of drug loads orchestrated by Asian TCOs. Asian TCOs also recruit diaspora community members to act as couriers for money and drugs.

## Marijuana Trafficking Trends

Asian TCOs have historically operated large, sophisticated indoor marijuana grow houses in residential homes, primarily in the western United States. These indoor grows are both traditional and hydroponic and are frequently located in suburban neighborhoods. With

state-level marijuana legalization actions, some Asian TCOs overtly operate marijuana grows by adhering to local regulations governing private cultivation and medical marijuana allowances. Additionally, some produce large amounts of marijuana in wholly illegal residential grow operations by hiding in plain sight. As a result, significant amounts of marijuana produced in these grow operations are diverted to states where marijuana is much more profitable on the black market.

## MDMA Trafficking Trends

Asian TCOs generally control the supply of MDMA in most U.S. markets. U.S.-based Asian TCOs work closely with Canada-based Asian TCOs to import MDMA. MDMA, in both tablet and powder form, is typically either imported from China to Canada or manufactured in clandestine laboratories in Canada, then smuggled across the Northern Border into the United States. MDMA is also shipped to the United States from Asian TCOs based in Europe.

## General Trafficking Trends

Asian TCOs also traffic cocaine and methamphetamine. The United States is used as a transit country for some loads of cocaine and methamphetamine trafficked to Asia and Oceania by Asian TCOs. Asian TCOs reach out to cocaine and methamphetamine sources of supply in Mexico and the United States. Los Angeles-based import/export companies established or co-opted by Asian TCO members are used to send cocaine and methamphetamine to Asia, Australia, and New Zealand.

## 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 sometimes 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 between China and Hong Kong, using front companies to facilitate international money movement. Asian TCOs also use underground banking and mirroring schemes. U.S.-based Asian TCOs rely on domestic cash-intensive businesses to facilitate money-laundering activities. Law enforcement reporting indicates an increase in Chinese money laundering groups and Mexican TCOs collaborating to move/laundry money.

United States, Asian MLOs operating on behalf of drug traffickers have been identified in Mexico, as well as in Central and South America. Moreover, beyond mainland China, Asian MLOs also operate in Hong Kong, Australia, New Zealand, and other Far East and Southeast Asian countries.

## Asian Money Laundering Organizations

Asian money laundering organizations are working in conjunction with Hispanic DTOs with increasing frequency. In some cases, there appear to be agreements between Mexico-based TCO leaders and Asian MLO heads based in Mexico. Asian MLOs provide access to long-standing laundering networks for U.S.-based Mexican TCO members. Various DEA offices have observed Mexican DTOs increasingly utilizing domestic Asian MLOs to facilitate drug money movement across a variety of methods, including TBML, the Chinese Underground Banking System virtual currencies, and even bulk currency storage and shipment.

Within the United States, the laundering networks operate in and around most major metropolitan areas. Outside of the



## Outlook

Barring significant, unanticipated changes to the illicit drug market, Mexican TCOs will continue to dominate the wholesale importation and distribution of cocaine, heroin, marijuana, methamphetamine, and fentanyl in U.S. markets. No other criminal organizations currently possess a logistical infrastructure to rival that of Mexican TCOs. Mexican TCOs will continue to grow in the United States through expansion of distribution networks and continued 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.

Due to sustained high cocaine production and corresponding profits in Colombia, Colombian TCOs are expected to maintain dominance over the production and supply of the majority of cocaine destined for U.S. markets. Colombian TCOs are expected to continue to collaborate with Mexican TCOs who purchase their products, primarily cocaine, while Mexican TCOs will remain the dominant cocaine wholesale supplier in the United States. Further, Colombian TCOs will most likely 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 TCOs are positioned to maintain their leading role in the mid-level distribution of illegal drugs, particularly in the Northeast. These TCOs ensure their sustainability through self-sufficiency and accessibility to diverse drug supply lines, smuggling routes,

and conveyance methods involving multiple criminal organizations across several nations. Mexican and Colombian TCOs operating in the Northeast will likely maintain their working relationships 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 TCOs will remain a drug trafficking threat of concern in the United States, particularly in established marijuana and MDMA markets. They will likely continue to expand their relationships with Mexican and Colombian TCOs to further their drug and money laundering operations in the United States and abroad.

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# DRUG THREAT IN U.S. TERRITORIES & IN INDIAN COUNTRY

## Overview

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Puerto Rico, the USVI, and Guam are unincorporated, organized territories of the United States with economies that are largely dependent on tourism, commercial shipment services, or national defense spending. Travelers from some of these U.S. island territories are not subject to routine customs checks upon entering the continental United States, making them attractive to illicit drug traffickers and money launderers.

High rates of unemployment and poverty contribute to Native American communities' issues with substance abuse and exploitation by drug traffickers and TCOs. TCOs often smuggle drugs through reservations along U.S. borders, and Native American criminal groups obtain drugs from traffickers moving through reservations or from TCO associates in nearby major cities.

## Puerto Rico and the U.S. Virgin Islands

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The DEA Caribbean Field Division is responsible for supporting drug enforcement operations in the Caribbean area, including domestic and foreign locations. The geographical area of responsibility of the DEA Caribbean Field Division extends from The Bahamas, down to Jamaica in the Greater Antilles, eastward along the islands of the Lesser Antilles, to Guyana in the northeastern tip of South America.

With approximate populations of 3.2 million and 106,000 in 2020, respectively, Puerto Rico and the USVI 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 (8.8 percent in Puerto Rico and 12.1 percent in the USVI), according to 2020 estimates, and opportune geographic locations—midway between the United States and South America. In addition, both Puerto Rico and the USVI are attractive transshipment points, as cargo shipments between these U.S. territories and the continental United States are considered domestic and not subject to inspection.

## Drug Threat

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Cocaine is the principal drug threat in the Caribbean region, with Puerto Rico and the USVI serving as major transshipment points between cocaine-producing countries in South America and the continental United States. Cocaine is primarily transported to the islands via maritime vessels from Colombia, Venezuela, and the Dominican Republic. Traffickers almost exclusively use go-fast boats or fishing vessels to transport cocaine to Puerto Rico, either departing directly from Venezuela or transiting the Mona Passage from the Dominican Republic. Due to Dominican law enforcement successes

and U.S. Coast Guard interdiction efforts, traffickers prefer to traffic large cocaine loads directly to Puerto Rico.

Traffickers also smuggle cocaine via the British Virgin Islands by island hopping to the USVI and eastern Puerto Rico, and then on to the continental United States. Law enforcement officials report that smaller boats depart the USVI and meet larger “mother ships” from Venezuela. These ships offload cocaine to smaller fishing vessels, which then transit to the Netherlands Antilles, St. Martin/Maarten, the British Virgin Islands, and/or Puerto Rico.

The smuggling and abuse of heroin and fentanyl are also major concerns in the Caribbean region. Heroin availability in Puerto Rico is moderate; it is used locally and also transported to the continental United States. Heroin is available in almost all drug points throughout Puerto Rico and widely consumed. In the USVI, heroin does not pose a major threat, as the demand is typically for resale. However, there was a slight increase in heroin use in 2019 on St. Croix, USVI and one seizure of heroin which contained fentanyl. The heroin trafficked to Puerto Rico and the USVI is of South American origin, which typically arrives commingled with cocaine on maritime shipments. DEA’s Caribbean Field Division has also reported minimal heroin-laced fentanyl seizures sent via parcel services from California to Puerto Rico.

Fentanyl availability in Puerto Rico is low. However, fentanyl related deaths in Puerto Rico have increased from 10 deaths in 2015 to 70 reported fentanyl-involved overdose deaths in 2018.

Marijuana is the most consumed illicit drug in Puerto Rico and the USVI. According to law

enforcement reporting from Puerto Rico, USVI, and other Caribbean island nations, seizures and seizure-load sizes of marijuana have continued to increase over the past several years.

## Transshipment

DEA’s Caribbean Field Division reports an increase in cocaine seizures from inbound maritime cocaine smuggling ventures into Puerto Rico arriving from Colombia and Venezuela. According to a U.S. Government database of known and suspected drug seizure and movement events, roughly eight percent of documented cocaine departing South America moved toward the Caribbean Islands in 2019, mostly aboard go-fast vessels. According to DEA reporting, TCOs operating in South America and the Caribbean coordinate multi-ton maritime smuggling ventures originating in Colombia or Venezuela and transiting Puerto Rico, the Dominican Republic, and neighboring Eastern Caribbean islands for destinations in the continental United States, Europe, and Africa.

It is estimated that a third of the cocaine and heroin trafficked into Puerto Rico and the USVI remains for local consumption, but most is smuggled onwards to the continental United States. Traffickers conceal cocaine in parcels mailed from Puerto Rico and the USVI to Florida and the northeastern United States, primarily Connecticut, Massachusetts, New York, and New Jersey. Additionally, traffickers utilize commercial airlines in Puerto Rico to smuggle cocaine concealed within passenger luggage or body cavities to continental U.S. destinations including Connecticut, Florida, Pennsylvania, New York, and Massachusetts.

## Drug-related Crime

Drug-related violence continues to pose a threat to public safety in Puerto Rico and the USVI. Puerto Rico and the USVI have the highest homicide rates in the United States. According to the UNODC, the USVI averaged approximately 52 murders per 100,000 people in 2018.

Local law enforcement agencies in Puerto Rico estimate that over 60 percent of homicides are drug-related; however, violent crime and homicide rates have declined every year since peaking in 2011. The majority of DTOs operating in Puerto Rico are based in the public housing projects located throughout the island, with controlled “drug point” locations used for the retail sale of illicit drugs. The DTOs use intimidation, violence, and murder to gain or retain control of the drug markets in the area.

## Drug Trafficking Groups

Colombian, Dominican, Venezuelan, and Puerto Rican DTOs are involved with the illicit drug trade in Puerto Rico and the USVI. While Dominican, Colombian, and Venezuelan traffickers serve as crewmembers during maritime operations, the majority of the boat captains are Dominican. Dominican DTOs are becoming more sophisticated and dominant in the drug trade throughout the region, including brokering drug deals and coordinating maritime ventures. Dominican and Puerto Rican DTOs dominate wholesale and retail distribution of cocaine in Puerto Rico.

Puerto Rico-based DTOs have established heroin trafficking routes from Venezuela to Puerto Rico. In some cases, traffickers instruct couriers to take an indirect route to deliver heroin from Caracas, Venezuela, to various major U.S. cities

along the East Coast and finally to Puerto Rico in order to evade law enforcement scrutiny. DTOs based in the Dominican Republic also smuggle heroin directly into Puerto Rico by using human couriers on the ferry that operates between the Dominican Republic and Puerto Rico.

The diversion of CPDs for distribution and healthcare fraud are serious threats in Puerto Rico. Puerto Rico did not have a Prescription Drug Monitoring Program (PDMP) until August 2017; however, it was not until September 2018 that the PDMP in Puerto Rico was able to interconnect with PDMPs in the United States. DEA diversion investigations reveal that the majority of controlled substances abused and diverted are obtained through fraudulent prescriptions, doctor shopping, pharmacy thefts, and illegal online prescription services.

## Guam

Guam is an organized and unincorporated territory of the United States, located in the North Pacific Ocean; it is the largest and southernmost island in the Mariana Islands archipelago and is an important military and commercial hub between the United States, Asia, and Australia. In 2020, Guam’s population was an estimated 168,000 people. The island’s economy depends largely on tourism and U.S. national defense spending, followed by construction and transshipment services. According to the Guam Visitors Bureau, the island had its best year, with over 1.63 million visitors during FY 2019. Many of Guam’s violent crimes are linked to drugs, alcohol abuse, lack of economic opportunities, and lack of educational attainment.

## Drug Threat and Availability

Methamphetamine and marijuana are the two principal drugs used in Guam. Cocaine is resurgent and is popular with the college-aged population. MDMA, ketamine, and illicit pharmaceuticals are also available to a lesser degree and often purchased in clubs and bars.

Methamphetamine poses the greatest threat to Guam. Most of the methamphetamine shipped to Guam originates from the continental United States, primarily from California and Washington, via postal packages or courier. Guamanians residing in the continental U.S. often mail methamphetamine to criminal associates in Guam, who sell the drug for very large profit margins. During 2019, the DEA's Guam RO seized approximately 30 kilograms of methamphetamine, a significant increase from the 12 kilograms seized in 2018.

During 2019, DEA's Guam RO seized approximately 29 kilograms of cocaine, a decrease compared to 45 kilograms seized in 2018.

Low-quality marijuana is cultivated in Guam, with grow sites typically located within heavy jungle growth in close proximity to residential dwellings. Marijuana is also shipped to Guam in lesser amounts via postal packages or transported via commercial air flights from the continental United States.

## Drug Trafficking Groups

DTOs in Guam are typically comprised of Korean, Filipino, and Chinese traffickers who smuggle methamphetamine to the island via couriers. Mexican organizations may supply some of the methamphetamine reaching Guam indirectly via the continental United States.

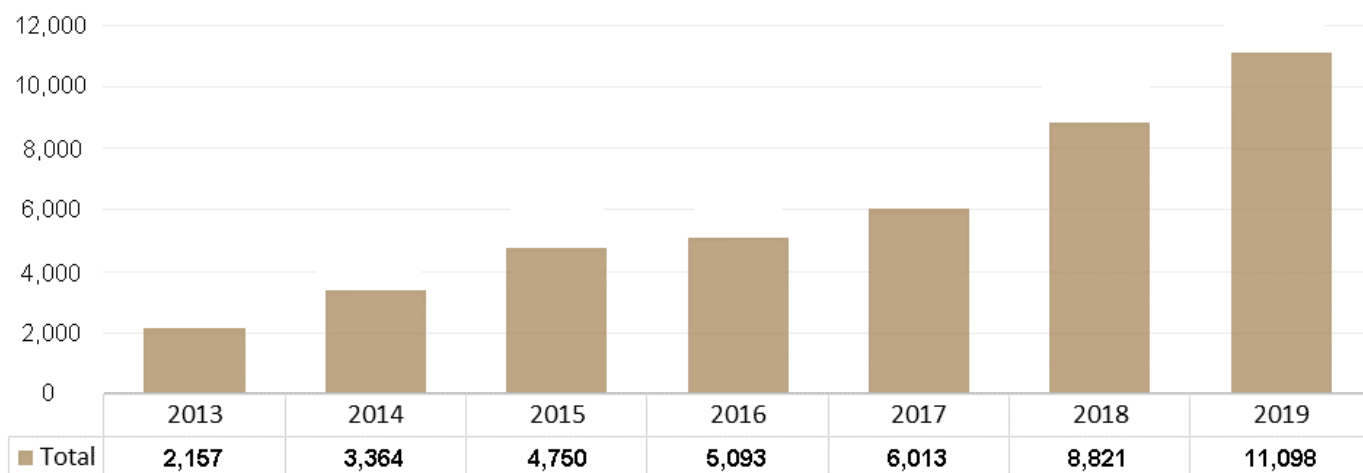
Drug proceeds are often mailed back to the United States or sent electronically through established bank accounts. Similarly, proceeds are sent via wire transfer to South Korea, China, and other Asian countries. Generally, the proceeds are reinvested to purchase additional drug supplies and are used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

## Indian Country

The drug threat in Indian Country varies by region and is influenced by the illicit drugs available in major cities near the reservations. Native American criminal groups and independent dealers transport most of the illicit drugs available throughout Indian Country. These individuals and organizations 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 has increased substantially since 2013. In FY 2019, there was a nearly 26 percent increase from FY 2018 to FY 2019 in the number of drug cases opened across all Indian Country law enforcement programs according to data from the Bureau of Indian Affairs (See Figure 60).

Native American communities face challenges and risks rooted in poverty, high levels of unemployment, chronic trauma, and a lack of resources. These factors contribute to Native American communities' susceptibility to substance abuse and exploitation by drug traffickers. While marijuana and methamphetamine are the most widely used

**Figure 60. Drug Cases Opened in Indian Country, 2013 – 2019**

Source: Bureau of Indian Affairs

illicit substances, prescription drug and heroin use have increased. Additionally, powder and crack cocaine, fentanyl, fentanyl-laced counterfeit pills, and MDMA are also available at various levels. Mexican traffickers are the principal wholesale suppliers and producers of most illicit drugs available on reservations throughout Indian Country.

Drug production in Indian Country is limited. Mexican traffickers play a prominent role in producing cannabis at outdoor grow sites in remote locations on reservations, particularly in the Pacific Region. Illicit drug transportation routes run through the reservations that border Mexico or Canada, ensuring nearby reservations have reliable access to drugs.

TCOs continue to smuggle multiple tons of marijuana through the Tohono O’odham Nation in southeastern Arizona. This reservation accounts for almost four percent of the SWB. TCOs also smuggle lesser amounts of cocaine and heroin, with methamphetamine on the rise, through this reservation. Drug traffickers exploit the vast stretches of remote, sparsely populated

desert bordering Mexico and the highways that connect the reservation to major metropolitan areas.

TCOs 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 Mohawk Nation at Akwesasne. TCOs smuggle marijuana and thousands of MDMA tablets 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 in which traffickers engage, the crime rates on some reservations can be higher than the national averages for similar crimes. DTOs engage in these crimes to facilitate their operations, while users generally engage in such crimes to support their drug use.

## Outlook

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The drug threats in Indian Country will likely remain tied to the predominant threats of nearby markets in major cities. Native American criminal groups will continue travel to major cities outside of Indian Country to acquire all types of illicit drugs, mainly supplied by Mexican traffickers. Methamphetamine and marijuana may likely remain the most widely used drugs, but increases in CPDs and heroin abuse may continue. Reservations near the borders of Canada and Mexico will likely continue to be exploited for their location along transnational smuggling routes.



# ILLICIT FINANCE

## Overview

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DTOs and TCOs continue to generate tens of billions of dollars in illicit proceeds through the sale of drugs every year in the United States. Illicit drug proceeds change hands numerous times between the smuggling, wholesale, or retail levels of the illegal drug market. The onset of the COVID-19 pandemic caused significant shifts in the money laundering landscape. Border restrictions between the United States and Mexico, as well as concerns regarding exposure to the virus have made it more difficult for TCOs to transport loads of bulk currency across the SWB. Trade-Based Money Laundering (TBML) activity has been disrupted due to shipping delays around the world. These shipping delays also disrupt dark web marketplace vendors who are already vulnerable to fluctuations of virtual currencies held in escrow while drugs are traveling in the mail.

TCOs employ various strategies to move and launder drug proceeds into, within, and out of the United States to avoid detection from law enforcement and financial institutions. The preferred methods to move and launder illicit proceeds have largely remained the same throughout the years, e.g. bulk cash smuggling, Black Market Peso Exchange, and TBML; however, significant shifts have occurred in the illicit finance landscape over the years, further complicating the enforcement of anti-money laundering (AML) laws. Although for a number of years virtual currency has been utilized as

a payment method to purchase illegal drugs online, it is now becoming more commonly utilized by international money launderers to transfer proceeds across borders on behalf of TCOs.

## Effects of COVID-19

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The COVID-19 pandemic directly led to traffickers facing hurdles maintaining the flow of drugs and money around the world. Border restrictions between the United States and Mexico, brought on due to the pandemic, have increased the difficulty of transporting loads of bulk currency from the United States across the SWB into Mexico. As a result, large amounts of U.S. currency are being held along the U.S. side, awaiting transport to Mexico. With this stockpile forming, TCOs have begun increasing the frequency and volume of bulk currency shipments across the SWB in an attempt to continue the repatriation of their drug proceeds. However, reporting indicates fewer money pickups being conducted by couriers for fear of exposure to COVID-19 and increased law enforcement presence.

- *DEA's New Jersey Field Division reported in May 2020, that money couriers were less likely to meet with individuals looking to move money from certain heavily infected population centers due to concerns of contracting COVID-19.*

The shipping trade was affected in many parts of the world due to the pandemic that caused disruptions to TBML activity in the

United States and other countries. Many companies involved in TBML are considered non-essential, and are either not permitted to operate during the pandemic, or are subject to increased restrictions. As such, the ability for TCOs to move money under the guise of legitimate trade transactions has diminished.

Dark web marketplaces trading in illicit drugs have experienced disruptions due to the COVID-19 pandemic, due in part to drug shortages and shipping delays which exacerbate the risk of selling drugs for highly volatile virtual currencies. In March 2020, the value of Bitcoin rapidly dropped, which caused a withdrawal of many dark web vendors from the market for fear of loss of funds due to the possibility of Bitcoin devaluation while in escrow. Delays of drug shipments means that funds may be held in escrow for longer periods, which gives more time for their value to decrease before the drug dealer is able to convert the funds into fiat currency.

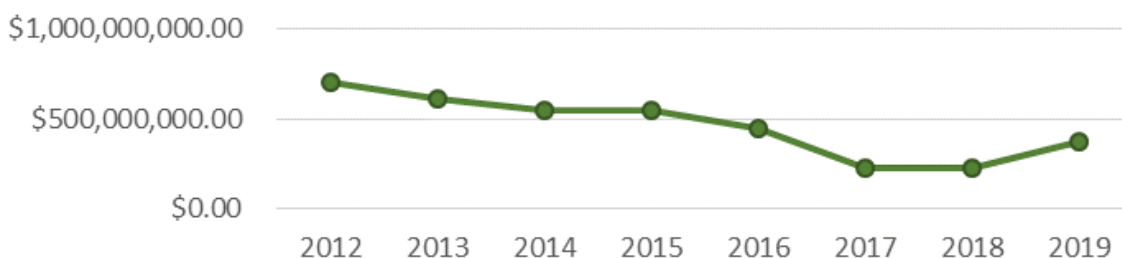
- *DEA's Denver Field Division reported shortages of a variety of illicit drugs available on the dark web, as well as shipping delays due to COVID-19 restrictions. Many dark web marketplace sellers were taking extra precautions to sanitize their products and packaging prior to transport, possibly adding to the shipping delays.*

## Bulk Cash Smuggling

TCOs continue to repatriate a significant volume of illicit proceeds every year via bulk cash smuggling, despite the existence of more modern methods of transferring money. In 2019, there were over 3,000 bulk currency seizures in the United States according to EPIC's NSS data. This represents more than \$368 million USC seized, a 62 percent increase in volume from the almost \$227 million USC seized in 2018. Between 2010 and 2018, the volume of bulk currency seized has steadily dropped, with 2019's increase being an outlier to this trend. The number of seizure events in 2019 (3,454) was a 39 percent increase from the previous year (2,487) (See Figure 61).<sup>z</sup>

Drug traffickers commonly transport bulk currency from various places in the United States over the SWB into Mexico and other Central and South American countries via privately owned vehicles and tractor-trailers. However, transport of bulk currency by passengers on commercial airlines also accounts for a significant amount of drug proceeds traveling within, and exiting the United States.

**Figure 61. Bulk Currency Smuggling Seizure Totals, 2012 – 2019**



Source: El Paso Intelligence Center

z. This recorded increase in both seizure events as well as seizure volume is due in part to changes in NSS bulk currency reporting methodologies. As such, analytical statements regarding the reasons for this increase cannot be made at this time.

**Figure 62. Top 3 States for Bulk Currency Seizure Amounts, 2012 – 2019**

	2012	2013	2014	2015	2016	2017	2018	2019
<b>1<sup>st</sup> State</b>	New York \$212,038,936	California \$154,015,473	California \$126,891,301	California \$107,255,478	California \$57,175,335	California \$40,762,011	California \$44,176,916	California \$54,556,726
<b>2<sup>nd</sup> State</b>	California \$130,694,737	New York \$111,315,107	New York \$49,138,747	Texas \$45,448,232	Florida \$46,060,991	Ohio \$22,514,717	Ohio \$22,660,487	Ohio \$52,861,197
<b>3<sup>rd</sup> State</b>	Texas \$67,202,140	Texas \$45,582,571	Georgia \$36,982,739	Florida \$43,527,424	Texas \$36,110,202	Arizona \$13,745,181	Illinois \$15,158,676	Texas \$23,621,917
<b>Total</b>	<b>\$702,578,606</b>	<b>\$613,829,575</b>	<b>\$547,068,839</b>	<b>\$550,804,449</b>	<b>\$441,178,858</b>	<b>\$226,710,289</b>	<b>\$227,548,134</b>	<b>\$368,042,994</b>
<b>Incidents</b>	<b>3,395</b>	<b>3,343</b>	<b>4,448</b>	<b>4,685</b>	<b>3,437</b>	<b>2,431</b>	<b>2,487</b>	<b>3,454</b>

Source: El Paso Intelligence Center

- In May 2020, DEA's Washington Field Division conducted an enforcement operation against a DTO that was working with a Chinese MLO to structure deposits of USC into the banking system. A traffic stop on a member of the DTO who had been seen conducting money pick-ups using a tractor-trailer yielded the seizure of \$1.5 million USC hidden in bags inside the tractor-trailer.
- In June 2020, the Los Angeles HIDTA performed a K-9 check on 15 pieces of luggage being transported on a privately chartered flight. Law enforcement seized an excess of \$3 million USC contained between the 15 pieces.

In 2019, California, Ohio, and Texas reported the highest dollar amounts in bulk cash seizures for a combined total of \$131,039,840 USC (See Figure 62). These states accounted for 36 percent of all the bulk cash seized in 2019. In the first six months of 2020, California, New York, and Texas accounted for 39 percent of the bulk cash seized.

## Money Laundering Methods

Money laundering is generally comprised of a cycle, which includes placement, layering, and integration—with launderers developing multiple methods to complete each step. Placement involves illicit funds entering into the financial system through various businesses—such as money service businesses—as well as casinos,

banks, and real estate. Layering is the process of moving money to disguise its origin. This can take various forms such as wire transfers and TBML, with this step in the money laundering process often involving money moving through multiple countries, further obfuscating the origin of the funds. The final step in the cycle is integration, in which the illicit funds now appear to be clean, and are able to re-enter the economy without drawing attention to the illegal activity that produced the money.

## Traditional Methods

TCOs and DTOs widely utilize traditional money laundering methods, often combining well-tested methods with newer ones to decrease their likelihood of discovery by law enforcement. Casinos, with their high volume of currency transactions, remain a popular way for launderers to obfuscate their drug proceeds. Money launderers commonly utilize businesses trading high value commodities such as real estate, vehicles, and jewelry to make their illicit funds appear legitimate by investing the value of their funds into these items. This, combined with avoiding reporting requirements, allows the value of the illicit funds to be moved from person to person under the guise of legitimate business transactions.

The use of shell and front companies remains an extremely common method for DTOs to disguise the origin of their illicit funds. The Financial Action Task Force, an intergovernmental organization designed to combat money laundering, reports that more than two million limited liability companies and corporations are established in the United States each year. Shell companies are businesses that exist only as an entity through which money may be transferred to hide beneficial ownership, as well as to provide plausible deniability for the origin of drug proceeds. Front companies operate as a mostly normal business; however, DTOs commingle their drug proceeds with the legitimate revenue stream from the front company. Due to U.S. laws easily allowing the establishment of businesses and the minimal amount of information required to start a company, shell and front companies are frequently utilized in the money laundering process.

## Modern Methods

The complexity of money laundering systems has greatly increased in modern times, as criminal organizations continue to find ways to combine methods to further hide their illicit proceeds. One example of this is the use of third party money brokers to move and handle money. Drug traffickers seeking to repatriate funds outside of the United States will utilize networks of money brokers to move money through various accounts and businesses. The money movement that these brokers perform is often intertwined with other money laundering systems such as BMPE and TBML activity. Due to the third party nature of these brokers, they are often insulated from legal ramifications of money laundering, as it can be difficult to prove that they had knowledge of the illicit nature of the funds they assisted in moving.

TCOs continue to highly favor TBML as a method to transport and launder illicit proceeds through the manipulation of international trade and financial institutions. Illicit funds are used to purchase real or fictitious trade goods, which are then shipped to another country where they are then sold. This allows the value derived from the original illicit activity to move in and out of the United States under the guise of legitimate trade transactions. Free Trade Zones are often involved in TBML schemes because they offer opportunities for cash to be inserted into the financial system in exchange for consumer goods.

In 2017, the Government of China implemented economic policies that placed a \$50,000 USC limit on the amount of foreign currency per person that can be exchanged annually. Due to China's economic policy and the restrictions Mexico has placed on depositing USC, Asian MLOs have emerged within the last few years as leaders within the money laundering networks. These groups have quickly grown to dominate the money laundering landscape due to a combination of charging lower fees and the efficiency of the services they provide. These MLOs perform services at all stages of the money laundering cycle; however, Asian MLOs are especially prominent in the areas of bulk currency movement and TBML. Asian MLOs seek to profit from illicit activities associated with Mexican and Colombian TCOs as well as from the resale of U.S. dollars in the United States to Chinese nationals seeking to evade China's currency control laws. Chinese nationals utilize an informal black market that allows them to move their money out of China by trading Chinese-based assets for currency or other assets located abroad, such as drug proceeds. The services provided by Asian

MLOs increasingly have been utilized by TCOs to simplify the acquisition and payment for precursor chemical shipments.

## Virtual Currency

Technological innovations in the financial sphere have led to an environment where purchasing goods and transferring money is easier and more seamless than ever. Newer technologies, such as virtual currency, create new opportunities for commerce to expand, as well as for criminals to more readily launder illicit proceeds. Virtual currencies like Bitcoin have been increasing in popularity, both among the public as well as among criminals, in the years since inception due in part to the ability of virtual currencies to change hands rapidly without limits on the amount being transferred.

There are over 2,000 distinct virtual currencies in circulation, with more being developed every year; however, Bitcoin continues to be the most widely used due to its status as one of the original virtual currencies. Bitcoin is sometimes a stand-in term, for virtual currency as a whole. In recent years, virtual currency exchangers have emerged as a service to ease the conversion of fiat currency into virtual currency and vice versa. Virtual currencies continue to be popular for use on dark web marketplaces as a method for users to anonymously purchase illicit drugs without having to use traditional payment methods that pose a greater risk of exposing the individual's true identity.

Illicit actors have integrated virtual currencies into many different money-laundering methodologies. Increasingly, MLOs are using virtual currency automated teller machines (ATMs) to aid in the movement of illicit bulk currency. These ATMs are specifically

designed to accept fiat currency in exchange for virtual currency, and are subject to federal AML regulations. Despite these regulations, unscrupulous owners of these machines utilize their functions to assist in obfuscating drug proceeds. Money couriers deposit large volumes of cash into these machines to convert the value to virtual currency; the cash in the machine is then integrated into the revenue stream of the owner of the ATM to hide the origin of the funds. The value of the original drug proceeds, now in a virtual form, can easily be transferred to another user of the virtual currency instantaneously, removing much of the risk associated with transporting large amounts of bulk currency. Virtual currency ATMs used in such a manner may be unlisted, and unavailable for use by the general public; instead kept hidden away for exclusive use by money launderers and couriers.

Drug traffickers and money launderers are increasingly incorporating virtual currency into TBML activity as the use of these currencies becomes more widely adopted. DEA reporting has revealed instances in which bulk currency contracts were fulfilled through the use of virtual currency instead of cash, with this money subsequently being integrated into the TBML cycle. These combinations of virtual currency with already established forms of money laundering suggest an increased willingness by illicit actors to utilize this complex technology to further their money laundering endeavors.

## Outlook

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Drug traffickers seek to transform their monetary proceeds from their criminal activity into revenue through legal sources. 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 in an attempt to thwart law enforcement and regulatory requirements.

# APPENDIX A: MAP OF DEA FIELD DIVISIONS



DEA Map 1 7-2018

Source: DEA

## APPENDIX B: ACRONYM GLOSSARY

4-ANPP	4-anilino-N-phenethyl-4-piperidone
AAPCC	American Association of Poison Control Centers
AML	Anti-Money Laundering
AOR	Area of Responsibility
ARCOS	Automation of Reports and Consolidated Orders System
BLO	Beltran-Leyva Organization
BHO	Butane Hash Oil
CBD	Cannabidiol
CBP	Customs and Border Protection
CDC	Centers for Disease Control and Prevention
CJNG	Cartel Jalisco Nueva Generacion (Jalisco New Generation Cartel)
CMEA	Combat Methamphetamine Epidemic Act
CPD	Controlled Prescription Drugs
CPOT	Consolidated Priority Organization Target
CSA	Controlled Substances Act
CSP	Cocaine Signature Program
DCE/SP	Domestic Cannabis Eradication/Suppression Program
DEA	Drug Enforcement Administration
DTO	Drug Trafficking Organization
EPIC	El Paso Intelligence Center
FARC	Fuerzas Armadas Revolucionarias de Colombia (Revolutionary Armed Forces of Colombia)
FBI	Federal Bureau of Investigation
FD	DEA Field Division
FinCEN	Financial and Crime Enforcement Network
FRS	Fentanyl-related Substances
FSPP	Fentanyl Signature Profiling Program
FY	Fiscal Year
GAO	Grupos Armados Organizados (Armed Criminal Organizations)
ha	Hectare
HDMP	Heroin Domestic Monitor Program
HIDTA	High Intensity Drug Trafficking Area
MDMA	Methyldioxymethamphetamine
MPP	Methamphetamine Profiling Program
MT	Metric Ton
NDTA	National Drug Threat Assessment
NFLIS	National Forensic Laboratory Information System



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
OCONUS	Outside Continental United States
P2P	Phenyl-2-Propanone
PDMP	Prescription Drug Monitoring Program
POE	Ports of Entry
POV	Privately Owned Vehicles
RO	DEA Resident Office
SAMHSA	Substance Abuse and Mental Health Services Administration
SOOTM	Synthetic Opioids Other Than Methadone
SWB	Southwest Border
TBML	Trade-Based Money Laundering
TCO	Transnational Criminal Organization
THC	Tetrahydrocannabinol
THCA	Tetrahydrocannabinolic acid
UNODC	United Nations Office of Drug Control
USC	United States Currency
USG	United States Government

# APPENDIX C: DATA SET DESCRIPTIONS

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## ► El Paso Intelligence Center, National Seizure System

The El Paso Intelligence Center's *National Seizure System* (NSS) tabulates information pertaining to drug seizures made by participating law enforcement agencies. NSS also includes data on clandestine methamphetamine laboratories seized by local, state, and Federal law enforcement agencies. NSS records are under the control and custody of the DEA, and are maintained in accordance of Federal laws and regulations. Use of the information is limited to law enforcement agencies in connection with criminal law enforcement activities. The El Paso Intelligence Center is the central repository for this data. For example, the methamphetamine data is useful in determining, the types, numbers, and locations of methamphetamine laboratories seized; manufacturing trends; precursor and chemical sources; the number of children and law enforcement officers affected; and investigative leads. NSS superseded the *Federal-Wide Drug Seizure System* (FDSS), a computerized system that deconflicted overlapping information about drug seizures made by and with the participation of the FBI, DEA, and the Department of Homeland Security.

## ► NFLIS Summary for 2020 NDTA

The National Forensic Laboratory Information System (NFLIS) is a voluntary program of the Drug Enforcement Administration (DEA) Diversion Control Division. NFLIS-Drug is a database where drug identification results and associated information from drug cases are submitted to and analyzed by federal, state, and local forensic laboratories. The NFLIS-Drug participation rate, defined as the percentage of the national drug caseload represented by laboratories that have joined NFLIS, is currently more than 98 percent. Based on the voluntary system, data in NFLIS-Drug fluctuates frequently depending on the date it is queried as more encounters may be added daily. The 2020 NDTA includes information queried on July 10, 2020, so all raw data points were identified on or before that date.

In reference to the data's unit of measure, one count represents one single report in the NFLIS-Drug database. Drug evidence secured in law enforcement operations (i.e., drug seizures) are submitted to forensic laboratories for analysis. However, drug evidence can vary in size, and one case can consist of one or more items of drug evidence. Within each item, multiple drugs may be identified and reported. One single report equates to one documented occurrence of a drug, whereas each report is counted separately and added to the data in NFLIS-Drug.

## ▶ U.S. Government Drug Production Estimates

The U.S. Government's annual illicit crop cultivation and drug production estimates provide a strategic overview of drug trends in the world's leading heroin and cocaine producing countries. The illicit crop estimates are based on imagery collected from the world's coca and opium poppy growing regions. The cocaine and heroin production estimates are based on scientific analysis of data collected on cocaine and heroin processing methods.

## ▶ National Vital Statistics Data

Data on drug-induced and drug poisoning deaths are based on information from all death certificates filed (2.839 million in 2018) in the 50 States and the District of Columbia. Information from the states is provided to the National Center for Health Statistics (NCHS), a component of CDC. NCHS makes available causes of death attributable to drug-induced mortality. Drug-induced deaths include not only deaths from dependent and nondependent use of legal or illegal drugs, but also poisoning from medically prescribed and other drugs. Drug-induced causes exclude unintentional injuries, homicides, and other causes indirectly related to drug use. Also excluded are newborn deaths due to the mother's drug use. *The International Classification of Diseases, Version 10 (ICD-10)* was implemented in 1999 following conventions defined by the World Health Organization to replace Version 9 (ICD-9), in use since 1979. In addition to tables published by CDC, unpublished sub-national tabulations and drug poisoning deaths involving specific drugs were extracted by ONDCP from CDC's online system WONDER (Wide-ranging Online Data for Epidemiologic Research).



# DEA INTELLIGENCE

