

STATEMENT

OF

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HIGH INTENSITY DRUG TRAFFICKING AREA

BEFORE THE
UNITED STATES SENATE
COMMITTEE ON HOMELAND SECURITY
AND GOVERNMENTAL AFFAIRS

“AMERICA’S HEROIN EPIDEMIC AT THE BORDER: LOCAL, STATE, AND FEDERAL LAW
ENFORCEMENT EFFORTS TO COMBAT ILLICIT NARCOTIC TRAFFICKING”

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(Arizona HIDTA)

Before the U.S. Senate Committee on
Homeland Security and Governmental Affairs
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Enforcement Efforts to Combat Illicit Narcotic Trafficking”
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Chairman Johnson, Ranking Member Carper, and distinguished Members of the
Committee:

It is my privilege to address you today on behalf of the Arizona High Intensity Drug
Trafficking Area’s (HIDTA) Executive Board concerning law enforcement efforts to
combat illicit narcotic trafficking.

The Arizona HIDTA region is approximately 64,443 square miles and includes 372
miles of contiguous international border with Sonora, Mexico. The international
border area consists of inhospitable desert valleys and rugged mountainous
terrain, which are ideal for drug smuggling. The Arizona/Sonora corridor is
comprised of six international land ports of entry (POEs) situated in Nogales
(Mariposa and DeConcini), Naco, Douglas, Sasabe, Lukeville, and San Luis.

The Arizona HIDTA is comprised of nine counties that encompass the Phoenix and
Tucson metropolitan areas, with a combined population of approximately
6,082,367 residents. Of the 21 Native American Reservations in Arizona, 17 are in
the Arizona HIDTA region.

Six main interstate highways run through Arizona and connect Arizona to
California, New Mexico, Nevada, Colorado, and/or Utah: I-8, I-10, I-15, I-17, I-19,
and I-40. Due to Arizona’s geographical location and shared border with Mexico,

all highways and roadways are exploited by Mexican drug trafficking organizations (DTOs) to transport large quantities of illicit drugs.

On an annual basis, the Arizona HIDTA Investigative Support Center's Threat Production Unit conducts a comprehensive intelligence study to identify the new and continuing trends in the Arizona region. The purpose of the yearly Threat Assessment is to provide strategic intelligence to the Arizona HIDTA and its partners to assist in the development of drug enforcement strategies.

The *2015 Arizona HIDTA Threat Assessment* found that the Sinaloa Cartel presents the primary operational threat to Arizona, possessing vast resources to source, distribute, transport, and smuggle large amounts of cocaine, marijuana, heroin, and methamphetamine in and through Arizona. The Sinaloa Cartel and affiliated Mexican DTOs exploit well-established routes and perfected smuggling methods to supply drug distribution networks based in Arizona cities, which in turn supply drug networks throughout the United States. The Mexican State of Sonora is home to key drug trafficking plazas controlled by the Sinaloa Cartel. The plazas are used for the staging of drugs, money, and weapons. Smuggling organizations, based on both sides of the Arizona/Mexico border, are hired to smuggle drugs through or between the Arizona POEs.

Arizona HIDTA investigations reveal several operational components to the drug business as it relates to Arizona. First, drugs are smuggled from Mexico into Arizona through the POEs, or between the POEs, through remote desert areas; then drugs are either transported directly to stash houses in Tucson or Phoenix or temporarily staged on the Arizona side of the border before landing in Tucson or Phoenix stash houses.

The metropolitan and surrounding areas of Phoenix and Tucson are command and control hubs for far-reaching Mexican drug distribution networks. The Arizona Threat Assessment found that from Fiscal Year (FY) 2012 through FY 2014, 479 drug seizures which occurred in other states had a documented nexus to Arizona. In addition, the sheer volume of illicit drugs seized on Arizona highways demonstrates how vital Arizona is to Mexican DTOs. According to the El Paso Intelligence Center (EPIC) National Seizure System (NSS) database, during FY 2014, drug seizures on Arizona highways accounted for approximately 5% (24,953

kilograms) of marijuana; 13% (72 kilograms) of heroin; 26% (315 kilograms) of cocaine; and 26% (576 kilograms) of methamphetamine seizures in the state.

According to the *2015 Arizona HIDTA Threat Assessment*, methamphetamine poses the most significant drug threat to the Arizona HIDTA region. Mexican-produced crystal methamphetamine is the predominant type of methamphetamine trafficked in Arizona, a major transshipment zone for the Sinaloa Cartel and other Mexican DTOs. Mexican DTOs are the primary sources, distributors, and transporters of methamphetamine in the Arizona HIDTA region and are involved in the wholesale distribution of methamphetamine both in Arizona and throughout the United States. Open source information suggests operational methamphetamine laboratories in Sinaloa, Sonora, and Jalisco are producing 100-pound quantities of methamphetamine. Drug seizure activity and investigations indicate the Sinaloa Cartel and Mexican DTOs are increasing the methamphetamine production capacity of clandestine laboratories in Sinaloa, Sonora, and Jalisco, to maintain a steady supply of methamphetamine to the United States drug market.

Increased methamphetamine production in Mexico correlates to increased methamphetamine seizures in Arizona, as methamphetamine seizures in Arizona increased 56% from FY 2011 to FY 2015. Cross-border smuggling operations involving methamphetamine are likely to continue because of the unabated supply of precursor chemicals and large-scale methamphetamine laboratory operations in Mexico. Large quantities of methamphetamine are staged in Northern Sonora plazas for transportation through the Arizona border. Seizure analysis indicates Mexican Highways 15, 8, and 2 are used as primary gateways to move methamphetamine into the Arizona region, where it is then transported to Phoenix and to a lesser extent Tucson stash houses for distribution to domestic customers.

Seizure data indicates Arizona is a primary staging and distribution hub for Mexican black tar heroin, Mexican brown heroin, and Mexican white heroin destined for the Midwestern, Southeastern, and Northeastern regions of the United States. Heroin is supplied to Phoenix and Tucson distribution networks by the Sinaloa Cartel and other Mexican-based sources at unprecedented levels.

According to the *2015 Arizona HIDTA Threat Assessment*, heroin is the second greatest drug threat in the Arizona HIDTA region. The HIDTA Initiatives reported an increase in the availability of heroin in the region during 2014. The EPIC NSS shows Arizona heroin seizures increased from 328 kilograms in FY 2011 to 588 kilograms in FY 2015, a 79% increase. Arizona HIDTA heroin seizures show similar trends, increasing 71% from 208 kilograms seized in FY 2011 to 356 kilograms in FY 2015.

The abundance of heroin in Arizona is directly correlated to high levels of opium poppy cultivation and heroin production in Mexico. Estimated cultivation of opium poppy reached 17,000 hectares (one hectare is approximately 2.47 acres) in 2014, with an estimated production potential of 42 metric tons of pure heroin. Government of Mexico/Secretariat of National Defense seizures of opium paste and heroin increased in recent years: opium paste seizures increased 683%, from 206 kilograms in 2013 to 1,612 kilograms in 2014; and heroin seizures increased 61% from 182 kilograms in 2013 to 293 kilograms of heroin in 2014.

The number of Arizona HIDTA investigations whereby heroin was seized increased 161%, from 76 in FY 2011 to 198 investigations in FY 2015. Many of these investigations are international, multi-state, and/or multi-jurisdictional in scope, as Mexican DTOs' span of control reaches beyond Arizona into Mexico and to all areas of the United States. Because Arizona is essential to the Sinaloa Cartel, law enforcement operations that successfully disrupt and/or dismantle Arizona-based drug organizations directly impact the availability, price, and purity of heroin in other U.S. drug markets.

Seizing the opportunity to profit from the growing appetite for heroin pursuant to the prescription drug epidemic, the Sinaloa Cartel and other Mexican DTOs adapted to meet the growing heroin demand by producing, smuggling, transporting, and distributing wholesale quantities of Mexican white, brown powder, and black tar heroin to the expanding Northeast, Midwest, and Northwest heroin markets through Arizona-based trafficking networks. The *Arizona HIDTA Heroin Seizure Study* shows from 2012 through June 2014, approximately 163 heroin seizures totaling 575 kilograms which occurred outside of Arizona were linked to distribution networks operating in Arizona. In June 2014, an Arizona HIDTA investigation into a Mexico heroin organization resulted in the seizure of 89 pounds of white heroin. The investigation revealed the

Tucson-based Mexican distribution cell was supplying multi-pound quantities of heroin to Las Vegas, Nevada, Denver, Colorado, and Portland, Oregon.

Most often, the drug trafficking trends occurring within the Arizona HIDTA region set the trends for other United States regions. For example, the June 2014 *Arizona HIDTA Heroin Seizure Study* reported that circa 2007, Mexican “white” heroin first surfaced in Arizona, and investigations increasingly showed direct connections between Mexico-based sources and wholesale heroin buyers in East Coast, Midwest, and Northwest cities. The Sinaloa Cartel and other Mexican DTOs have diversified heroin production to produce “white” heroin to increase their market share in emerging and existing heroin markets. Historically, heroin users in East Coast cities have preferred white heroin over Mexican tar heroin.

According to the *2015 National Heroin Threat Assessment Summary*, the average retail-level purity of heroin in the United States increased from 10% in 1981 to an average of 40% in 1999. Since 1999, heroin prices have remained low, and despite periodic fluctuations, heroin purity levels remain high.

In late 2013, several states reported spikes in overdose deaths due to Fentanyl and its analog acetyl-fentanyl. Fentanyl is much stronger than heroin and can cause the most experienced users to overdose. There have been more than 700 reported overdose deaths, and the true number is most likely higher because many coroner offices and state crime laboratories do not test for fentanyl or its analogs unless given a specific reason to do so. Because fentanyl is most commonly mixed with white powder heroin, or is sold and misrepresented as white powder heroin, fentanyl overdoses are prevalent in the eastern United States, where white powder heroin is preferred by the user population. While pharmaceutical fentanyl (from transdermal patches or lozenges) is diverted for abuse in the United States at small levels, the latest rash of overdose deaths is largely due to clandestinely-produced fentanyl, not diverted pharmaceutical fentanyl.

In 2015, the Arizona HIDTA Investigative Support Center prepared and disseminated two law enforcement officer safety bulletins detailing a Fentanyl overdose in Tempe, Arizona, and a one kilogram Fentanyl seizure in Phoenix, Arizona. Through coordinated intelligence sharing and collection efforts with law

enforcement partners, the Arizona HIDTA will continue to monitor Fentanyl trends in Arizona to promote officer safety.

Privately owned automobiles and tractor trailer trucks with hidden compartments are prevalently used for heroin and methamphetamine Arizona POE smuggling operations. POE seizures reveal the use of gas tanks, quarter panel door panels, and other natural voids in vehicles. Some of the more sophisticated concealment methods involve false oil pans, gas tanks, fire wall compartments, engine manifold areas, drive shafts, transmissions, and compartments built into the vehicle frame. For example, a long-term Arizona HIDTA investigation resulted in an Arizona record seizure of 107 pounds of heroin; 137 pounds of methamphetamine; and \$50,000, concealed in 140 PVC pipes in rear axles of nine semi-tractor trailers. The targeted smuggling organization utilized a specific method whereby semi-tractor trailer trucks, already loaded with drugs concealed in PVC pipes, were driven from Nogales, Sonora, Mexico, through the Nogales POE by Mexican drivers to truck yards in Nogales, Arizona. At the Nogales, Arizona, truck yards, U.S.-based drivers would take control and drive these same trailers, still loaded with drugs concealed in PVC pipes, to Phoenix or Los Angeles, for further transport to Atlanta, Georgia.

Arizona drug smuggling groups use pedestrian body carriers and oftentimes exploit children and their families to transport heroin and methamphetamine through the POEs. HIDTA investigations reveal ties between body carriers who crossed the border as pedestrians and then boarded commercial shuttles or buses destined for Tucson and/or Phoenix, Arizona. In addition to adult pedestrians carrying drugs through the POEs, the *2015 Arizona HIDTA Threat Assessment* reports the use of car seats, strollers, and the body area of infants and young children to conceal all drugs. The organizations use grade school, middle school, and high school students, as they are perceived to be less likely identified by law enforcement.

Chronic abuse of prescription opioid drugs containing oxycodone and hydrocodone, such as OxyContin, Percocet, and Vicodin, creates a gateway for heroin addiction. Research indicates prescription opioid abusers between the ages of 12 and 49 are 19 times more likely to engage in heroin use than their counterparts with no history of prescription opioid abuse. The transition from prescription opioid abuse to heroin occurs most often among youths aged 12

to 17, and the transition to heroin averages within 17.5 months. A wide body of research indicates 4 out of 5 heroin users between the ages of 18 and 24, who are currently in treatment, report using prescription opioids first.

Arizona has seen a corresponding increase in heroin and opiate-related treatment admissions and emergency department encounters. According to the Treatment Episode Data Set, heroin treatment admissions increased 77%, from 1,626 in 2008 to 2,880 in 2012. Likewise, other opiate treatment admissions, which include prescription pain relievers, increased an alarming 221%, from 524 in 2008 to 1,681 in 2012. Emergency department encounters for opioids or opioids in combination increased 35%, from 8,507 in 2011 to 11,450 in 2014. Opioid addiction and misuse costs to Arizona are immense and real. Hospitalizations for non-fatal poisonings (Rx drugs are a leading cause) cost Arizona nearly \$213 million in 2013.

Comparatively, heroin deaths increased 103%, from 64 in 2008 to 130 in 2013. Other opioid deaths (e.g., codeine, morphine, and oxycodone) increased 17%, from 274 in 2008 to 320 in 2011, but decreased 25%, from 320 in 2011 to 240 in 2013.

With regard to the most vulnerable, three out of every 1,000 babies born in Arizona between the years 2008 and 2013 were born with neo-natal abstinence syndrome (NAS); meaning, they were born addicted to opiates. Monetarily, the average NAS birth costs \$31,000 versus \$2,500 for a non-NAS birth. With regard to public safety concerns, this epidemic contributes to crime, drug-related driving under the influence, and children entering the foster care system.

The *2015 Arizona HIDTA Threat Assessment* reported moderate to high availability of controlled prescription drugs (CPD) containing Oxycodone, and the diversion of CPDs was prevalent in the HIDTA region. CPDs are obtained through fraudulent means such as doctor shopping and/or prescription fraud. Doctors and pain clinics involved in the fraudulent distribution of CPDs are increasingly accepting cash-only patients to avoid insurance billing, further concealing illicit profits and making prescription fraud more difficult for law enforcement to detect. CPDs are also obtained from local DTOs involved in street-level distribution activity. Street-level dealers involved in heroin sales are also sources for Oxycodone and Hydrocodone products.

Mexican pharmacies along the Arizona/Mexico border are additional CPD sources, as independent Mexican DTOs, in coordination with Mexican pharmacies, are involved in cross-border smuggling operations. Traditional smuggling methods, such as pedestrian border crossings and commercial shuttle vans, are used by DTOs to transport CPDs to Arizona and other domestic drug markets in the United States. Increasingly, DTOs are using the United States Mail and private parcel services to distribute CPDs.

CPDs obtained in the United States are also diverted to Mexico for distribution by Mexican pharmacies. The potential for law enforcement detection is reduced when loosely regulated Mexican pharmacies are involved, as opposed to closely regulated United States pharmacies. The profit margin is higher with Mexican pharmacies, compared to the domestic market.

CPD diversion occurs in our homes, many times without knowledge. An unused pain medication sits for months or even years in the medicine cabinet only to be taken by a teenager, a neighbor, a worker in the home, or a friend. This is where it all begins – one medicine cabinet, one pill, one person, one life. Demand reduction must be a top priority. Preventing prescription drug misuse and abuse is essential to reduce the number of lives lost and those addicted to prescription drugs and heroin. For this reason, the Arizona HIDTA takes a pro-active approach to reduce the demand for opioid medication. The Arizona HIDTA launched the Rx Misuse and Abuse Initiative, in collaboration with other key state and local agencies. In the pilot counties where the initiative was launched, the number of deaths from opioid drug overdoses decreased 28%, while increases occurred in the non-pilot counties. A toolkit has been developed to assist communities and substance abuse prevention coalitions in launching the initiative. In addition, the Arizona HIDTA has launched the Stronger Together Prevention Initiative, bringing together law enforcement and community substance abuse prevention coalitions with a central goal of reducing substance abuse. The Arizona HIDTA is in the process of developing a Native American and Spanish language prevention tool to fill the gap that exists in the current initiative.

The Arizona HIDTA and its law enforcement partners are at the forefront of this epidemic. The Arizona HIDTA Training Center recently developed and hosted law enforcement training on Heroin Use and Trafficking trends, which included an

examination of the link between legal opioids and heroin. The class was full, with dozens on the waiting list.

The Arizona HIDTA is uniquely qualified to combat the immense drug trafficking threat facing Arizona, for this threat is too big for one single agency. Intelligence, training, information sharing, and demand reduction are integral components of the infrastructure of the Arizona HIDTA Program. Through the systematic collection, analysis, and dissemination of secure, accurate, and timely intelligence, there is increased inter-agency communication, coordination, and deconfliction, which heightens officer safety, eliminates duplication of effort, and enhances investigations. Coordination through shared intelligence is critical to combating the tremendous threat posed by the Sinaloa Cartel and Mexican drug trafficking organizations. The Arizona HIDTA philosophy of cooperation and coordination is based upon enhanced information and resource sharing through co-located and/or collaborative Task Force Initiatives strategically stationed throughout the region. Under the coordination umbrella of the Arizona HIDTA, the participating law enforcement agencies eliminate duplicative operational and investigative programs and facilitate tactical, operational, and strategic intelligence sharing. The extent of inter-agency cooperation supported by the Arizona HIDTA illustrates that all Initiatives are working investigations in an efficient and effective manner.

The Arizona HIDTA approach to intelligence, training, information sharing, and demand reduction demonstrates that when traditional organizational barriers are overcome, Federal, state, local, and tribal law enforcement entities can better focus investigative and intelligence resources in dismantling and disrupting the most dangerous and prolific drug trafficking organizations.

The Arizona HIDTA remains committed to facilitating cooperation among Federal, state, local, and tribal law enforcement through the sharing of intelligence and to supporting coordinated law enforcement efforts.

Thank you for the opportunity to appear before you and for the Subcommittee's continued support of the HIDTA Program.