

STATEMENT OF WILLIAM HOOVER, ASSISTANT DIRECTOR FOR FIELD OPERATIONS
BUREAU OF ALCOHOL, TOBACCO, FIREARMS AND EXPLOSIVES
BEFORE THE UNITED STATES HOUSE OF REPRESENTATIVES
COMMITTEE ON FOREIGN AFFAIRS
SUBCOMMITTEE ON THE WESTERN HEMISPHERE

-
February 7, 2008
-

-
Chairman Engel, Ranking Member Burton, and distinguished Members of the Subcommittee: I am William Hoover, Assistant Director for Field Operations of the Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF). I have been an agent with ATF since 1987, and in my current position I oversee the operations of all of the Bureau's field offices, including those along the Southwest Border. It is an honor to appear before you today to discuss ATF's current role in the suppression and interdiction of U.S. sourced firearms illegally trafficked into Mexico. The violence fueled by Mexico's drug cartels poses a serious challenge for both U.S. and Mexican Law Enforcement in that the drug trafficking related violence is threatening the well being and safety of citizens on both sides of the border.

Before I discuss the issue of firearms trafficking along the Southwest border, I want to provide you with background information about ATF. ATF is a law enforcement agency within the Department of Justice dedicated to reducing violent crime, preventing terrorism and protecting our Nation. The men and women of ATF perform the dual responsibilities of enforcing Federal firearms and explosives laws and regulating the firearms and explosives industries. We are committed to working directly, and through partnerships, to investigate and reduce violent crime involving firearms and explosives, acts of arson, and illegal trafficking of alcohol and tobacco products.

ATF has a strategic role in investigating violent crime along the Southwest border. ATF has statutory authorities to address violent crime and firearms trafficking in the region as we have regulatory oversight over Federal Firearms Licensees (FFL), from whom all new guns are purchased.

ATF is engaged in the interdiction and abatement of the flow of U.S sourced firearms into Mexico for use by major drug trafficking organizations (DTO). ATF's expertise and involvement in identifying, disrupting, and dismantling illegal sources of firearms to Mexico is not a new development. We have been engaged in utilizing our crime-fighting expertise, assets, and regulatory inspection authority to stem the flow of U.S. sourced firearms to DTOs. Further, ATF's partnerships and participation in task forces, such as the Organized Crime Drug Enforcement Task Force, enable ATF to gain the benefits of each partner's expertise and specific authorities and engage in real-time

HOCR ATF 000001

communication to effectively and efficiently combat the illicit trafficking of firearms and consequent violent crime.

ATF has long been committed to investigating and disrupting groups and individuals who utilize firearms trafficking as a means to facilitate the drug trade on both sides of the border through the use of firearms illegally obtained in the U.S. and subsequently smuggled into Mexico. As you know, President Calderon and Attorney General Medina Mora have identified the cartel-related violence as a top priority and recently proclaimed the illegal trafficking of U.S.-sourced firearms the “number one” crime problem affecting the security of Mexico today.

Public safety along the U.S.-Mexico border has deteriorated considerably and Mexico has seen nearly four years of intensified turf battles between the three major DTOs operating within Mexico. Ironically, these battles for control over lucrative narco-corridors into the U.S. from Mexico are the result of intense U.S. and Mexican law enforcement and military counter-narcotics operations and extraditions that commenced in late 2003 targeting the leaders of the most prolific Mexican DTOs. In seeking to gain control of the disputed corridors, namely the Baja/Tijuana, Sonora/Nogales and Nuevo Laredo corridors, DTOs and their enforcers have more aggressively turned to the U.S. as a source of firearms. The weapons are then used against other DTOs, the Mexican Military, Mexican and U.S. law enforcement officials, as well as innocent civilians on both sides of the border.

Intelligence gathered by ATF and other domestic Federal law enforcement entities strongly suggests that the DTOs have tasked their money laundering, distribution and transportation apparatuses, all of which reach across the border into the United States, to acquire firearms for illegal transfer back to Mexico for use in facilitating narco-trafficking and other criminal activities. These DTOs are comprised of loosely affiliated individuals and/or groups used to facilitate all aspects of the illicit drug and gun trade between Mexico and the U.S. We know that these same groups are employed by DTOs to transport narcotics and firearms and to launder narcotics-related proceeds, are highly functional in every major city – on both sides of the border – where the DTOs conduct drug trafficking operations. The major challenge for both U.S. and Mexican law enforcement is to identify, disrupt and to ultimately dismantle these DTO infrastructures as a means to decrease the demand for U.S. sourced firearms.

The increased incidence of firearms trafficking to Mexico (from the U.S.) is influenced by numerous factors, including:

- The strict prohibition and regulation of firearms in Mexico; coupled with the increased enforcement efforts by the

HOCR ATF 000002

Mexican government and the increased demand for firearms by the DTOs;

- A readily accessible source of firearms and ammunition originating in mostly the secondary market such as gun shows, flea markets and private sales;
- Illegal “straw purchases” of firearms from FFLs who are often unwitting participants in these schemes.

In analyzing the data collected through ATF’s investigative and regulatory operations that have been focused on the abatement of illegal firearms trafficking to Mexico, there is more than enough evidence to indicate that over 90 percent of the firearms that have either been recovered in, or interdicted in transport to Mexico, originated from various sources within the United States. An in-depth, comprehensive analysis of firearms trace data over the past three years shows that Texas, Arizona and California are the three most prolific source states, respectively, for firearms illegally trafficked to Mexico. In FY 2007 alone, approximately 1,112 guns which originated in Texas, Arizona and California were submitted for tracing from Mexico. For all other U.S. States in FY 2007, approximately 435 guns were submitted for tracing from Mexico. It should be noted, however, that although the greatest proportion of firearms trafficked to Mexico are originating out of the U.S. States along the Southwest border (namely Texas, Arizona and California), ATF trace data has established that cartels are also acquiring firearms from other States as far east as Florida and as far north and west as Washington State.

Another challenge ATF faces is the DTOs’ use of “straw purchasers”. The “straw purchaser” is someone who is not prohibited from purchasing firearms but who illegally purchases firearms by posing as the actual buyer when really the guns are being purchased for firearms traffickers employed by the drug cartels. Although “straw purchasing” is a tactic used by cartels to acquire firearms through the U.S. market, straw purchasers and schemes can be exceptionally difficult to identify.

In addition to straw purchases, DTOs understand the ease with which used firearms can be purchased from individuals without records or background checks.

Until recently, the DTO’s “weapons of choice” had been .38 caliber handguns. However, recent trace data of firearms seized in Mexico and “Stateside” interdictions of firearms bound for Mexico shows that cartel members and enforcers have now developed a preference for higher quality, more powerful weapons. The most common of these firearms now includes the Colt AR-15 .223 caliber assault rifle, the AK-47 “type/variant” 7.62 caliber assault rifle, FN

HOCR ATF 000003

5.57 caliber pistols (better known in Mexico as the “Cop Killer”... or “Asesino de la Policia”). In conjunction with the dramatic increase in U.S. source firearms that have either been recovered in Mexico, or interdicted prior to reaching Mexico, ATF also routinely seizes small arms and assault rifle ammunition destined for Mexico. ATF has also seized large quantities of .50 caliber ammunition for use in high-caliber weapons.

A recent seizure that occurred in connection with an ATF case in the Phoenix Arizona area culminated in the arrest of 16 individuals, the recovery of 16 “weapons of choice” rifles, 19 handguns, \$13,000 in cash, a vehicle, 60 high-capacity magazines for AK-47 variants, and nearly 10,000 rounds of ammunition. In addition to the physical acquisitions, a significant amount of intelligence was gathered on firearms trafficking in Mexico, which will assist ATF in current and future investigations.

Often, ATF is asked what can be done to significantly decrease the number of firearms originating in the U.S. that ultimately make their way into the hands of DTOs in Mexico. ATF has developed and continues to enhance an extremely effective real-time intelligence and evidence sharing network with the Mexican Government. Given current circumstances and increasing volume, however, the system has been overwhelmed on both sides of the border. ATF has found that merely seizing firearms through interdiction without thoroughly investigating the supply and trafficking infrastructure accomplishes little in terms of ‘tangibly’ affecting the flow of firearms to Mexico. It is imperative to trace each and every firearm intercepted before it reaches Mexico or to trace the weapon once it is recovered in Mexico

Thus, an essential component of ATF’s firearms trafficking investigations is the tracing of firearms seized in both countries. Each seized firearm is entered into the ATF Firearms Tracing System database, which records specific identifying information, i.e., serial number, manufacturer, importer and caliber, for each weapon seized. Using this information, ATF can work backwards from the point of seizure to the first retail sale, to determine the original purchaser information and possibly learn additional pertinent information such as whether other seized guns were purchased at the same time. Using all of this information, ATF is able to reconstruct the flow of weapons along the border, how and where they are being purchased, and who is purchasing them. Without such information, ATF has no way to trace the source of such firearms. Further, without being able to trace these firearms, there is no way to tell whether or not the firearms actually originated within the U.S., nor can we come to know by what means such weapons were procured and transported to Mexico. Firearms tracing is an essential starting point for identifying and

HOCR ATF 000004

eliminating illicit sources of firearms in the U.S.

As such, ATF is working with Mexican officials to increase their current usage of ATF's eTrace system. eTrace provides web based access to ATF's Firearms Tracing System to allow law enforcement both domestically and internationally the ability to trace data from firearms seized in connection with a criminal investigation. eTrace allows law enforcement to access their trace results directly and offers the ability to generate statistical reports to analyze their trace data to determine firearms trafficking trends or patterns. In addition, ATF is developing Memorandums of Understanding with Mexico to provide e Trace training to nine consulates in Mexico. This initiative should increase the amount of trace information Mexico provides to ATF each year.

From FY 2006 to FY 2007, we experienced almost 100 percent increase in the number of trace requests from Mexico. With the deployment of eTrace to the nine consulates and the eventual implementation of Spanish eTrace, these numbers should continue to increase in the coming years.

ATF is also part of the Administration's recently announced "Merida initiative." This initiative is a comprehensive U.S. strategy to address drug smuggling, firearms trafficking, and increasing violence in Mexico and Central America. If the FY 2008 supplemental is enacted, ATF would receive \$2 million through the initiative to assist in the expansion of Spanish eTrace to countries in the Central America region. Funding would also be used to deploy an ATF regional advisor to Central American countries to assist them with firearms trafficking issues. As part of the proposed Spanish eTrace expansion, ATF would provide training to Mexican and Central American countries to ensure that the technology is utilized to the greatest extent possible.

ATF's goal is to deploy eTrace software to all thirty-one states within the Republic of Mexico. Without the expanded use of eTrace, Mexico will continue to provide only limited information and intelligence related to firearms seizures in Mexico. Without that information, ATF faces greater challenges in reducing the amount of firearms trafficked across the border.

It is clear that one of the greatest challenges facing law enforcement officials today, both on the border and throughout the country, is the increased incidence of gun-related violence. To address the overwhelming increase of violence and firearms trafficking along the Southwest border ATF has initiated "Project Gunrunner", a comprehensive strategy that incorporates ATF's expertise and resources to attack the problem both domestically and internationally.

HOCR ATF 000005

Currently, under “Project Gunrunner”, ATF has approximately 100 special agents dedicated to investigating firearms trafficking on a full-time basis and 25 Industry Operations Investigators (IOI) responsible for conducting regulatory inspections of FFLs. We are expanding our overall presence at the El Paso Intelligence Center (EPIC) as the central repository and “clearinghouse” for all weapons related intelligence collected and developed not only by all of our ATF field and Mexico offices and attaches, but also by all of the other Federal, State and local law enforcement entities involved in narcotics interdiction and investigation along the U.S./Mexico border.

Our increased staffing levels at EPIC, will allow ATF to increase its intelligence activities with other EPIC law enforcement partners stationed there, including the Federal Bureau of Investigation (FBI), the Drug Enforcement Administration (DEA), Immigration and Customs Enforcement (ICE), Customs and Border Patrol (CBP) and the Texas Department of Public Safety. ATF also works closely with these agencies’ task forces which operate along the Southwest border, sharing intelligence, and conducting joint investigations.

ATF is also focusing our limited industry operations resources on and near the border region to identify FFLs who may be involved, directly or indirectly, in supplying firearms to known traffickers. As part of “Project Gunrunner” we will seek to expand inspection and compliance activities to include focused forward traces of firearms that, through historical firearms recovery and trace data have been identified as “weapons of choice” for the cartels and their enforcers.

These inspections will also seek to use firearms tracing and proactive investigative measures to identify and interdict those who pose as legitimate buyers while they are actually straw purchasing firearms for cartel members and associates who otherwise are prohibited from purchasing firearms in the U.S.

ATF is also intensifying our education and liaison efforts with the firearms industry and other law enforcement agencies to reinforce the importance of collaboration to identify and report suspected straw purchasers and other illicit sources of firearms intended for Mexico.

Internationally, we have enjoyed a strong collaborative relationship with Mexican law enforcement and other government agencies in Mexico. Over the last 15 years, ATF has had special agents permanently assigned to the U.S.

HOCR ATF 000006

Embassy in Mexico City. The agents are engaged in full time intelligence sharing with the Mexican Government as a means to gather real time information on significant seizures of firearms that originated from within U.S. Within the past year, ATF assigned additional agents to Monterrey, Mexico. Having agents permanently assigned and working side by side with Mexican law enforcement and military officials, has helped us develop and foster relationships in all corners of Mexico as a way to provide technical and investigative assistance to police and prosecutors.

In the future ATF will look to assign additional special agents and intelligence research specialists to ATF offices in Mexico, coupled with the deployment of additional agents and analysts to EPIC who will act as liaison partners with/to the other U.S. law enforcement entities operating within the Republic of Mexico. ATF is also looking to establish more pre-identified, specially vetted Mexican police officials that will allow Special Agents from the ATF field offices in U.S. border cities to work directly to exchange timely investigative information regarding seizures of suspected U.S. sourced firearms within the contiguous Mexican border states.

It January of 2008, ATF Acting Director Sullivan announced that an additional twenty-five Special Agents and fifteen IOIs will be permanently assigned to the Southwest border to curb the illegal export of U.S. sourced firearms and ammunition to Mexico.

Since ATF is a relatively small federal law enforcement agency, this accounts for a significant proportion of total available manpower and directly affects our ability to address violent crime in other parts of our country. Nationwide, we have about 2,500 Agents and about 750 inspectors. The FY 2009 budget request provides for 12 new industry operations investigators operations and \$0.9 million to increase our staffing levels in the ATF field offices along the U.S./Mexico border.

It is estimated that there are over 6,647 FFLs along the U.S./Mexico Border compared to approximately 35 IOIs and 100 special agents stationed along the border and dedicated to investigating firearms trafficking. It is a major challenge for ATF to adequately identify and disrupt the illegal sources of firearms and ammunition, while participating in the interdiction of shipments firearms and ammunition destined for Mexico. Nevertheless, in FY 2007, we investigated 187 firearms trafficking cases and recommended 465 defendants for prosecution and seized over 1,297 firearms as a result of "Project Gunrunner".

HOCR ATF 000007

In inviting ATF to appear today, this Committee asked about whether the Inter-American Convention Against the Illicit Manufacturing of and Trafficking in Firearms, Ammunition, Explosives and other related materials (CIFTA) was in compliance with ATF regulations. While ratification is up to the Senate, ATF programs and regulations comply with the primary obligations required under the CIFTA, such as licensing of, manufacture and importation of firearms.

There should be no question that firearms trafficking is a priority for this Bureau and that it will be a priority until this issue is adequately addressed. The expansion of our "Project Gunrunner" will assign additional manpower and investigative resources to our border offices to specifically work to dismantle the criminal infrastructures that exist to procure the "deadly tools of the trade" and enable DTOs to engage in increasingly violent turf battles.

I would like to conclude by again stating that ATF has developed and is actively implementing our "Project Gunrunner" initiative which is modeled upon our border successes over the years, and that is designed to actively disrupt, deter and dismantle the criminal enterprises and infrastructures seeking to ensure a continued and viable supply of U.S. sourced firearms for criminal purposes to Mexico, but which is also designed to address and eliminate the actual sources of the firearms and ammunition that have become so readily available for criminal purposes in both Mexico and in the U.S.

Although it has proven exceptionally difficult to reduce the demand for U.S. sourced arms in Mexico, ATF will continue to attack the infrastructures and illicit sources fueling the availability and access to firearms by those who seek to further their narco-trafficking activities on both sides of the border.

I would like to thank the Committee for its time and for the honor of allowing me to testify on this subject, and I look forward to any questions you may have. I would ask that my written statement be entered into the record.

-

HOCR ATF 000008

**NATIONAL
SOUTHWEST BORDER
COUNTERNARCOTICS STRATEGY
IMPLEMENTATION
UPDATE**

2010



HOCR ATF 000009

Table of Contents

Introduction..... 3

Chapter 1: Intelligence and Information Sharing..... 5

Chapter 2: At the Ports of Entry..... 8

Chapter 3: Between the Ports of Entry..... 10

Chapter 4: Air and Marine 12

Chapter 5: Investigations and Prosecutions 14

Chapter 6: Money..... 18

Chapter 7: Weapons 21

Chapter 8: Technology..... 24

Chapter 9: Cooperation with Mexico..... 25

Update: Countering the Cross-border Tunnel Threat 30

Appendix I: Budget Summaries

 Overview of Funding for the National Southwest Border Counternarcotics Strategy 31

 Department of Defense 32

 Department of Homeland Security 38

 Department of Justice 49

 Department of State 61

Appendix II: Summary of the National Southwest Border Counternarcotics Strategy 63

Acronyms..... 65

Introduction

In June 2009, Secretary of Homeland Security Janet Napolitano, Attorney General Eric Holder, and Director of National Drug Control Policy Gil Kerlikowske released the 2009 *National Southwest Border Counternarcotics Strategy*. The strategy is a key component of our comprehensive national response to the threat along the border. This response also includes cooperation with Mexico through the Mérida Initiative, the Administration's increases in border-related personnel and equipment, and our national effort to reduce the demand for illegal drugs in the United States.

The strategy seeks a substantial reduction of the flow of illicit drugs, drug proceeds, and associated instruments of violence across the Southwest Border by pursuing the following strategic objectives:

1. Enhance intelligence capabilities associated with the Southwest Border.
2. Interdict drugs, drug proceeds, and associated instruments of violence at the ports of entry, between the ports of entry, and in the air and maritime domains along the Southwest Border.
3. Ensure the prosecution of all significant drug trafficking, money laundering, bulk currency, and weapons smuggling/trafficking cases.
4. Disrupt and dismantle drug trafficking organizations.
5. Enhance counterdrug technologies for drug detection and interdiction along the Southwest Border.
6. Enhance U.S.–Mexico cooperation regarding joint counterdrug efforts.

The 2009 *National Southwest Border Counternarcotics Strategy* expanded its focus beyond stemming the inbound flow of illegal drugs from Mexico in recognition of the role that the outbound flow of illegal cash and weapons plays in sustaining the cartels. The strategy was also the result of an expanded consultation process, which included discussions with State, local, and tribal authorities, Congress, and the Government of Mexico. This consultation will continue as we prepare to update the strategy for 2011, as required by Congress.

The U.S. Government is committed to ensuring effective and transparent implementation of the *National Southwest Border Counternarcotics Strategy*. The Office of National Drug Control Policy (ONDCP) has convened a high-level, interagency group that meets regularly to review the progress of strategy implementation and to provide guidance as necessary. This report is a product of that interagency oversight process.

Implementation of the *National Southwest Border Counternarcotics Strategy* will also be significantly advanced by the latest step in the Administration's comprehensive approach to securing the Southwest Border: the President's signing into law of the Southwest Border Security Bill, which includes \$600 million in supplemental funding for enhanced border protection and law enforcement activities. The supplemental provides \$394 million for the Department of Homeland Security. The bill includes \$244 million to hire new and maintain existing levels of Border Patrol agents and Customs and Border Protection Officers, \$32 million for two new unmanned aerial detection systems, \$6 million for forward operating bases for Border Patrol agents, \$14 million for tactical communications to support enforcement activities, and \$80 million for new ICE agents and supporting investments along the border, and \$8 million to train new law enforcement staff. The supplemental provides \$196 million for the Department of Justice to surge federal law enforcement officers in the Southwest border region and the temporary deployment of personnel to high crime areas. Location of assignments will be operationally dependent. Specifically, Justice funding would increase the presence of federal law enforcement in the Southwest border districts by adding seven (7) ATF Gunrunner Teams, five (5) FBI Hybrid Task Forces, additional DEA agents, equipment, operational support, and additional attorneys including over thirty (30) prosecutors and immigration judges. It also would provide additional funds for detention and incarceration of criminal aliens in coordination with Department of Homeland Security enforcement activities. Separate from the supplemental, the President has also authorized the deployment of up to an additional 1,200 National Guard troops to the border, a deployment that has already begun.

We face serious challenges related to drug trafficking and associated violence both at home and abroad, but with these additional resources, a coordinated *National Southwest Border Counternarcotics Strategy*, and a strengthening partnership with the Government of Mexico, we are positioned to make a significant difference on the border and thereby protect the health and safety of our citizens.

Chapter 1: Intelligence and Information Sharing

As the operational environment on the Southwest Border continues to evolve in line with the Administration's expanded border control initiatives, so too will the demand for the comprehensive, relevant, and timely intelligence necessary for agencies to execute effective operations; guide near and long-term planning; and inform resource allocation. The U.S. Government is working in accordance with applicable law and policy to improve and integrate the flow of timely and relevant intelligence and analysis—as well as the process of information sharing and coordination—among the Federal, State, local, tribal, and foreign government agencies dedicated to protecting the Southwest Border from the illicit flow of drugs and associated threats.

- The Southwest Border Intelligence Integration Working Group has been re-established, with the Drug Enforcement Administration (DEA) and the Department of Homeland Security (DHS) Office of Intelligence and Analysis (I&A) as co-chairs, to facilitate implementation of intelligence and information sharing programs and activities designed to enhance operational efforts along the Southwest Border.
- DEA and the Intelligence Community co-chair the U.S.-Mexico bilateral High Value Target Working Group (HVTG) with the Director of Mexico's Center for Research and National Security (CISEN) and representatives of the Mexican Attorney General's office (PGR), Secretary of Defense (SEDENA), Secretary of the Navy (SEMAR), and Secretary of Public Security (SSP). The HVTG has oversight for the sharing of sensitive intelligence and information relating to major Mexican drug cartels. Furthermore, the HVTG conducts the coordination and de-confliction of tactical operations targeting High Value Targets in Mexico.
- DHS has begun an internal process to coordinate and standardize the intelligence requirements process among its component agencies.
- DHS-supported State and Local Fusion Centers are increasing their coordination with relevant ONDCP High Intensity Drug Trafficking Area (HIDTA) Investigative Support Centers.
- On March 30, 2010, CBP opened its first Intelligence and Operations Coordination Center (IOCC) in Tucson, Arizona. The IOCC is strengthening CBP's ability to detect, identify, and interdict terrorists, weapons of mass destruction, and other cross-border illicit activity by collecting and analyzing all-source information and integrating that information into CBP day-to-day operations.
- The U.S. Immigration and Customs Enforcement (ICE) Border Enforcement Security Task Force (BEST) in El Paso and Mexico's Tactical-Operative Intelligence Unit (UNITO) task force in Ciudad Juárez are sharing actionable intelligence directly to

facilitate coordinated enforcement efforts. ICE has also deployed additional analysts to support information sharing and operational efforts along the Southwest Border and in Mexico.

- DEA has deployed 41 automated license plate reader (LPR) monitoring stations throughout Texas, New Mexico, and California. DEA's National License Plate Reader Initiative utilizes new and established locations to gather information regarding travel patterns on drug traffickers, weapons traffickers, and bulk cash smugglers along the Southwest Border. This is done through access to the national repository located in Merrifield, VA, where deconfliction, queries, and alerts, to include "hot lists" can be facilitated through existing DEA applications and/or the El Paso Intelligence Center (EPIC) 24-hour LPR Watch.
- CBP has integrated its operational and intelligence personnel assigned to its Border Field Intelligence Center with EPIC, further enabling EPIC's "all threats" focus and fusion with existing multi-agency units.
- In July 2009, the Federal Bureau of Investigation (FBI) established the Southwest Intelligence Group, co-located at EPIC, to support the Legal Attaché in Mexico City as well as the eight FBI field offices situated along the U.S.-Mexico border.
- In fiscal year (FY) 2009, ICE finalized the terms of its participation in the Organized Crime Drug Enforcement Task Forces (OCDETF) Fusion Center in Merrifield, VA, and began to contribute data and personnel. All the OCDETF investigative agencies – Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF), DEA, FBI, ICE, Internal Revenue Service Criminal Investigation Division (IRS-CI), U.S. Coast Guard (USCG), and U.S. Marshals Service (USMS) – are now members of the OCDETF Fusion Center, along with a multitude of other Federal agencies. The OCDETF agencies already participate in existing OCDETF Co-located Strike Forces in San Diego, Phoenix/Tucson, El Paso, Houston, Atlanta, San Juan, New York, and Boston that target drug or money laundering organizations operating across the Southwest Border. Their participation in the OCDETF Fusion Center and co-located Strike Forces allows these agencies to improve the use, analysis, and dissemination of advance information to identify and target border threats.
- In February of 2009, the International Organized Crime Intelligence Operations Center (IOC-2) became a co-located member of the Special Operations Division (SOD) and the OCDETF Fusion Center (OFC). Modeled directly after the OFC, the IOC-2 also brings to bear multiple Federal agencies and their resources to target international organized crime groups by applying the well established analytical tools and practices that have been utilized successfully by the SOD and the OFC. SOD is a DEA- led multi-agency

enforcement coordination entity, the objective of which is to establish seamless law enforcement strategies and operations aimed at dismantling national and international trafficking organizations by attacking their command and control structures. SOD has coordinated several major enforcement initiatives attacking the Mexican cartels, such as Project Reckoning, Project Coronado, and most recently, Project Deliverance. The OFC currently receives information from the DEA's National License Plate Reader Initiative, which, in coordination with EPIC, provides yet another data set that is highly beneficial to field investigators especially in the area of narcotics trafficking along the Southwest Border.

- In FY 2010, following in the path of the IOC-2, the National Gang Targeting, Enforcement and Coordination Center (GangTECC) also partnered with SOD. This partnership will position GangTECC to more effectively expand and coordinate gang-related investigations utilizing the tools and experience in place at SOD.
- On April 5, 2010, ICE assigned a Senior Intelligence Analyst to work with the Government of Mexico's SSP Intelligence Center in Mexico City. CBP's Office of Intelligence and Operations Coordination (OIOC) has also placed an Intelligence Analyst in Mexico City for a one year detail. These liaisons will help to facilitate real-time information exchange, accelerate investigations, and support interdiction efforts.

Chapter 2: At the Ports of Entry

Despite the tireless efforts of U.S. border security and law enforcement personnel on the Southwest Border, significant amounts of drugs are smuggled each year through the 43 legitimate border crossing points. DHS is making significant enhancements to the Nation's enforcement efforts at land ports of entry, utilizing state-of-the-art detection technology, resources, and training, while also improving our means of targeting known border threats.

- On October 14, 2009, Secretary of Homeland Security Janet Napolitano announced \$88 million in American Recovery and Reinvestment Act funding for non-intrusive inspection equipment—enhancing border security by expanding CBP capabilities to scan commercial traffic for contraband through the use of X-ray and other imaging technologies.
- At ports of entry, CBP has expanded canine drug detection capabilities, significantly enhancing its capacity to screen for and detect narcotics in both the vehicle-processing and cargo-processing environments.
- Border agencies have upgraded current communications systems to those that provide greater range and more security, and that are capable of incorporating emerging changes in technology to meet the needs of law enforcement.
- As part of the International Cargo Targeting Fellowship Program, two Mexican Customs officials have been deployed to the CBP National Targeting Center – Cargo (NTC-C) to facilitate information exchange and best practices in the identification of smuggling patterns in both countries that will support increased security along the border.
- CBP is improving its technological capabilities through the replacement of large-scale truck X-ray systems, the installation of Z-Backscatter Van units, and the deployment of low-energy portal gamma-ray scanners, small-scale portable and hand-held technologies, and high-energy systems with enhanced penetration capabilities.
- A dedicated team of Border Patrol agents and CBP officers are currently conducting a pilot program at the Hidalgo-Pharr, Texas port of entry (POE) for identifying and monitoring drug trafficker “spotters” at the POE.
- CBP, ICE, the U.S. Embassy in Mexico City, and several Government of Mexico law enforcement agencies are developing common response protocols and standard operating procedures.
- Specialists with the Customs-Trade Partnership Against Terrorism (C-TPAT) program are partnering with Mexico, providing technical assistance and training to Mexican counterparts and conducting security assessments on all the C-TPAT entities operating along the Southwest Border and in Mexico itself.

Chapter 3: Between the Ports of Entry

In addition to the 43 legitimate border crossing points, the Southwest Border includes thousands of miles of open desert, rugged mountains, the Rio Grande River, and the maritime transit lanes into California and Texas. This vast and diverse range of environments presents opportunities for terrorists, drug traffickers, and human smugglers/traffickers to cross into the United States undetected. The U.S. Government is working to deny these opportunities by expanding the operational capabilities of law enforcement personnel near the border and by improving coordinated operations and partnerships among Federal, State, local, and partner nation authorities. In enhancing U.S. counternarcotics efforts along the Southwest Border, this strategy contributes to the overall security of our homeland.

- In the past twelve months, the U.S. Border Patrol has continued its historic hiring initiative, counting more than 20,000 agents in its ranks by the end of 2009, a doubling in the size of its force since 2004.
- CBP has expanded the use of Border Patrol canine teams between ports of entry, added hundreds of miles of tactical infrastructure in the form of fencing and vehicle barriers, and deployed new technology platforms such as mobile surveillance systems with ground surveillance radar.
- All Border Patrol stations now have connectivity to the Automated Biometrics Identification System (IDENT) and the Integrated Automated Fingerprint Identification System (IAFIS) through the web-based e3 processing application, with efforts to provide additional mobile capacities for these systems to agents in the field.
- The Border Patrol continues to support, share information, and partner with various task force initiatives, such as BEST (10 on the Southwest Border), OCADETF, HIDTA (5 Southwest Border regions), Border Intelligence Center, EPIC, Joint Terrorism Task Force, the National Targeting Center, and Joint Task Force North for a range of missions, to include border security, counterterrorism, and counternarcotics. The Border Patrol continues to enhance existing law enforcement coordination efforts with Federal, State, local, and tribal agencies. Initiatives such as Operation Streamline and Operation Texas Hold 'Em are being evaluated for expansion to additional areas along the border.
- DHS Border Patrol International Liaison Units and ICE Border Liaison Officers work hand-in-hand with Mexican authorities to encourage collaboration between U.S. and Mexican law enforcement agencies to fight cross-border criminal organizations through information- and intelligence-sharing with the common goal of border safety and security.
- DHS is continuing to evaluate the usefulness of a standardized operational planning cycle and after-action reviews. The Alliance to Combat Transnational Threats (ACTT) is a multi-agency operation initiated in September 2009 in the Sonora-Arizona Corridor

involving over 50 Federal, tribal, State, and local law enforcement and public safety organizations. The ACTT was expanded to El Paso-Juárez in July 2010.

Chapter 4: Air and Marine

Gaining control of the Southwest Border involves the continued improvement of the U.S. Government's capability to detect, monitor, and respond to the air, land, and maritime threats to the United States. By sustaining the air and marine presence along the Southwest Border, enhancing bilateral air cooperation with the Government of Mexico, and collecting more comprehensive information on the air and maritime threat, this strategy seeks to limit the options that the air and maritime domains present to traffickers seeking to evade law enforcement along the land border.

- The CBP Office of Air and Marine (OAM) has strategically located aviation branches along the Southwest Border for regular patrols or cued launches to provide further monitoring of suspect air activity.
- CBP OAM continues to hire and train law enforcement aviators and is further integrating Department of Defense (DoD) detection capabilities and information technologies into the Air and Marine Operations Center (AMOC) in Riverside, California.
- The U.S. Coast Guard (USCG) has Sector Commands at San Diego and Corpus Christi controlling USCG air and maritime assets that patrol in these areas. The USCG also provides detection, monitoring, and interdiction of suspect traffic along the maritime (San Diego area/Southern Texas Gulf) approaches to the United States.
- When requested, National Guard Bureau aviation assets can integrate into AMOC operations and provide Federal, State, and local law enforcement agencies with additional reconnaissance capabilities, including full motion video for ground agents.
- Currently, CBP has two permanently assigned positions and two temporarily assigned personnel at the Information Analysis Center at the U.S. Embassy in Mexico City, Mexico.
- In addition, the USCG has two attachés in Mexico City who facilitate the working relationships between USCG and SEMAR.
- CBP is in the preliminary capability development and testing of unmanned aerial systems and intelligence, surveillance, and reconnaissance (ISR) integration activities at the AMOC. CBP is also in the process of fusing multiple sensors, law enforcement databases, and ISR information into the AMOC.
- ICE has assigned a permanent supervisory special agent to the AMOC to supervise, direct, and coordinate law enforcement investigative and interdiction operations which affect the air and maritime domains. ICE has the lead for investigations, prosecutions, and seizures for violations of 19 USC § 1590, Aviation Smuggling, and exercises other investigative authorities for crimes committed in the air and maritime domains.

- In FY 2009, OCDETF's Southwest Region launched a Maritime Initiative, based in the San Diego and Houston Strike Forces, to employ the co-located Strike Force platform to support comprehensive investigations and prosecutions of cartels that transport multi-ton loads of cocaine through the maritime transit zones directly to the United States or to Mexico for subsequent movement across the border.

Chapter 5: Investigations and Prosecutions

Targeting and attacking criminal organizations through effective investigations and prosecutions is critical to an effective counternarcotics strategy on the Southwest Border. Given the magnitude of the threat, it is imperative that U.S. law enforcement and intelligence agencies enhance their capacities to undertake or assist such investigation and prosecution efforts. This includes increasing U.S. law enforcement liaison activities with Mexico; enhancing intelligence support to investigations; increasing prosecutorial and judicial resources; strengthening judicial cooperation with Mexico; and attacking corruption on both sides of the border.

- On June 9, 2010, 429 individuals in 16 states were arrested as part of “Project Deliverance”, a DEA/SOD-led, multi-agency law enforcement investigation involving FBI, ICE, ATF, USMS, CBP and multiple OCDETF co-located strike forces. Project Deliverance targeted the transportation infrastructure of Mexican drug trafficking organizations in the United States, especially along the Southwest Border, through coordination between Federal, State and local law enforcement. Mexican law enforcement provided significant supportive actions for Project Deliverance, arresting Carlos Ramon Castro-Rocha, an alleged heroin trafficker who has been designated a Consolidated Priority Organization Target (CPOT).
- In June, 2010, DEA initiated “Operation Doble Via-Arizona.” This multi-phased operation began with intelligence collection to develop a clear understanding of the latest trafficking patterns along the Arizona-Mexico border and identify gatekeepers in order to predict trafficker reaction to law enforcement initiatives. The operational phase began on August 1, 2010 and will continue through November 2010. Intelligence driven, multi-agency enforcement and interdiction operations will focus on the disruption of the drugs, money, chemicals and weapons flowing on both sides of the U.S.-Mexico border. Continued intelligence collection during the operational phase will assist in linking seizures to particular drug trafficking organizations. Intelligence will be passed to Mexican and U.S. law enforcement agencies in order to properly deploy assets and take necessary enforcement actions.
- On January 7, 2010, the Deputy Attorney General released the Department of Justice’s internal Strategy for Combating the Mexican Cartels, setting forth a plan for the use of intelligence-based, prosecutor-led multi-agency task forces to attack criminal organizations along the border.
- In FY 2009, OCDETF established new co-located Strike Forces in Phoenix and El Paso. Both Strike Forces are dedicated to the disruption and dismantlement of the major Mexican cartels and other CPOTs operating across the Southwest Border.
- Also in FY 2009, OCDETF was able to enhance the capabilities and effectiveness of its Co-Located Strike Forces by securing funding to hire a full-time financial analyst contractor for each of the Strike Forces. OCDETF has also placed an NDIC Document and Media Exploitation (DOMEX) Team at each of the Strike Forces, which assist in

developing information provided by informants, document seizures, search warrants, grand jury subpoenas, and other sources.

- The Consolidated Priority Target (CPOT) List represents an interagency effort to identify the highest priority international drug trafficking organizations that affect the supply of illegal drugs in the United States, allowing U.S. law enforcement to focus its critical resources on the greatest threats from the Mexican cartels. Of the 63 active CPOTs on the FY 2010 CPOT List, 25 are based in Mexico. In FY 2009 and FY 2010 to date, ODCETF agencies dismantled 10 CPOTs and severely disrupted the operations of another two.
- Over the past year, ICE has detailed more than 360 Special Agents to Southwest Border offices. The surge has demonstrated marked increases in ICE seizures of narcotics (e.g. 32% increase in the Phoenix area), arms (e.g. 108% increase in the San Antonio area) and bulk cash (e.g. 137% increase in the San Diego area). It has also yielded increased criminal arrests (e.g. 15% in the Phoenix area and 24% in the San Diego area). ICE has also begun detailing a total of 25 attorneys as Special Assistant U.S. Attorneys to Southwest Border U.S. Attorney's Offices.
- Kidnappings, the majority of which are related to drug trafficking and human smuggling, are a significant threat along the Southwest Border. The FBI's Southwest Border Violence Initiative focuses enhanced investigative and analytical resources on eight border field offices - San Diego, Phoenix, Albuquerque, El Paso, San Antonio, Houston, Dallas, and Los Angeles. In 2009, the FBI opened 91 kidnapping investigations determined to be cross-border in nature. These 91 cross-border kidnappings represent 52% of the FBI's total kidnapping investigations.
- In addition, over the past 10 years there has been a significant increase in the number of incidents of violent criminal acts and hostage taking involving U.S. citizens in Mexico. The FBI has been frequently called upon to assist Mexican law enforcement authorities in the investigation of violent acts, including kidnappings, involving U.S. citizens in Mexico.
- The Coast Guard Investigative Service (CGIS) provides investigative support to the Organized Crime Drug Enforcement Task Forces (ODCETF) as well as full- and part-time support to Seaport Border Enforcement Security Teams (BEST). Currently, CGIS has provided support to BEST Los Angeles/Long Beach, BEST Miami and a newly forming Maritime Task Force in San Diego. The task forces are designed to increase information sharing and collaboration among the agencies combating this threat on both sides of the border. This initiative recently expanded into the seaports, which provided a window of opportunity for the Coast Guard Investigative Service to participate based upon the maritime nexus. With increased CGIS support, the Seaport BEST would enjoy constant 14 USC 95 (and potentially 14 USC 89a) authority to cover maritime issues. CGIS agents are the only special agents in the U. S. government that possess that authority.

- CGIS was part of a task force that was responsible for detecting and investigating a wide variety of maritime-related crime, such as drug, alien, currency and weapons smuggling; trade fraud; and cargo theft. In addition to unique maritime authority, CGIS agents all have requisite security clearances which are required for all law enforcement officers working on Southwest border investigations. This has enhanced the capacities of investigative agencies and U.S. Attorneys' Offices to dismantle the financial infrastructure of Southwest border drug trafficking organizations and enhances their capacity to handle investigations and prosecutions.
- FBI is currently conducting more than one hundred active Southwest Border corruption investigations and has begun hosting annual interagency border corruption law enforcement training conferences.
- The Department of the Treasury's Office of Foreign Assets Control (OFAC), FBI, IRS/CI, and the USMS have all added additional personnel to enhance liaison activities with the Government of Mexico.
- On October 22, 2009, DOJ announced the results of Project Coronado, a coordinated, DEA-led, multi-agency law enforcement investigation involving FBI, ICE, ATF, and multiple OCADETF co-located strike forces that targeted the La Familia Michoacana drug trafficking organization. Project Coronado is one of the largest-ever law enforcement actions taken against a Mexican drug cartel, resulting in 1,186 arrests and major seizures of drugs, currency, and weapons.
- Also in October 2009, the USMS announced Operation Diamond, a multi-faceted approach employing agency resources from the Investigative Operations, Judicial Security, Prisoner Operations, Tactical Operations, and Asset Forfeiture Divisions, as well as the five Southwest Border districts. ICE supports USMS Southwest Border efforts through Operation Foreign Eviction, a USMS-led operation with participation from the SSP that targets Mexican fugitives residing in the United States. In 2009, the USMS was responsible for over 18,500 arrests along the Southwest Border while seizing 216 firearms, over \$500,000 in cash, and 2,555 kilograms of narcotics.
- On August 20, 2009, DOJ and the Government of Mexico announced the U.S. indictments of three leaders of the Sinaloa Cartel/Federation drug trafficking organization. One of these individuals, Arturo Beltrán Leyva, was killed on December 17, 2009 during an arrest operation carried out by Mexican authorities. His brother Carlos Beltrán Leyva was arrested in Mexico on December 30, 2009.
- Initiated in September 2009, ICE's Operation Pacific Rim resulted in the indictment and arrest of the top leadership of a major drug trafficking organization estimated to be responsible for 40 to 60% of the U.S. cocaine supply. This investigation was conducted with law enforcement from Mexico, Colombia, and a dozen other countries.
- In October 2009, the Illegal Drug Program (IDP), a case referral initiative, began in Nogales, Arizona with protocols between PGR, ICE, and CBP that enable PGR to

prosecute cross-border drug smugglers for whom the U.S. Attorney's Office declines prosecution. In coordination with the PGR, CBP, DOJ, and ICE expanded the IDP to El Paso, Texas on April 15, 2010 and are in the process of identifying future program locations.

- DEA, in accordance with its designation as Counter Narcotics Coordinator for the U.S. Embassy in Mexico, will continue to work with the FBI, DOJ, DHS, and other U.S. agencies to develop bilateral investigations leading to disruptions of cartel activity. Several important successes were achieved in FY 2010, including the arrests and extradition of several key cartel members.
- DEA, FBI, ATF, USMS, and DOJ are developing the Mexico Sensitive Investigations Unit (SIU) in order to support the Government of Mexico in enhancing its investigative and prosecutorial capabilities for targeting, disrupting, and dismantling major drug trafficking organizations. This specialized unit, which partners SSP law enforcement officers and prosecutors from the office of Mexico's Assistant Attorney General for Special Investigations in Organized Crime (SIEDO) with DEA, ATF, USMS, and DOJ, is designated by the Government of Mexico as having lead investigative responsibility for targeting drug trafficking organization leadership in Mexico.
- In response to a request from Mexico's SSP—and with the support of Merida Initiative resources—the Department of Justice (DOJ) Office of Overseas Prosecutorial Development, Assistance and Training (OPDAT), and other DOJ and DHS components contributed personnel to train over 4,800 new recruits, instructors, and officers. DOJ's International Criminal Investigative Training Assistance Program (ICITAP) coordinated DOJ's manpower-intensive contribution to this important SSP training effort. In addition to the important area of code reform, OPDAT is implementing a prosecutor training and capacity building program, including trial advocacy, evidence chain-of-custody, extraditions, anti-corruption, and money laundering.

Chapter 6: Money

According to the National Drug Intelligence Center, tens of billions of dollars are laundered each year by drug traffickers operating in the United States. Due in part to the Bank Secrecy Act and other anti-money laundering laws and regulations, a large portion of these proceeds is believed to be smuggled in bulk out of the United States through the Southwest Border. The National Southwest Border Counternarcotics Strategy seeks to stem this flow of outbound bulk cash; target the illegal use of money services businesses and electronic payment devices in schemes to launder money; prioritize and increase targeted financial sanctions; enhance and fully utilize multilateral mechanisms; and improve our means to assess the money laundering threat. Increased financial sanctions should enhance the mechanisms in place to fight the money laundering threat.

- The DHS Office of Counternarcotics Enforcement (CNE), ICE, and the interagency law enforcement community recently partnered with the Mexican Financial Intelligence Unit to conduct a U.S.–Mexico Bi-National Criminal Proceeds Study. The study identifies the processes by which illicit funds are moved from the United States to Mexico and beyond. The findings will inform law enforcement operational strategies to deny transnational criminal organizations the ability to move illicit funds.
- In May 2010, ICE initiated Operation Overload, a joint effort between ICE, CBP, and Mexican law enforcement targeting the finances of Mexico-based criminal enterprises. Operation Overload addresses the intelligence and operational concerns identified in the National Southwest Border Counternarcotics Strategy as well as the findings and recommendations from the U.S./Mexico Bi-National Money Laundering Study. ICE is initiating investigations through interdictions by CBP, State and local officers, and Mexican law enforcement, incidents reported by the TSA, undercover operations, confidential informants/cooperating defendants, the review of Bank Secrecy Act reports (CMIR, SAR, etc.), and the targeting of privately owned aircraft. In just 90 days, Operation Overload contributed to the seizure of over \$17 million dollars in U.S. currency, 33 criminal arrests, and the initiation of 40 HSI criminal investigations.
- On March 24, 2010, the U.S. Department of the Treasury's Office of Foreign Assets Control (OFAC) designated 54 Mexican principal lieutenants and enforcers for Mexico's Gulf Cartel and Los Zetas – groups that are responsible for much of the current bloodshed in Mexico – as Specially Designated Narcotics Traffickers pursuant to the Foreign Narcotics Kingpin Designation Act (Kingpin Act). Both the Gulf Cartel and Los Zetas were previously identified by President Obama as significant foreign narcotics traffickers under the Kingpin Act.
- FinCEN continues to work jointly with the Mexican FIU on the reporting of cross-border money flow trends. On October 29, 2009 in Mexico City, FinCEN and the Mexican FIU provided an overview of strategic study findings and presented four tactical referrals developed from joint intelligence sharing. FinCEN is working with U.S. law enforcement to coordinate further development of these targets and provide support as

appropriate. In addition, FinCEN is establishing an attaché position in Mexico City to facilitate future information sharing.

- Beginning operations in August of 2009, ICE's Bulk Cash Smuggling Center (BCSC) has initiated over 220 bulk cash smuggling investigations nationwide, which have so far resulted in over 35 additional arrests and over 70 additional seizures. Thirty-eight percent (64 cases) of the investigations initiated by the BCSC have a direct nexus to the Southwest Border. Additionally, the BCSC publishes and distributes the C-Note, a weekly newsletter which summarizes bulk currency incidents compiled from a variety of sources to include ICE, CBP, EPIC, the Transportation Security Administration (TSA), and the Blue Lightning Operations Center (BLOC) in the Gulf Coast region, as well as incidents reported directly to the BCSC from state and local sources. The BCSC's outreach efforts have resulted in the training of approximately 11,368 special agents, task force officers, and state and local interdiction officers.
- ICE and CBP partner through Operation Firewall to target the full array of methods used to smuggle bulk cash, including commercial and private passenger vehicles, commercial airline shipments and passengers, and pedestrians crossing U.S. borders with Mexico and Canada. In FY 2009, ICE Operation Firewall efforts along the Southwest Border led to more than 400 currency seizures totaling over \$60 million and resulting in excess of 115 arrests.
- On July 20, 2009, the Departments of Justice, State, and Treasury announced coordinated actions against the leaders of the Gulf Cartel and Los Zetas drug trafficking organizations, including indictments, the freezing of assets, and the announcement of significant monetary rewards for information leading to their arrest.
- During FY 2009, DEA's Concealed Trap Initiative seized approximately \$29.5 million in U.S. currency and delivered 14 basic and 6 advanced concealed trap training courses to approximately 1,620 DEA special agents, task force officers, and State and local police officers. During FY 2010, DEA expects to deliver 11 basic and 9 advanced concealed trap training courses to approximately 1,330 DEA special agents, task force officers, and State and local police officers.
- OCDETF agencies along the Southwest Border are focusing their resources on the coordinated and strategic use of asset forfeiture and prosecutions to prevent cross-border movement of illicit proceeds. OCDETF component agencies are working with each other and the HIDTAs to develop a whole-of-government Southwest Border Bulk Cash Smuggling Initiative to be funded through the DOJ Assets Forfeiture Fund and the Treasury Forfeiture Fund.
- The OCDETF Fusion Center is entering into an MOU to receive Western Union data available from the Southwest Border Anti-Money Laundering Alliance. The data will be accessible to all agencies participating in the OCDETF Fusion Center.

- The IRS Criminal Investigation Division (IRS-CI) is enhancing its role on the Southwest Border, to include the expansion of Title 31 Task Forces in several locations to target structuring and unlicensed money transmitting businesses. IRS-CI has also established its Southwest Border Wirelink project in Phoenix, which will focus on the analysis of data from money services businesses and the development of investigative leads.
- The International Suspicious Activity Report/Report of Foreign Bank and Financial Accounts (SAR/FBAR) Project is facilitating the analysis of information from Mexican Suspicious Activity Reports by the IRS-CI Mexico City Attaché, in partnership with the U.S. Financial Crimes Enforcement Network (FinCEN) and the Mexican Financial Intelligence Unit.
- The sharing of financial investigative information and intelligence through the OCDETF Fusion Center (OFC) is progressing. A memorandum of understanding (MOU) with ICE has been signed, leading to ICE's contribution of both personnel and data. Discussions with CBP and HIDTA are ongoing, and respective MOUs are in the final drafting stages. In addition, the integration of the International Organized Crime Intelligence and Operational Center (IOC-2) into the OFC is completed.
- The OFC is progressing with the implementation of a new Financial Section within the OFC, which will bring to bear additional personnel resources and analytical data sets and tools to produce a comprehensive financial product that will significantly enhance the investigators knowledge of an individual's or organizations money trail. This same product should also provide a detailed framework from which Federal prosecutors can begin to levy criminal/financial charges against individuals and/or organizations.
- On June 15, 2010 the Mexican finance ministry announced new anti-money laundering regulations that will restrict the amounts of physical cash (banknotes and coins) denominated in U.S. dollars that Mexican banks may receive. In terms of dollar currency repatriation from Mexico, a significant decline is expected during the latter half of 2010 and beyond. This change in Mexican regulations will likely have a major impact on the domestic and international movement of illicit proceeds generated in the United States.

Chapter 7: Weapons

As the United States continues its partnership with Mexico through the Mérida Initiative, U.S. law enforcement agencies must work to marshal resources at all levels –Federal, State, local, and tribal – to develop an effective, coordinated, and comprehensive response to the threat of illegal weapons smuggling/trafficking from the United States into Mexico, and to support Mexico’s broader efforts to deny drug trafficking organizations access to arms from other international sources. U.S. law enforcement agencies are working to improve weapons-related intelligence and information sharing; increase outbound interdiction; enhance cooperation with international partners; strengthen domestic coordination on weapons smuggling/trafficking investigations; and enhance legislative and judicial tools to deprive drug traffickers of the weapons they use to perpetrate violence in the border region.

- On December 30, 2009, ATF introduced a Spanish-language version of its eTrace program, which allows Mexican counterparts to enter information about recovered crime guns into the data system at ATF’s National Tracing Center. The launch of Spanish-language eTrace is the culmination of years of discussions with the Government of Mexico. Pursuant to the Government of Mexico signing an MOU with ATF and subject to funding from the U.S. Embassy’s Narcotics Affairs Section (NAS), ATF plans to train PGR personnel from each state (approximately 150 personnel) on the identification of firearms and usage of the eTrace system.
- On June 30, 2009, ICE and ATF signed a new joint MOU to formalize a partnership to promote effective, coordinated, and collective law enforcement efforts both nationally and internationally. With this MOU, ICE and ATF will focus on de-confliction and working together on investigations involving the illegal export and smuggling of firearms and the possession of firearms by illegal aliens.
- ATF has trained and deployed several canine teams to principal Southwest Border field divisions. Additionally, ATF has trained a total of 18 “on-leash” canine teams (nine additional teams since the release of the 2009 *National Southwest Border Counternarcotics Strategy*) for the use of Mexican authorities and anticipates training an additional 16 teams this year.
- Between April and August 2009, ATF detailed 100 special agents, industry operations investigators, and analysts to the Southwest Border in an effort to enhance Project Gunrunner, ATF’s strategy for suppressing firearms and explosives trafficking from the United States to Mexico. The 120-day operation resulted in the identification of numerous trafficking rings and a significant increase in the number of cases and defendants referred for prosecution over previous periods.

- ATF has established Border Liaison Officers in each of its principal Southwest Border field divisions. Although not an official component of the ATF Border Liaison Officer program, ATF has deployed Explosive Enforcement Officers in each of its principal Southwest Border field divisions.
- A key element of the BEST program on the U.S./Mexico border is the involvement, interaction, and coordination with vetted Mexican SSP officers. Foreign law enforcement representatives within the BESTs have improved international coordination and communication, as well as synchronized cross-border responses to transnational crime. At present, there is one SSP officer embedded in the BESTs located in Tucson, San Diego, Phoenix, Yuma, and Laredo. SSP has committed to expanding on its current level of participation in the BESTs and has pledged to provide liaison personnel to the remaining Southwest Border BESTs located in El Paso, Rio Grande Valley, Imperial Valley, Las Cruces, and Deming.
- In September 2009, ATF obligated \$3.2 million received from the DOJ Assets Forfeiture Fund to establish Integrated Ballistic Identification System (IBIS) connectivity between the U.S. and Mexico. The funds will be used to modernize 13 IBIS data correlation servers that support the National Integrated Ballistics Information Network (NIBIN); to upgrade IBIS software; and establish an IBIS International Data Correlation Server for NIBIN. In January 2010, the Government of Mexico advised that it is requesting NAS funding to purchase an IBIS International Data Correlation Server. ATF has begun to obligate the \$4 million in supplemental funding received in July 2009 to upgrade technology to share ballistic evidence with Mexico.
- ATF recently established new Southwest Border offices/groups in El Centro, CA; Las Cruces and Roswell, NM; McAllen and Houston, TX; and, Phoenix, AZ. Additionally, ATF has opened new offices in Tijuana and Ciudad Juarez, Mexico, and San Salvador, El Salvador. In 2010 ATF will open new field offices in El Paso, TX, and Tucson, AZ, and increase its liaison presence in Mexico by opening new offices in Mérida, Hermosillo, and Guadalajara.
- ICE and the Department of State are working to increase the number of end-use verifications of firearms exported from the United States to Mexico through the Blue Lantern Program. ICE has identified several instances of firearms legally exported from the United States to Mexico that were subsequently diverted and seized by Mexican authorities during seizures/arrests in Mexico. In addition, ICE has assigned a liaison to the Department of State Directorate of Defense Trade Controls that assists in the coordination process of end-use verifications.

- ICE is expediting the gathering, analysis, and distribution of intelligence related to southbound weapons smuggling by using the Homeland Security Information Network Weapons Virtual Task Force (WVTF) portal and leveraging the resources at the Border Violence Intelligence Cell as part of its overall Operation Armas Cruzadas strategy, which was initiated in June 2008. In March 2010, ICE sent a team to Mexico to train Mexican military officials on the use of the WVTF.

Chapter 8: Technology

In 2009, the National Southwest Border Counternarcotics Strategy placed special emphasis on the development and fielding of emerging and state-of-the-art technologies to further Southwest Border counternarcotics efforts as part of broader efforts underway to bring operational control to the border. These technologies include state-of-the-art detection systems for contraband interdiction; officer safety technologies; sensor, data fusion, and data sharing systems; communications and intelligence technologies; and wide-area surveillance for the detection of small maritime vessels.

- DHS has begun evaluation of commercial-off-the-shelf technology that will enable frontline personnel to identify multiple threats with one set of equipment operating on portable power.
- Through the Mérida Initiative, the United States is working with Mexico to deploy appropriate and effective non-intrusive inspection technology along the border. Mexico currently has 52 Vehicle and Cargo Inspection System (VACIS) units in place, and Mérida Initiative funding has been provided for ion scanners and mobile gamma ray systems.
- The DOJ National Institutes of Justice and the DHS Directorate of Science and Technology are both researching less-lethal weapons technology for border security and law enforcement applications.
- ICE has implemented common operating picture technology for tracking targets, blue force operations, and agent safety devices. This is currently being used in command centers and by field agents.
- DHS and the Office of National Drug Control Policy (ONDCP) are partnering to develop and implement Project Roadrunner, an integrated license plate reader recognition (LPR) system. Project Roadrunner was conceived to target both north- and southbound drug trafficking and associated illegal activity along the Southwest Border. Under this partnership, ONDCP will provide DHS with previously-purchased fixed and mobile cameras—expanding DHS’s existing capabilities at minimal cost. ...
- DEA, FBI, DOJ, ICE, the Intelligence Community, and the Department of State are supporting PGR and SSP in developing a judicial wiretap capability for use as an investigative tool in combating organized crime. This initiative will provide the Government of Mexico with the capability for obtaining evidence necessary to prosecute major drug traffickers and other criminals in a court of law.

Chapter 9: Cooperation with Mexico

While we face serious challenges on the border with Mexico, we also face an unprecedented opportunity to work in partnership with our neighbors to the south. The United States remains committed to supporting the Mexican government's bold efforts to target the cartels and organized crime, as well as the corruption they generate. Congress has approved \$1.3 billion to date in assistance for Mexico through the Mérida Initiative, which reinforces progress by further institutionalizing Mexican capacity to sustain rule of law and respect for human rights, build strong institutions, promote full civil society participation, transform the nature of its borders, and by providing intensive technical assistance and training.

- On March 23, 2010, senior administration officials including Secretary of State Clinton, Secretary of Defense Gates, Secretary of Homeland Security Napolitano, Chairman of the Joint Chiefs of Staff Mullen, Director of National Intelligence Blair, Director of National Drug Control Policy Kerlikowske, Acting Deputy Attorney General Grindler, DEA Acting Administrator Leonhart, ICE Assistant Secretary Morton, and CBP Commissioner Bersin met with high-level Mexican officials to discuss security initiatives and express support for the Calderon administration in the wake of recent violence in Mexico.
- Also on March 23, 2010, Secretary of Homeland Security Napolitano signed an unprecedented Memorandum of Cooperation in Mexico with Governance Secretary Gómez Mont and Secretary of Public Security García Luna that institutionalizes the efforts of DHS to share criminal history information electronically with Mexican law enforcement about Mexican nationals who are being repatriated from the United States and who have been convicted of certain felonies in the United States.
- ONDCP hosted a bi-national U.S.-Mexico drug demand reduction conference in Washington, DC, February 23-25, 2010. Key attendees included R. Gil Kerlikowske, the Director of ONDCP; Mrs. Margarita Zavala, First Lady of Mexico; Kathleen Sebelius, Secretary of Health and Human Services; José Ángel Córdova Villalobos, Minister of Health of Mexico; Alan Bersin, then the Assistant Secretary of Homeland Security for International Affairs and Special Representative for Border Affairs; Carlos Pascual, U.S. Ambassador to Mexico; and Arturo Sarukhan Casamitjana, Mexican Ambassador to the United States. This conference was designed to enhance and coordinate both countries' efforts to reduce drug demand.
- ONDCP hosted the 2010 National High Intensity Drug Trafficking Areas (HIDTA) Conference in Washington, D.C., April 7 and 8. The conference included over 220 Federal, State, local, and tribal law enforcement personnel from around the country, as well as Mexican representatives.

- On February 18, 2010, Secretary of Homeland Security Napolitano and Mexican Secretary of Public Safety Genaro García Luna signed a Declaration of Principles on Cooperative Efforts to Secure the U.S.-Mexico Border and Combat Transnational Threats. The declaration builds on and expands Mérida Initiative programs as well as current coordinated efforts among CBP, ICE, and SSP and outlines principles to enhance border security.
- In September 2009, ONDCP Director Kerlikowske visited Mexico to participate in the Border Governors Conference in Monterrey, meet with Nuevo Leon State officials regarding drug courts and judicial reform, and attend meetings with the border governors of the United States and Mexico. ONDCP is working with the National Association of Drug Court Professionals and the U.S. Department of State's Bureau of International Narcotics and Law Enforcement Affairs on a pilot drug court in Nuevo Leon.
- On August 13, 2009, DHS, DOJ, and the Government of Mexico signed a Letter of Intent to leverage the combined investigative capabilities of ICE, ATF, and the Attorney General of Mexico to combat violence and criminal activity along the U.S.-Mexico border.
- To increase cross-border coordination and information sharing, DHS has been expanding Mexican law enforcement participation in BESTs located in the Southwest Border region. On August 13, 2009, DHS announced the creation of the first-ever Mexico City BEST. When fully staffed, the Mexico City BEST will support the development of joint investigations between ICE and the Government of Mexico and respond to leads generated by U.S. law enforcement agencies, including the ten existing BESTs that currently operate along the Southwest Border. The Mexico City BEST will facilitate information exchange and rapid bilateral investigation of crimes that fall within the purview of ICE, including weapons, munitions, money laundering, human smuggling, human trafficking, customs fraud, and cybercrime violations.
- In August 2009, ICE provided arms trafficking and cyber crimes training to 200 senior SSP officers.
- On June 15, 2009, Secretary of Homeland Security Napolitano and Mexican Finance Minister Agustín Carstens signed a Letter of Intent and an updated and enhanced Declaration of Principles, creating a joint framework to improve security along the Southwest Border and facilitate the flow of legitimate travel and trade.

- ICE is currently coordinating with PGR to scan currency to obtain serial numbers in an effort to map illegal currency movement through the financial system before it enters the Mexican economy.
- As a result of the collaborative efforts between the Government of Mexico and DEA, the Government of Mexico seized more methamphetamine in calendar year 2009 than in any previous year. One hundred sixty-five methamphetamine labs were destroyed, three times greater than the number destroyed in 2008. U.S.-purchased analysis equipment is in place and being used by trained operators. A Memorandum of Understanding is pending with PGR to share analyses of seized methamphetamine with DEA.
- The Department of Justice maintains two trial attorneys attached to the U.S. Embassy in Mexico City, working with the Office of International Affairs, who keep continuous contact with their Mexican counterparts in the PGR, and Ministry of Foreign Affairs, (Secretaria de Relaciones Exteriores), to develop closer ties in the sharing of evidence and the return of fugitives between the two countries.
- In FY 2010, DEA and the GOM reorganized the SIU into 6 teams comprised of 75 SSP investigators with the integration of six vetted prosecutors from the PGR SIEDO. This investigative initiative will create a multi-faceted investigative approach in order to target and investigate all aspects of the criminal enterprise, to include narcotics and arms trafficking and financial crime.
- CBP led several training efforts with various Mexican Government entities. One effort involves the training of Mexico Customs Canine Detection Units in the detection of currency, narcotics, and firearms at the Canine Center in El Paso, Texas. CBP began this training in January 2010, and will conclude it in August 2010. The first of three classes graduated on April 2, 2010, with 12 canine handler teams.
- SSP officers stationed in Nogales, Sonora, Mexico, have been trained by CBP in urban close quarters combat, first aid, all-terrain vehicle operation, and detection of hidden compartments. This training will enhance the capabilities of Mexican authorities in performing their missions.
- ICE worked closely with CBP and Mexican Customs to re-invigorate Operation Firewall at the Mexico City International airport. This intelligence-driven operation targets cargo and passengers entering and/or departing Mexico. Operation Firewall has already yielded approximately \$1.4 million in cash seizures in 2010.
- The USMS, through its Mexico City Foreign Field Office, maintains the Mexico Investigative Liaison Program. The focus of this program is to enhance U.S.-Mexico

bilateral cooperation through enhanced working relationships, regional meetings, conferences, and formal training programs. Since 2001, through this program, the USMS has trained approximately 240 Mexican law enforcement officers in investigative techniques that have resulted in a significant increase in multi-jurisdictional arrests between the U.S. and Mexico. In 2009, the USMS arrested 291 violent criminals that had transited the border between the U.S. and Mexico.

- ICE will continue information sharing efforts with the Government of Mexico to identify and locate gang members involved in transnational criminal activity along the Southwest Border. In addition, ICE will conduct a gang investigations training program for Mexican police, investigators, and customs officials in October 2010.
- ICE is developing a strategy with SSP, PGR, and SEDENA to combat smuggling via ultralight aircraft.
- In March 2010, ICE conducted a defensive tactics and officer safety training course for Mexican Immigration (INAMI) officers. Additional courses are planned.
- ICE deployed special agents to instruct SSP investigators in San Luis Potosi, Mexico on basic criminal investigative methods. As of January 2010, 26 ICE special agents trained over 4,000 new Mexican recruits.
- Mexican Customs personnel are co-located with ICE in Laredo, McAllen, El Paso, and the Intellectual Property Rights Coordination Center (IPR Center).
- In November 2009, ICE trained approximately 42 SSP officers in undercover operations and surveillance techniques.
- ICE began a 10-week criminal investigator course, modeled on ICE special agent training, for a team of Mexican Customs and SAT officials in August 2010. Upon completion of the training, this team will work closely with ICE and CBP on joint operations.
- The Mexican government is deploying its new Vehicle Screening System (SIAVE) at all land ports of entry and is working to reduce processing times and increase accuracy.
- ICE continues to work with Mexican Customs, SAT, and the Mexican FIU (UIF) officials on the Trade Transparency Unit Initiative. Through this project, ICE exchanges trade data with Mexico, which is then input into a specialized computer system used by analysts in Mexico and the U.S. to identify trade based money laundering, trade fraud and other financial crimes schemes used to launder illicit proceeds.

Appendix I: Budget Summaries

Overview of Funding for the National Southwest Border Counternarcotics Strategy

	<u>FY 2010</u> <u>Enacted</u>	<u>FY 2011</u> <u>Request</u>
<u>Intelligence and Information Sharing Efforts</u>		
DHS/Immigration and Customs Enforcement	6,400	7,900
<i>Subtotal, Intelligence and Sharing</i>	6,400	7,900
<u>Efforts at and between the Ports of Entry</u>		
DoD/Drug Interdiction and Counterdrug Activities	55,114	51,482
DHS/Customs and Border Protection	<u>706,319</u>	<u>763,397</u>
<i>Subtotal, Ports of Entry</i>	761,433	814,879
<u>Efforts against Air and Marine threats</u>		
DoD/ Drug Interdiction and Counterdrug Activities	45,628	45,230
DHS/Customs and Border Protection	<u>315,581</u>	<u>310,212</u>
<i>Subtotal, Air and Marine</i>	361,209	355,442
<u>Investigations and Prosecutions</u>		
DHS/Immigration and Customs Enforcement	48,900	100,000
DoJ/Criminal Division ¹	12,655	13,649
DoJ/Drug Enforcement Administration	453,500	510,373
DoJ/Federal Bureau of Investigation ¹	38,672	37,620
DoJ/Office of Federal Detention Trustee ¹	151,500	159,700
DoJ/Southwest Border Prosecutor Initiative	31,000	0
DoJ/Organized Crime Drug Enforcement Task Force	135,380	176,154
DoJ/U.S. Attorneys ¹	171,770	175,205
DoJ/U.S. Marshals Service ¹	<u>43,616</u>	<u>42,639</u>
<i>Subtotal, Investigations and Prosecutions</i>	1,086,993	1,215,340
<u>Efforts against Weapons smuggling/trafficking</u>		
DoJ/Alcohol, Tobacco, Firearms and Explosives ¹	<u>59,929</u>	<u>80,969</u>
<i>Subtotal, Weapons</i>	59,929	80,969
<u>Cooperation with Mexico</u>		
DoD/Drug Interdiction and Counterdrug Activities	73,210	54,228
DHS/Immigration and Customs Enforcement	975	1,300
DoS/INCLE/FMF ¹ /ESF	<u>733,250</u>	<u>310,000</u>
<i>Subtotal, Cooperation with Mexico</i>	807,435	365,528

¹ Denotes a program not scored in the Federal Drug Control Budget

DEPARTMENT OF DEFENSE

Program: National Guard State Plans

Resource Information:

	FY 2010 Enacted (000)	FY 2011 President's Budget (000)	Delta (FY 2011 over FY 2010) (000)
Base Resources	55,114	51,482	(3,632)
Incremental Increase/Decrease	-	-	-
PROGRAM TOTAL	55,114	51,482	(3,632)

Program Description:

Resource information above only pertains to the four Southwest Border states. The National Guard State Plans program supports only those missions which are DoD approved as militarily unique. The National Guard State Plans provide Air and Army National Guard counternarcotics support to Federal, State, and local law enforcement agencies and community demand reduction organizations requesting assistance. The program is currently divided into six mission categories: (1) Program Management provides for the coordination, liaison, management of the program; (2) Technical Support provides linguist or translator support, intelligence analysis, investigative case support, communications support, engineer support, and subsurface diver support; (3) General Support includes eradication operations support; (4) Counternarcotics-related Training provides training for law enforcement agencies and military personnel; (5) Reconnaissance/Observation provides surface and aerial support. Surface support includes unattended sensor support, listening posts, and observation posts using military equipment and ground surveillance radar. Aerial support is performed using both helicopters and fixed-wing aircraft as well as use of unmanned aerial vehicles. (6) Demand Reduction Support includes various types of community-based activities in which National Guard volunteers assist community groups in providing drug prevention information and education, primarily to youth.

DEPARTMENT OF DEFENSE

Program: Joint Task Force North

Resource Information:

	FY 2010 Enacted (000)	FY 2011 President's Budget (000)	Delta (FY 2011 over FY 2010) (000)
Base Resources	10,628	10,009	(619)
Incremental Increase/Decrease	-	-	-
PROGRAM TOTAL	10,628	10,009	(619)

Program Description:

DoD established Joint Task Force North in 1989 to provide support to U.S. counterdrug law enforcement agencies with militarily unique skills in areas such as operations, training, and intelligence in order to assist these agencies in reducing the flow of drugs into the arrival zone. The primary focus of JTF North is to support designated High Intensity Drug Trafficking Areas (HIDTAs) and multi-agency drug law enforcement requests. Funding for volunteer units supporting missions include travel costs, deployments and redeployments of units, expendable supplies, and contracted services. While supporting the missions of other agencies, DoD enhances its own military readiness.

DEPARTMENT OF DEFENSE

Program: Tethered Aerostat Radar System

Resource Information:

	FY 2010 Enacted (000)	FY 2011 President's Budget (000)	Delta (FY 2011 over FY 2010) (000)
Base Resources	34,093	34,307	214
Incremental Increase/Decrease	-	-	-
PROGRAM TOTAL	34,093	34,307	214

Program Description:

Tethered Aerostat Radar Systems (TARS) provide USNORTHCOM with a persistent, low-altitude, small target surveillance capability that is critical for the detection and monitoring of aircraft meeting narcotics and narcoterrorism trafficking profiles at six sites along the Southwest Border (Yuma and Ft Huachuca, AZ; Deming, NM; Marfa, Eagle Pass, and Rio Grande, TX), a seventh site at Cudjoe Key, FL, and an eighth site at Lajas, PR. The program provides dedicated radar surveillance of the Southwest Border, Florida Straits, and Puerto Rico. Other users of TARS data include NORAD, U.S. Southern Command, DHS, and CBP. The program funds approximately 235 contract employees spanning the eight sites, the Contract Management Office, TARS Control Center, Engineering and Technical Services, and a Logistics Center. In addition, the program funds life cycle management, system enhancement, facility improvements, and government program management activities.

DEPARTMENT OF DEFENSE

Program: DoD AMOC Support

Resource Information:

	FY 2010 Enacted (000)	FY 2011 President's Budget (000)	Delta (FY 2011 over FY 2010) (000)
Base Resources	907	914	7
Incremental Increase/Decrease	-	-	-
PROGRAM TOTAL	907	914	7

Program Description:

DoD AMOC support provides Air National Guard (ANG) radar surveillance operators to support the AMOC. Operators provide radar surveillance, air track monitoring, and air track data recording and forwarding for identification of air tracks suspected of smuggling illegal drugs across U.S. borders. The seven ANG personnel perform liaison duties and operate radar display consoles. Personnel coordinate enforcement activity with participating law enforcement entities, USNORTHCOM, NORAD, and USAF Air Defense Sectors. Personnel provide direct support to the AMOC, to include intelligence analysis, communications sustainment, airspace surveillance/flight advisories, planning, and implementation of special missions, Battle Staff Support, and expertise in DoD Air Defense and data link operations.

DEPARTMENT OF DEFENSE

Program: USNORTHCOM Mexico Counternarcotics Operational Support

Resource Information:

	FY 2010 Enacted (000)	FY 2011 President's Budget (000)	Delta (FY 2011 over FY 2010) (000)
Base Resources	67,490	27,366	(40,124)
Incremental Increase/Decrease	-	-	-
PROGRAM TOTAL	67,490	27,366	(40,124)

Program Description:

USNORTHCOM Mexico Counternarcotics Operational Support maintains, repairs, or upgrades existing equipment; trains security forces personnel; provides transportation, intelligence analysis, command and control, and aerial reconnaissance; and establishes bases of operations or training facilities. CONUS and OCONUS counternarcotics training is directed at sustaining operational capabilities.

DEPARTMENT OF DEFENSE

Program: USNORTHCOM Enhanced Section 1033 Support

Resource Information:

	FY 2010 Enacted (000)	FY 2011 President's Budget (000)	Delta (FY 2011 over FY 2010) (000)
Base Resources	5,720	26,862	21,142
Incremental Increase/Decrease	-	-	-
PROGRAM TOTAL	5,720	26,862	21,142

Program Description:

USNORTHCOM Enhanced Section 1033 Support includes the transfer of non-lethal protective and utility personnel equipment, the transfer and repair of non-lethal specialized equipment (including communications, photographic, radar, night vision), and the maintenance and repair of equipment for Mexico.

**DEPARTMENT OF HOMELAND SECURITY
U.S. CUSTOMS AND BORDER PROTECTION (CBP)**

Program: Office of Border Patrol

Resource Information:

	FY 2010 Enacted (000)	FY 2011 President's Budget (000)	Delta (FY 2011 over FY 2010) (000)
Base Resources	457,766	461,736	3,970
Incremental Increase/Decrease	3,589	-	(3,589)
PROGRAM TOTAL	461,355	461,736	381

Program Description:

CBP's Border Patrol is responsible for controlling almost 2,000 miles of land borders between ports of entry with Mexico. Border Patrol agents are assigned to the mission of detecting and apprehending illegal entrants between the ports of entry. These illegal entries include aliens and drug smugglers, potential terrorists, wanted criminals, and persons seeking to avoid inspection at the designated ports of entry due to their undocumented status.

The Border Patrol incorporates technology, infrastructure, personnel, and intelligence capabilities as critical elements of effective border interdiction efforts. Utilizing the proper mix of these elements is essential to the Border Patrol's operations to detect, identify, classify, and respond to all illegal cross-border activities. A multi-layered defense provides the best enforcement posture for detecting and seizing illegal drugs. This multi-layered defense includes enhancements to Border Patrol checkpoints, the expansion of canine capabilities, the use of non-intrusive inspection (NII) equipment, and the leveraging of other resources that improve detection capabilities near checkpoints. Additional agents and resources dedicated to detection and interdiction activities at and around checkpoints have made a positive impact on counternarcotics efforts in the Southwest Border region.

The Border Patrol establishes and maintains effective partnerships, formal and informal, with State and local law enforcement agencies, as well as other Federal agencies that have an interest in the border regions. Border Patrol assigns positions to various partnerships to increase the efficiency and achievement of CBP's southbound operations. For instance, Border Patrol has increased the presence of its agents assigned to ICE BESTs to address border crime and associated violence. Border Patrol also works closely with the High Intensity Drug Trafficking Area task forces to continue to improve collaborative enforcement efforts. Another example is the innovative drug-trafficking prevention program Operation Detour, which targets teenagers and is meant to deter them from trafficking before drug organizations reach them. Operation Detour includes showing videos to high school students depicting the dangers of drug trafficking.

Operation Stonegarden, a FEMA grant program operated by Border Patrol, utilizes grants awarded to State, local, and tribal agencies to enhance border security by funding an increased

law enforcement presence in areas along the border. Within this operation, the Yuma Sector initiated the Operation Citation program to better facilitate the successful disposition of personal-use marijuana cases generated in the Yuma Sector. This operation is a cooperative effort with the Yuma County Attorney's Office and Yuma County Sheriff's Office.

Further, the Border Patrol maintains international partnerships, primarily with agencies of the Governments of Mexico and Canada, to enhance border security. In coordination with DHS, CBP has engaged in Mexico, Central America, the Dominican Republic, and Haiti on the Mérida Initiative in an effort to reduce drug demand, stop the flow of weapons moving south, and confront gangs and cross-border organizations.

**DEPARTMENT OF HOMELAND SECURITY
U.S. CUSTOMS AND BORDER PROTECTION (CBP)**

Program: Office of Field Operations

Resource Information:

	FY 2010 Enacted (000)	FY 2011 President's Budget (000)	Delta (FY 2011 over FY 2010) (000)
Base Resources	164,076	225,661	61,585
Incremental Increase/Decrease	4,888	-	(4,888)
PROGRAM TOTAL	168,964	225,661	56,697

Program Description:

CBP officers and agriculture specialists are multi-disciplined and perform the full range of inspection, intelligence analysis, examination, and law enforcement activities relating to the arrival and departure of persons, conveyances, and merchandise at ports of entry. These enforcement activities prevent the entry of terrorists and instruments of terror, harmful pests and diseases, illegal drugs and contraband, illegal aliens, and importations/exportations contrary to law and trade agreements.

Inbound Activities

CBP's priorities on the Southwest Border are to sustain gains made in the San Diego and Tucson corridors and move the best practices of those efforts to the El Paso and Laredo corridors. CBP continues to run coordinated inbound and outbound enforcement operations along the Southwest Border. These operations include participation by ICE, Border Patrol, and State/local law enforcement agencies. These operations have proven to be successful in interdicting narcotics and outbound currency.

The Office of Field Operations (OFO) has coordinated efforts with Border Patrol and ICE in the establishment of the Alliance to Combat Transnational Threats (ACTT) in El Paso. A Unified Command structure has been established. ACTT El Paso began operations on June 20, 2010 with the deployment of 63 TDY officers. As of August 2010 that number has been reduced to 30 TDY officers.

OFO is currently deploying additional CBP officers to the Tucson Ports of Entry and is identifying CBP Officers that would be available for future deployments at the El Paso ports of entry to further enhance current enforcement efforts and allow for an increased tempo of operations.

Outbound Activities

On March 12, 2009, OFO re-established the Outbound Program Office in response to the ongoing issues pertaining to violence and firearms smuggling on the Southwest Border. CBP's outbound efforts are to ensure there are trained CBP officers able to conduct outbound operations

through adequate outbound facilities, equipment, and technology while working with international and other government law enforcement agencies. CBP employs a “pulse and surge²” strategy for outbound operations on the Southwest Border. This allows for immediate stand-down of outbound inspections to manage traffic flow departing the port of entry.

CBP currently has 16 permanently assigned currency/firearm detector dog teams deployed to Southwest Border ports of entry, and plans to deploy an additional four teams in FY 2010. There are currently a total of 16 low energy mobile imaging NII systems deployed to ports of entry along the Southwest Border.

Targeting

The National Targeting Center – Cargo (NTC-C) is conducting research on weapons shipments exported from select U.S. manufacturers. Through the NTC-C, such shipments are being identified and examined at the U.S. port of export to verify contents and quantities. Confirmation is obtained from Mexican authorities regarding the shipments, orders and expected delivery. These efforts help ensure the legitimacy of the shipments, and reduce the possibility of diversion.

Rail Inspections

All eight railroad crossings on the U.S.-Mexico border are conducting 100 percent scanning of outbound rail cars. Notification protocols have been developed with Mexican Customs for the inspection of suspect rail cars, since the cars themselves are on Mexican soil immediately after the U.S. Non-Intrusive Inspection technology scan. From March 2009 to end of May 2010, CBP has conducted 483,425 outbound laden NII scans and 214,756 empty NII scans along the entire SWB. From March 2009 to end of May 2010, CBP has conducted 229,232 outbound laden NII scans and 61,199 empty NII scans conducted at the Port of Laredo.

Bi-lateral Operations

CBP proposed joint, coordinated, bi-national intensified border operations in cooperation with the Government of Mexico (GOM), to be conducted on a quarterly basis at border locations to be mutually determined by both countries in advance.

As planned, the operations would consist of U.S. officials working enhanced outbound operations and GOM law enforcement officials working enhanced inbound operations, at two nearby ports of entry.

By operating at two nearby ports of entry/exit, bi-national intensified border enforcement efforts will: maximize the number of locations covered and the number of inspections conducted; reduce duplication of effort; maintain control of legitimate trade and travel; and reduce the possibility that travelers would be subjected to dual inspection.

A total of seven operations were conducted in FY 2009 – resulting in the seizure of \$59,800 in currency; 2 handguns; 99 rounds of ammunition, 55 grams of narcotics; and seizure of two vehicles. A total of eighteen operations have been conducted in FY 2010 - resulting in the

² “Pulse and surge” operations are short durations that involve periodic outbound inspections followed by periods without inspections.

seizure of over \$113,000 in currency, 5 stolen vehicles, and 23.75 kilograms of narcotics with more operations planned before the end of Fiscal Year 2010.

Outbound Infrastructure

Existing outbound infrastructure or lack thereof, has been catalogued for each SWB Field Office. Using \$10 million received from Fiscal Year 2009 Appropriations, CBP has initiated efforts to provide temporary/relocatable infrastructure for up to twenty-one crossings along the SWB. The infrastructure improvements includes: canopies for operations under inclement weather; improved lighting for night operations; traffic control devices for officer safety; connectivity to CBP automated databases; and vehicle arresting devices for those attempting to flee prosecution. Construction is expected to commence in February 2011 and completed by the end of June 2011.

Operation Cash Express

Operation Cash Express was an enforcement operation with ICE. The operation focused on the intensified examination of outbound parcels with bulk currency at two express courier facilities. Six teams of officers were deployed to assist in this operation along with three K-9 currency/firearms detection teams. Operation Cash Express was conducted during March 22-26, 2010. While there were no illicit currency or firearms seizures, the operation resulted in several seizures of narcotics transiting and exiting the United States.

Operation Broken Wing

The utilization of privately owned aircraft to smuggle illicit proceeds, controlled items and firearms from the United States to Mexico, South and Central America presents a challenge to U.S. Customs and Border Protection (CBP) interdiction efforts. This is a multi-agency effort being developed by OFO in coordination with Air & Marine (OAM) Border Patrol (OBP), the Office of Intelligence and Operations Coordination (OIOC) and ICE to establish countermeasures and actionable intelligence to target privately owned aircraft, focusing on abnormal diversions, aircraft of interest and unreported departures to CBP.

In FY 2010, CBP plans to expand the deployment of outbound license plate readers (LPRs) along the Southwest Border to increase the seizures of firearms and currency and the interdiction of stolen vehicles and fugitives. CBP also has identified requirements to enhance several automated systems, including the modification of the Automated Export System (AES), the upgrading of the Automated Targeting System – Outbound (ATS-AT), and the alignment of the Western Hemisphere Travel Initiative LPR and Automated Targeting System – Land (ATS-L) capabilities.

**DEPARTMENT OF HOMELAND SECURITY
U.S. CUSTOMS AND BORDER PROTECTION (CBP)**

Program: Office of Air and Marine

Resource Information:

	FY 2010 Enacted (000)	FY 2011 President's Budget (000)	Delta (FY 2011 over FY 2010) (000)
Base Resources	315,581	310,212	(5,368)
Incremental Increase/Decrease	-	-	-
PROGRAM TOTAL	315,581	310,212	(5,368)

Program Description:

OAM provides rapid-response surveillance and interdiction capabilities in areas where border enforcement is made difficult due to terrain or location. OAM agents use air and maritime assets to develop and sustain the detection and monitoring, interception, tracking, and apprehension of suspect targets along the Southwest Border to guard against illegal activity and border violations on the ground, air, or water. OAM provides air and maritime support to Border Patrol, OFO, and its interagency partners including ICE and DEA. Within OAM, there are several simultaneous programs that optimize CBP's deterrent and interdiction capabilities along the Southwest Border:

The OAM Southwest Region (SWR) has overall situational awareness of 23 aviation and marine units located from San Diego, California to Houston, Texas, spanning over 2,000 miles of international border. The SWR's ongoing mission is to provide its directors with the correct aviation and maritime assets, personnel, and operational budget to accomplish their missions. The SWR has continuous oversight of: aviation operations; training and evaluation of equipment; personnel and asset relocation; as well as administrative, facilities, budgetary, and disciplinary actions occurring within the region.

AMOC detects, tracks and coordinates response activities related to suspect aircraft along the Southwest Border with other DHS component agencies (USCG, ICE, Border Patrol), the Department of Defense, the El Paso Intelligence Center, and other Federal, State, and local authorities, as well as with other interagency task forces, and with Mexican authorities. AMOC has historically engaged in close coordination with the Government of Mexico and with Mexican law enforcement personnel. Recently, the AMOC developed tracking and intelligence data on Southwest Border ultralight incursions into the United States.

Information Analysis Center (IAC), Mexico City: OAM has two permanently assigned positions and temporarily assigned personnel at the Information Analysis Center (IAC) at the U.S. Embassy in Mexico City, Mexico. These OAM team members contribute to closer bilateral cooperation with Mexico, enhancing the potential to identify more air, land, and maritime threats bound for the United States and improving our ability to respond to those threats. This center

develops actionable intelligence that is shared among the agencies that participate in the program and between the Governments of Mexico and United States.

Unmanned Aircraft System (UAS) Operations: Three OAM UAS are operating along the Southwest Border, with operations based out of Fort Huachuca, Arizona. In 2009, while performing border security missions, OAM UAS flew more than 2,000 hours and responded to more than 5,200 ground sensor activations; 2,900 resulted in the identification of suspected illegal activity, such as human or narcotics smuggling. These flight hours directly contributed to the seizure of more than 12,000 pounds of narcotics and the apprehension of more than 1,500 suspects.

**DEPARTMENT OF HOMELAND SECURITY
U.S. IMMIGRATION AND CUSTOMS ENFORCEMENT (ICE)**

Program: Office of Investigations (Domestic Investigations)

Resource Information:

	FY 2010 Enacted (000)	FY 2011 President's Budget (000)	Delta (FY 2011 over FY 2010) (000)
Base Resources	48,900	48,900	-
Incremental Increase/Decrease	-	51,100	51,100
PROGRAM TOTAL	48,900	100,000	51,100

Program Description:

ICE launched the Southwest Border Enforcement Initiative in FY 2009 to enhance national security by expanding activities to control our borders. A primary goal of this initiative is to substantially reduce the flow of illicit drugs, drug proceeds, and associated instruments of violence across the Southwest Border. In order to accomplish these goals, Homeland Security Investigations (HSI) has increased enforcement staffing levels and expanded the use of the BESTs along the Southwest Border. Through BESTs, DHS law enforcement agencies work cooperatively with DEA, ATF, FBI, U.S. Attorney's Offices and other key Federal, State, local, and foreign law enforcement agencies to develop a comprehensive approach that identifies, disrupts, and dismantles criminal organizations posing significant threats to border security. BESTs were developed in response to the increased threat from cross-border smuggling and trafficking organizations operating along our Nation's borders. ICE plans to increase staffing levels and expand the use of the Southwest Border BESTs in FY 2010. ICE has also increased efforts along the Southwest Border to improve counterdrug technologies and enhance U.S.-Mexico cooperation. Each of these efforts will work to further strengthen the program's ability to dismantle the leadership and supporting infrastructure of the criminal organizations responsible for perpetrating violence and illegal activity along our borders and in the Nations' interior.

Resources also support the increased efforts by ICE along the Southwest Border to identify, disrupt, and dismantle criminal organizations that pose threats to the Nation's border security. ICE conducts threat assessments and develops target folders identifying individuals, organizations, and other entities that constitute the enablers responsible for the movement of illicit drugs, firearms, and drug proceeds across the Southwest Border. ICE has worked to develop an effective, coordinated, and comprehensive response to the threat of illegal weapons smuggling/trafficking from the United States into Mexico, and to support Mexico's broader efforts to deny drug trafficking organizations access to arms from other international sources. Enhancement funds also enable ICE to conduct investigations and specialized investigative training focused on bulk cash smuggling. Bulk cash fuels both Mexican drug trafficking organizations and their illicit drug suppliers in South America through an elaborate money

laundering network. The process of moving bulk cash out of the country and its eventual repatriation presents vulnerabilities and intelligence which U.S. law enforcement can exploit to identify and disassemble illicit drug organizations.

**DEPARTMENT OF HOMELAND SECURITY
U.S. IMMIGRATION AND CUSTOMS ENFORCEMENT (ICE)**

Program: Office of Intelligence

Resource Information:

	FY 2010 Enacted (000)	FY 2011 President's Budget (000)	Delta (FY 2011 over FY 2010) (000)
Base Resources	6,400	6,400	-
Incremental Increase/Decrease	-	1,500	1,500
PROGRAM TOTAL	6,400	7,900	1,500

Program Description:

The Office of Intelligence works within the DHS Intelligence Enterprise to enhance coordination and harmonization of intelligence and information collection, analysis, and dissemination among the Intelligence Community and law enforcement agencies with Southwest Border counterdrug intelligence responsibilities, such as the Border Violence Intelligence Cell, BESTs, State and Local Fusion Centers, ATF, and Government of Mexico partner agencies.

**DEPARTMENT OF HOMELAND SECURITY
IMMIGRATION AND CUSTOMS ENFORCMENT (ICE)**

Program: Office of International Affairs (International Investigations)

Resource Information:

	FY 2010 Enacted (000)	FY 2011 President's Budget (000)	Delta (FY 2011 over FY 2010) (000)
Base Resources	975	975	-
Incremental Increase/Decrease	-	325	325
PROGRAM TOTAL	975	1,300	325

Program Description:

ICE Attaché Mexico City and its subordinate offices support ICE investigative programs, multilateral initiatives, and joint agency commitments. Attaché Mexico City personnel work closely with vetted Mexican law enforcement and intelligence officers to further cooperative efforts in dismantling criminal organizations operating in Mexico through efforts that disrupt the flow of illicit drugs, drug proceeds, and associated instruments of violence across the Southwest Border. The Office of International Affairs supports U.S. drug control policy by supporting the overall ICE mandate to detect, disrupt, and dismantle organizations smuggling contraband (including narcotics) into the United States.

**DEPARTMENT OF JUSTICE
BUREAU OF ALCOHOL, TOBACCO, FIREARMS AND EXPLOSIVES**

Program: Southwest Border Enforcement/Project Gunrunner

Resource Information:

	FY 2010 Enacted (000)	FY 2011 President's Budget (000)	Delta (FY 2011 over FY 2010) (000)
Base Resources	41,940	69,154	27,214
Incremental Increase/Decrease	17,989	11,815	(6,174)
PROGRAM TOTAL	59,929	80,969	21,040

Program Description:

ATF's increased presence is a key element in the effort to combat increasing violence within Mexico and along the U.S. border. ATF's Project Gunrunner continues to provide substantive information to ATF agents and investigators. In FY 2009, ATF seized 2,589 firearms and 265,500 rounds of ammunition destined for the Southwest Border, and investigated 179 Southwest Border firearms trafficking cases nationwide. In those cases, ATF obtained evidence that 4,964 firearms were trafficked to Mexico. In addition, ATF referred 355 cases and 686 defendants for prosecution under Project Gunrunner. In the first quarter of Fiscal Year 2010, ATF referred 42 cases and 113 defendants for prosecution under Project Gunrunner. ATF also obtained evidence that 323 firearms were trafficked to Mexico and seized a total of 280 firearms and 243,841 rounds of ammunition.

The FY 2010 Southwest Border initiative is part of the Department of Justice's strategy to reduce cross-border weapons trafficking and the extremely high level of violence associated with these activities. This initiative supports a concerted strategy to meet the threats that affect the U.S. – Mexico border, and ATF's primary role in this strategy is to stem the illegal trafficking in weapons across the border and to reduce firearms-driven violence occurring on both sides of the border. This initiative supports establishment of two Project Gunrunner teams in the Southwest Border region, specifically El Paso, TX, and Tucson, AZ, and eight Special Agents in four Mexican locations, (Guadalajara, Hermosillo, Mérida, and Mexico City). Additionally, 41 Industry Operations Investigators are added to the Dallas, Houston, Phoenix, and Los Angeles Field Divisions with increased ATF intelligence staffing at the El Paso Intelligence Center.

ATF initiated Project Gunrunner in recognition of the growing violence along the border and the resulting threat to our national security. During FY 2009, as part of the American Recovery and Reinvestment Act, ATF received \$10 million for Project Gunrunner, to include hiring 25 new special agents, 6 industry operations investigators, 3 intelligence research specialists, and 3 investigative analysts. This funding has been annualized and is being requested as part of the President's FY 2011 budget request.

**DEPARTMENT OF JUSTICE
OFFICE OF JUSTICE PROGRAMS**

Program: Southwest Border Prosecutor Initiative

Resource Information:

	FY 2010 Enacted (000)	FY 2011 President's Budget (000)	Delta (FY 2011 over FY 2010) (000)
Base Resources	31,000	0	(31,000)
Incremental Increase/Decrease	-	-	-
PROGRAM TOTAL	31,000	-	(31,000)

Program Description:

The Southwest Border Prosecutor Initiative (SWBPI) provides reimbursement to support approved prosecution and pre-trial detention costs for cases formally referred to local prosecutors by the U.S. Attorneys' Offices, as well as for cases diverted from Federal prosecution by law enforcement pursuant to a locally negotiated agreement. The program provides funding for local prosecutor offices in the four southern U.S. border states (California, Texas, Arizona, and New Mexico). No funding is requested for this program in FY 2011.

**DEPARTMENT OF JUSTICE
U.S. MARSHALS SERVICE**

Program: Southwest Border Activities

Resource Information:

	FY 2010 Enacted (000)	FY 2011 President's Budget (000)	Delta (FY 2011 over FY 2010) (000)
Base Resources	22,773	42,639	19,866
Incremental Increase/Decrease	20,843	-	-
PROGRAM TOTAL	43,616	42,639	(977)

Program Description:

The U.S. Marshals Service supports fugitive apprehension operations associated with the Southwest Border by supporting Mexico City Foreign Field Office operations, special enforcement operations of the Southwest Border and Mexico Investigative Liaison Districts, and Technical Operations Group surveillance missions. A percentage of USMS Southwest Border activities are related to drug enforcement. The percentage used for FY2010 and FY2011 is 24 percent.

**DEPARTMENT OF JUSTICE
DRUG ENFORCEMENT ADMINISTRATION**

Program: DEA Southwest Border and Mexico Resources

Resource Information:

	FY 2010 Enacted (000)	FY 2011 President's Budget (000)	Delta (FY 2011 over FY 2010) (000)
Base Resources	427,925	456,126	28,201
Incremental Increase/Decrease	25,575	54,247	28,672
PROGRAM TOTAL	453,500	510,373	56,873

Program Description:

DEA's Southwest Border initiatives are part of the larger Drug Flow Attack Strategy (DFAS) in the Western Hemisphere. DFAS is a multi-agency strategy designed to significantly disrupt the flow of drugs, money, and chemicals between the source zones and the United States by attacking vulnerabilities in the supply chains, transportation systems, and financial infrastructure of major drug trafficking organizations. DEA's current efforts on the Southwest Border involve over 1,900 DEA employees (including more than 1,100 Special Agents) across five domestic division offices, the El Paso Intelligence Center (EPIC), and 11 Mexico country and resident offices.

DEA's FY 2011 request includes \$510.4 million in Southwest Border-related funding; an increase of 13 percent over the FY 2010 enacted level. This request includes \$41.9 million in no-year construction funding for an expansion and renovation project to enlarge the existing EPIC facility. EPIC currently houses employees from 30 Federal, State, local, and foreign agencies. Demand from these agencies and other users for products, services, and office space has sky-rocketed over the last decade. Additionally, DEA has requested \$12.3 million in non-personnel funding to expand and reinforce its operations on the Southwest Border and in Mexico. This includes \$1.5 million to increase the capacity of EPIC's System Portal that provides online access to EPIC resources and \$10.8 million to target Mexican drug cartels by reinforcing DEA's partnerships with foreign counterparts through continued development of the Mexico Sensitive Investigative Unit (SIU) program.

DEA has several operational efforts along the Southwest Border targeting Mexican drug trafficking organizations. One example is Project Coronado, a 44-month multi-agency law enforcement investigation which targeted the La Familia Michoacana drug cartel. The La Familia cartel is one of the newest Mexican cartels, and they control drug manufacturing and distribution in and around the Mexican state of Michoacan. The cartel is directly responsible for a large majority of the methamphetamine and cocaine that is smuggled into the United States across the Southwest Border and contributes to the cycle of violence that is wracking Mexico. Project Coronado resulted in the arrest of 1,186 individuals and the seizure of approximately \$33 million in U.S. currency, 2 metric tons of cocaine, 2,370 pounds of methamphetamine, 29

pounds of heroin, 16,390 pounds of marijuana, 389 weapons, 269 vehicles, and 2 clandestine drug labs.

EPIC is a further example of the emphasis DEA places on the Southwest Border. EPIC is a national tactical intelligence center that supports law enforcement efforts throughout the Western Hemisphere and is DEA's long-standing and most important intelligence sharing organization focusing on the Southwest Border. Much of EPIC's success can be attributed to the strong partnerships forged among the more than 30 agencies represented at the center, including representatives from foreign police organizations in Mexico and Colombia. DEA also has information sharing agreements with police agencies in all 50 states. Recent additions at EPIC include the ICE's Border Violence Intelligence Cell, the ATF Gun Desk, and the FBI's Southwest Intelligence Group. Through its 24-hour watch function, EPIC provides law enforcement agents, investigators, and analysts at all levels of government, throughout the United States and in some foreign nations, with immediate access to participating agencies' databases. This function is critical in the dissemination of relevant information in support of tactical and investigative activities, deconfliction, and officer safety. EPIC also provides significant direct tactical intelligence support to State and local law enforcement agencies, especially in the areas of clandestine laboratory investigations and highway interdiction efforts.

**DEPARTMENT OF JUSTICE
UNITED STATES ATTORNEYS**

Program: Prosecutions

Resource Information:

	FY 2010 Enacted (000)	FY 2011 President's Budget (000)	Delta (FY 2011 over FY 2010) (000)
Base Resources	167,706	175,205	7,499
Incremental Increase/Decrease	4,064	0	(4,064)
PROGRAM TOTAL	171,770	175,205	3,435

*Please note the resources provided above do not include OCDETF funded positions and corresponding resources.

Program Description:

In FY 2010, the U.S. Attorneys have 1,159 full-time equivalents (FTE) and \$171.8 million available for drug-related prosecutions along the Southwest Border. The FY 2010 enacted budget provided an increase of \$4.1 million; 35 positions and 17 FTE for illegal immigration and Southwest Border enforcement (FY 2010 final position allocations have not yet been determined, the FY 2010 incremental increase presented above is the best estimate available at this time). These resources will be used to prosecute offenses in the five Southwest Border districts. The President's FY 2011 budget request does not include any increases specific to Southwest Border enforcement.

Recent program enhancements have sought to increase attorney and support staff resources to address the growing volume and complexity of Southwest Border drug cases.

**DEPARTMENT OF JUSTICE
INTERAGENCY CRIME DRUG ENFORCEMENT**

Program: Organized Crime Drug Enforcement Task Force

Resource Information:

	FY 2010 Enacted (000)	FY 2011 President's Budget (000)	Delta (FY 2011 over FY 2010) (000)
Base Resources	135,380	138,815	3,435
Incremental Increase/Decrease	-	37,339	37,339
PROGRAM TOTAL	135,380	176,154	40,774

Program Description:

OCDETF is seeking approximately \$37.4 million to support OCDETF's efforts to dismantle organizations moving drugs, guns, and illicit drug proceeds across the Southwest Border of the United States. Because of the major threat that Mexico-based drug trafficking organizations pose, the OCDETF Program is requesting 158 new positions to strengthen its ongoing efforts to stem the flow of drugs supplied by the major cartels operating in Southwest Border region.

**DEPARTMENT OF JUSTICE
FEDERAL BUREAU OF INVESTIGATION**

Program: Southwest Border Activities

Resource Information:

	FY 2010 Enacted (000)	FY 2011 President's Budget (000)	Delta (FY 2011 over FY 2010)* (000)
Base Resources	36,803	37,620	817
Incremental Increase/Decrease	1,869	-	(1,869)
PROGRAM TOTAL	38,672	37,620	(1,052)

*Second year costs for new positions are lower than first year costs which is reflected in the net decrease in FY 2011 over FY 2010.

Program Description:

The FBI resources are for expenses of the eight field offices along or in close proximity to the Mexican border: San Diego, Los Angeles, Phoenix, Albuquerque, El Paso, Dallas, San Antonio, and Houston, as well as the expenses for the Southwest Intelligence Group (SWIG), which was initiated in FY 2009.

The FBI has taken aggressive steps to address criminal threats along the Southwest Border, and collaboration with law enforcement partners will play a major role in carrying out the initiatives. The following provides a high-level summary of the FBI's work on the Southwest Border:

Southwest Intelligence Group (SWIG)

- The FBI has created the Southwest Intelligence Group (SWIG) to be a clearinghouse for all FBI activities involving Mexico. The SWIG serves the Legal Attaché in Mexico City, each of the Southwest Border Special Agents in Charge, and FBI headquarters.

Central American Fingerprint Exchange (CAFÉ)

- CAFÉ was developed to collect and store existing biometric data/fingerprint records from El Salvador, Guatemala, Belize, Honduras, as well as Chiapas, Mexico.
- These records are being integrated into the general database of the FBI's Criminal Justice Information Services Division, and will be accessible to all local, State, and Federal agencies in the U.S. through the Integrated Automated Fingerprint Identification System (IAFIS).
- CAFÉ will enable participating countries to conduct fingerprint identification and analysis by providing system hardware and training.

Transnational Anti-Gang (TAG)

- The FBI's MS-13 National Gang Task Force (NGTF) has created and implemented the Transnational Anti-Gang (TAG) Task Force to assist in combating the growing threat posed

by transnational gangs and drug cartels in Latin America. The objective of the TAG is to aggressively investigate, disrupt, and dismantle gangs whose activities rise to the level of criminal enterprises.

- TAG combines the expertise, resources, and jurisdiction of participating agencies involved in investigating and countering transnational criminal gang activity, specifically MS-13 and 18th Street, in the United States, El Salvador, Honduras, Guatemala, and Mexico.
- Through information sharing and open communication with the Policia Nacional Civil (PNC) of El Salvador, the TAG is in a position to acquire and disseminate valuable information previously unavailable to FBI field offices. Utilizing the support of host countries and participating law enforcement agencies, the TAG employs a comprehensive approach to address the threat which MS-13 and 18th Street present to the United States, as well as Central America.

**DEPARTMENT OF JUSTICE
CRIMINAL DIVISION**

Program: Southwest Border Activities

Resource Information: (Includes Criminal Division direct and OCDETF-funded Southwest Border programs)

	FY 2010 Enacted (000)	FY 2011 President's Budget (000)	Delta (FY 2011 over FY 2010) (000)
Base Resources	12,533	13,099	566
Incremental Increase/Decrease	122	550	428
PROGRAM TOTAL	12,655	13,649	994

Program Description:

Southwest Border

DOJ's Criminal Division's implementation of the National Southwest Border Counternarcotics Strategy is multifaceted, including on-the-ground operations both in the United States and in Mexico, support of U.S. Attorneys' Offices and state and local prosecutors, as well as robust and comprehensive training of our Mexican counterparts.

For example, the Division's Narcotic and Dangerous Drug Section (NDDS) not only investigates and prosecutes Mexican cartels, but it provides direct support to DEA's Special Operations Division, which plays a critical coordination role in multi-district and international investigations of sophisticated drug trafficking organizations. Attorneys from NDDS' Wiretap Unit also support Southwest Border-related drug investigations and prosecutions in U.S. Attorneys' Offices, as well as OCDETF's efforts to reduce methamphetamine production in Mexico and its trafficking across the Southwest Border. Finally, NDDS, in collaboration with DEA, has developed and implemented a very significant project in which DOJ prosecutors both in Washington and across the United States train and mentor on a long-term basis Mexican prosecutors assigned to vetted units.

Working hand-in-hand with our partners in the U.S. Attorney's Offices, the Division's Gang Unit investigates and prosecutes allegations of gang violence both along the Southwest Border region and throughout the United States. The Unit also focuses on the illicit trafficking of firearms across the U.S. border.

The Division's Office of Enforcement Operations (OEO) provides direct operational support to federal prosecutors by reviewing electronic surveillance (Title III) applications and by providing guidance to agents and prosecutors on preparing such applications. The vast majority of OEO's caseload is drug-related, and a significant portion of that involves targets and investigations along the Southwest Border.

The Division's Office of International Affairs (OIA) facilitates governmental interaction between U.S. Federal, State, and local prosecutors and our Mexican counterparts, particularly through the Office's Mexico City Attaché and Deputy Attaché and a dedicated team stationed in Washington, DC. OIA's expertise focuses on the collection and exchange of evidence located on opposite sides of the border, as well as operational guidance and support in the return of fugitives from U.S. justice through such methods as deportation, expulsion, or through formal extradition. OIA has provided and continues to provide technical assistance to Mexican officials on how to prepare extradition requests to obtain extradition of persons located in the United States.

The Division's Asset Forfeiture and Money Laundering Section (AFMLS), in collaboration with the U.S. Marshals Service, works with Mexican counterparts to strengthen Mexico's institutional framework and capacity on managing seized and forfeited assets. AFMLS also provides technical assistance to Mexican officials on how to implement Mexico's 2009 non-conviction-based forfeiture legislation.

Because of the critical need to enhance Mexico's capacity to combat drug cartels, the Criminal Division is investing substantial resources in providing technical assistance to Mexico's prosecutors and investigators. For example, the Division's Office of Overseas Prosecutorial Development, Assistance, and Training (OPDAT) has Resident Legal Advisors (RLAs) in Mexico responsible for implementing an energetic program of technical assistance, including transition to an accusatory system of justice (assistance in drafting a new criminal procedure code and trial advocacy training) and training on corruption, money laundering, and evidence chain-of-custody. In response to a request from Mexico's SSP, OPDAT and other DOJ components contributed personnel and expertise to help train over 4,800 Mexican SSP recruits and attorneys. The Division's International Criminal Investigative Training Assistance Program (ICITAP) coordinated DOJ's manpower-intensive contribution to this important SSP training effort. ICITAP has also been funded through the Merida Initiative to provide training and technical assistance to increase the capacity and capability of the forensics units within the SSP and the PRG.

**DEPARTMENT OF JUSTICE
OFFICE OF THE FEDERAL DETENTION TRUSTEE (OFDT)**

Program: Southwest Border Detention Services

Resource Information:

	FY 2010 Enacted (000)	FY 2011 President's Budget (000)	Delta (FY 2011 over FY 2010) (000)
Base Resources	149,200	151,500	2,300
Incremental Increase/Decrease	2,300	8,200	5,900
PROGRAM TOTAL	151,500	159,700	8,200

Program Description:

OFDT provides funding to the USMS to support housing for drug arrests along the Southwest Border and those detained while awaiting trial. For FY 2010, OFDT estimates that the average daily population of drug defendants detained along the Southwest Border will be approximately 6,400. The annual cost of housing these defendants during FY 2010 is \$151.5 million. For FY 2011, this average daily population is expected to increase to 6,700, at an annual cost of \$159.7 million.

**DEPARTMENT OF STATE
BUREAU OF INTERNATIONAL NARCOTICS AND LAW ENFORCEMENT**

Program: Mérida Initiative**Resource Information:**

	FY 2010 Estimate (000)	FY 2011 President's Budget (000)	Delta (FY 2011 over FY 2010) (000)
Base Resources			
INCLE	459,000		
FMF	265,250		
ESF		292,000	167,000
		8,000	(257,250)
	9,000	10,000	(51,000)
Incremental Increase/Decrease	-	-	-
PROGRAM TOTAL	564733,250	310,000	(254,250)

Note: FY 2010 Estimate for Mérida includes \$354 million of FY2009 Spring Supplemental that was forward funded. \$260 million was forward-funded to FMF Mérida and \$94 million was forward funded to INCLE Mérida. The FY 2010 Estimate also includes \$175 million in unrequested INCLE funding.

Program Description:

In order to tackle the immediate security challenges faced by the Mexican Government and the national security implications for the United States, the overall objectives of this assistance are to break the power and impunity of criminal organizations; strengthen border, air, and maritime controls; improve the capacity of justice systems in the region to conduct investigations and prosecutions; consolidate the rule of law, protect human rights, and reform prison management; curtail criminal gang activity; and reduce the demand for drugs throughout the region. The President's FY2011 Budget request marks the transition of the Mérida Initiative from equipment support toward the implementation of a long-term bilateral program focused on training, technical assistance, and the provision of subject matter experts across the criminal justice sectors. Besides Federal support, one area of focus will be to implement a holistic program in prioritized locations; this multi-faceted approach could become a replicable model for use across the country.

Programs to increase Mexican capacity and to institutionalize our partnership will focus on the following four pillars: **Disrupt Organized Criminal Groups:** The United States and Mexico will continue to collaborate to disrupt and dismantle organized criminal groups; **Institutionalize Reforms to Sustain Rule of Law and Respect for Human Rights:** The United States will partner with Mexico to help institutionalize justice-sector reforms to sustain the rule of law and respect for human rights; **Create a 21st Century Border:** Our goal is to create efficient, economically competitive border crossings along the U.S./Mexican border that ensure "secure two-way flows" of travelers and trade; and **Build Strong and Resilient Communities:** We will

support Mexico's efforts to enhance the rule of law and promote respect for human rights by targeting specific areas to advance goals, such as reducing drug demand; fostering a culture of lawfulness; cross-sector actions to reduce and prevent crime and violence; strengthening civil society networks; and building sustainable economic opportunities. The United States will support specific, geographically focused programs that advance these goals.

International Narcotics Control and Law Enforcement (\$292 million):

The United States will provide training and technical assistance to Federal (SSP), State, and local law enforcement and interdiction activities, as well as expand vetted units and improve operational development and integrity, to disrupt organized criminal groups. Money laundering and financial crime will become an increased priority, with U.S. assistance to help the Government of Mexico to disrupt money laundering by facilitating the bilateral sharing of strategic and tactical information relating to ongoing investigations. Funding will also support the proposed reform of the justice sector (including the expansion of an accusatorial system and the revamping of Mexico's code of criminal procedure) and provide training and technical assistance to all players to ensure effective prosecutions. Border surveillance and control will be strengthened through training, technical assistance, and equipment. Programs will also encourage the creation and implementation of strategies to reduce the demand for illegal drugs, protect human rights, and empower further citizen activism.

Foreign Military Financing (\$8 million)

The United States will provide resources to help enable the Mexican military to play a transitional role in support of public security. FMF funds will be used to procure individual and unit equipment for Mexico's Special Forces to have the capacity to conduct night operations in support of the fight against drug trafficking organizations. Individual equipment purchased may include night vision devices, accessories for weapons, and body armor; unit equipment may include infrared and white light strobes. In addition, FMF funds will be used to provide secure communications for Mexican marines, including troops supporting efforts to secure Mexico's southern border with Belize and Guatemala.

Economic Support Funds (\$10 million)

The United States will continue to play a vital role in advancing rule of law by promoting the implementation of the new criminal justice system. Support will be provided for Federal and State justice systems as they transition from a written inquisitorial system of justice to an oral accusatorial system, as required by the 2008 constitutional reforms. Cooperation on reducing corruption and advancing human rights will remain central themes of U.S. assistance to Mexico. The U.S. will continue to provide technical assistance to justice sector personnel in the drafting and implementation of oral adversarial codes of criminal procedure. The United States will also support community crime prevention initiatives aimed at addressing the underlying causes of crime and violence, and will help build community capacity to resist crime and effectively collaborate with institutions and law enforcement-based security efforts.

Appendix II: Summary of the National Southwest Border Counternarcotics Strategy

Overview:

The National Southwest Border Counternarcotics Strategy was publicly released on June 5, 2009, by Director Kerlikowske, Attorney General Holder, and Secretary Napolitano in New Mexico.

The National Southwest Border Counternarcotics Strategy:

The National Southwest Border Counternarcotics Strategy includes the following strategic goal and six strategic objectives:

- **Strategic Goal:** Substantially reduce the flow of illicit drugs, drug proceeds, and associated instruments of violence across the Southwest Border.
- **Strategic Objectives:**
 1. Enhance intelligence capabilities associated with the Southwest Border.
 2. Interdict drugs, drug proceeds, and associated instruments of violence at the ports of entry, between the ports of entry, and in the air and maritime domains along the Southwest Border.
 3. Ensure the prosecution of all significant drug trafficking, money laundering, bulk currency, and weapons smuggling/trafficking cases.
 4. Disrupt and dismantle drug trafficking organizations.
 5. Enhance counterdrug technologies for drug detection and interdiction along the Southwest Border.
 6. Enhance U.S.–Mexico cooperation regarding joint counterdrug efforts.

Chapters and Supporting Actions:

The strategy document includes nine Chapters and their corresponding supporting actions:

1. **Intelligence and Information Sharing**
 1. Enhance coordination and, where possible, harmonization of intelligence and information collection, analysis, and dissemination among Intelligence Community (IC) and law enforcement agencies with Southwest Border counterdrug intelligence responsibilities
 2. Enhance intelligence and information sharing collaboration
2. **At the Ports of Entry**
 1. Use state-of-the-art detection technology, resources, and training to interdict drugs and other contraband
 2. Improve targeting of border threats
3. **Between the Ports of Entry**
 1. Expand the operational capabilities of U.S. personnel at or near the border
 2. Improve coordinated operations and partnerships on the Southwest Border
4. **Air and Marine**
 1. Sustain the air and marine presence along the Southwest Border
 2. Enhance bilateral air cooperation
 3. Collect comprehensive information on the air and maritime threat
5. **Investigations and Prosecutions**
 1. Increase the presence of U.S. law enforcement liaisons in Mexico
 2. Enhance intelligence support to investigations

3. Increase prosecutorial and judicial resources dedicated to Mexico and Southwest Border investigations
 4. Increase judicial cooperation with Mexico
 5. Attack corruption involving domestic public officials along the Southwest Border
 6. Attack foreign official corruption that supports drug trafficking and related crimes
- 6. Money**
1. Stem the flow of outbound bulk cash smuggling
 2. Identify, investigate, and prosecute the illegal use of money services businesses and the illegal use of electronic payment devices in schemes to launder money
 3. Prioritize and increase targeted financial sanctions
 4. Enhance and utilize multilateral mechanisms
 5. Improve statistical measures for assessing the money laundering threat
- 7. Weapons**
1. Improve intelligence and information sharing relating to illegal weapons smuggling/trafficking
 2. Increase the interdiction of illegal shipments to Mexico
 3. Enhance cooperation with international partners in weapons smuggling/trafficking investigations
 4. Strengthen domestic coordination on weapons smuggling/trafficking investigations
 5. Work with U.S. Congress and key stakeholders to enhance the effectiveness of law enforcement agencies countering illegal arms smuggling/trafficking
 6. Increase the likelihood of successful Federal prosecution for illegal weapons trafficking
- 8. Technology**
1. Employ state-of-the-art detection technology to interdict drugs and other contraband
 2. Improve officer safety technologies and provide tools and technologies to law enforcement officers so they can perform their missions more efficiently, effectively, and safely
 3. Improve sensor, data fusion, and data sharing technologies
 4. Enhance communication and intelligence technologies
 5. Develop capabilities to detect, identify, track, and interdict small vessels, including self-propelled semi-submersible boats
- 9. Cooperation with Mexico**
1. Support continued bilateral efforts to stem the flow of drugs, money, and weapons across our shared border
 2. Continue to execute Mérida Initiative objectives and evaluate opportunities to expand on this initiative

The National Southwest Border Counternarcotics Strategy will be updated in 2011.

Acronyms

AMOC	Air and Marine Operations Center
ANG	Air National Guard
ATF	Bureau of Alcohol, Tobacco, Firearms and Explosives
BCS	Bulk Cash Smuggling
BCSC	ICE Bulk Cash Smuggling Center
BEST	ICE Border Enforcement Security Task Force
BLO	ATF Border Liaison Officer
Border Patrol	Office of Border Patrol
CBP	Customs and Border Protection
CISEN	Center for Research and National Security (Mexico)
CONUS	Continental United States
CTAC	ONDCP Counterdrug Technology Assessment Center
C-TPAT	Customs Trade Partnership Against Terrorism
DEA	Drug Enforcement Administration
DFAS	Drug Flow Attack Strategy
DHS	Department of Homeland Security
DLEA	Drug Law Enforcement Agency
DoD	Department of Defense
DOJ	Department of Justice
DOS	Department of State
EPIC	El Paso Intelligence Center
FBAR	Report of Foreign Bank and Financial Accounts
FBI	Federal Bureau of Investigation
FinCEN	Financial Crimes Enforcement Network
FTE	Full-Time Equivalent
HIDTA	High Intensity Drug Trafficking Area
HSI	ICE Homeland Security Investigations
HVTG	High Value Target Working Group
IAFLS	Integrated Automated Fingerprint Identification System
IBIS	Integrated Ballistic Identification System
ICE	Immigration and Customs Enforcement
IDENT	Automated Biometrics Identification System
IDP	Illegal Drug Program for Case Referrals
IRS	Internal Revenue Service
IRS-CI	IRS Criminal Investigation Division
ISR	Intelligence, Surveillance, and Reconnaissance
JTF-N	Joint Task Force - North
LEA	Law Enforcement Agency
LPR	License Plate Reader
NAS	Narcotics Affairs Section
NDDS	DOJ Narcotic and Dangerous Drug Section
NGTF	National Gang Task Force
NIBIN	National Integrated Ballistics Information Network
NIJ	National Institute of Justice

NORAD	North American Aerospace Defense Command
OAM	Office of Air and Marine
OCDETF	Organized Crime Drug Enforcement Task Force
OCONUS	Outside the Continental United States
OEO	DOJ Office of Enforcement Operations
OFDT	DOJ Office of the Federal Detention Trustee
OFO	Office of Field Operations
OIA	DOJ Office of International Affairs
ONDCP	Office of National Drug Control Policy
OPDAT	DOJ Office of Overseas Prosecutorial Development Assistance and Training
PGR	Office of the Attorney General (Mexico)
PNC	National Civil Police (El Salvador)
POE	Port of Entry
SAR	Suspicious Activity Report
SIAVE	Vehicle Screening System for Ports of Entry (Mexico)
SIEDO	Office of the Assistant Attorney General for Special Investigations in Organized Crime (Mexico)
SIU	Sensitive Investigations Unit
SSP	Secretariat of Public Security (Mexico)
S&T	Science and Technology Directorate
SWB	Southwest Border
SWBPI	Southwest Border Prosecutor Initiative
SWIG	Southwest Intelligence Group
TAG	Transnational Anti-Gang Initiative
TARS	Tethered Aerostat Radar System
TSA	Transportation Security Administration
UNITO	Tactical-Operative Intelligence Unit (Mexico)
USCG	U.S. Coast Guard
USMS	U.S. Marshals Service
USNORTHCOM	U.S. Northern Command
VACIS	Vehicle and Container Inspection System
WVTF	Weapons Virtual Task Force



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



Arizona High Intensity Drug Trafficking Area



Drug Market Analysis 2010

HOGR ATF 000073

HOCR ATF 000074



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



2010-R0813-002

July 2010

**Arizona
High Intensity Drug
Trafficking Area**



Drug Market Analysis 2010

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

HOCR ATF 000075

Table of Contents

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



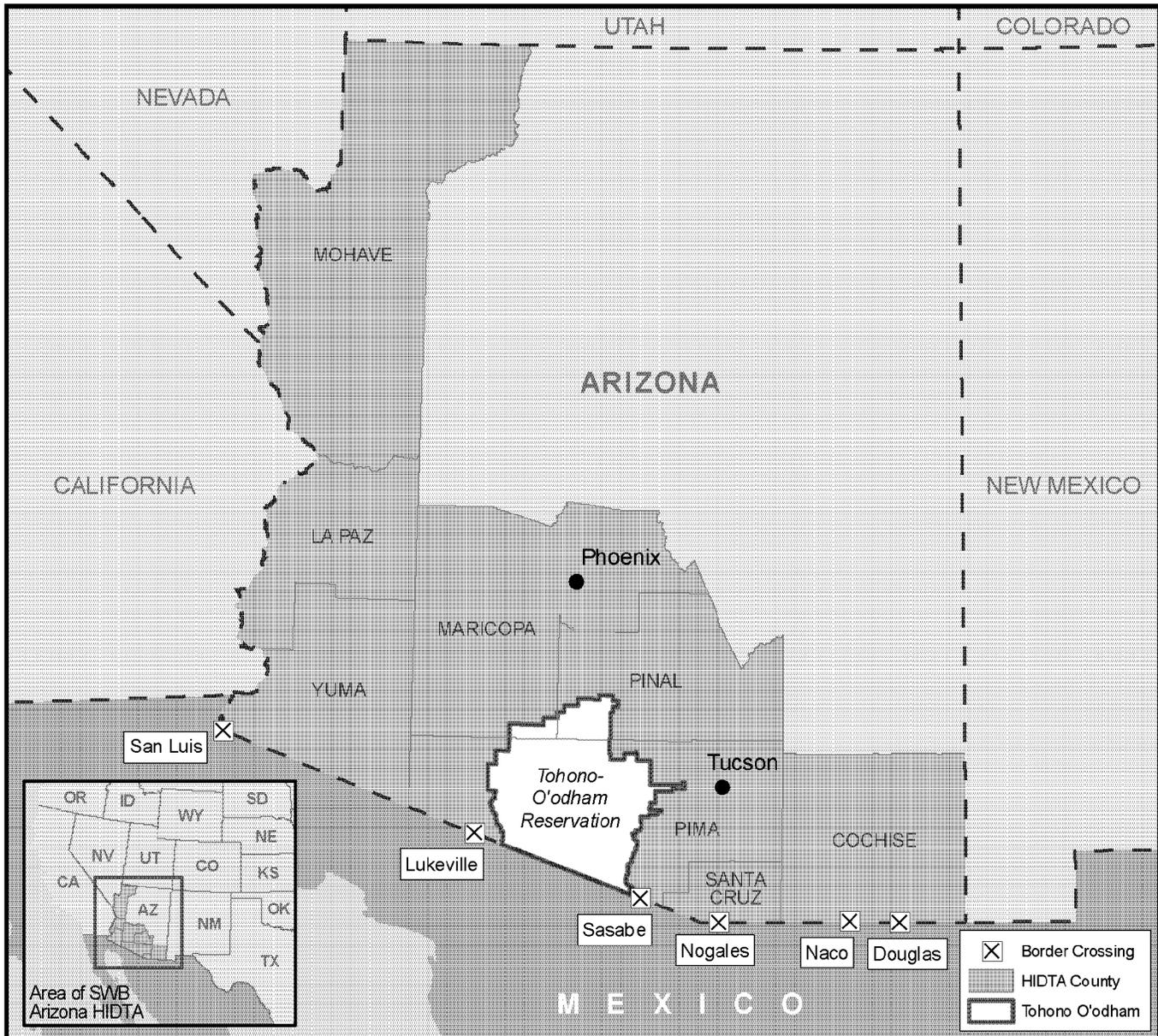
Strategic Drug Threat Developments

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

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

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

Figure 1. Arizona High Intensity Drug Trafficking Area



HIDTA Overview

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

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

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

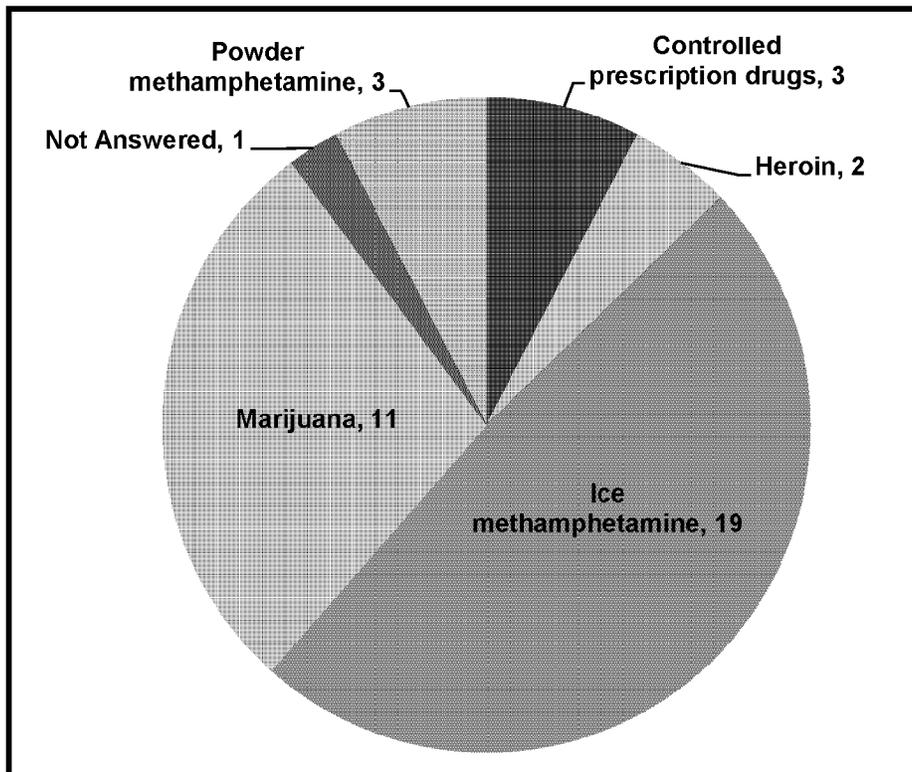
volume of legitimate cross-border traffic at the region's POEs, creating significant challenges for law enforcement officers. Thousands of private vehicles, commercial tractor-trailers, and pedestrians that cross the U.S.–Mexico border daily provide ideal cover for drug and bulk cash smuggling operations.

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

Drug Threat Overview

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

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



Source: National Drug Threat Survey 2010.

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

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

Mexican Methamphetamine Availability

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

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

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

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

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

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

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

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

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

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

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

Drug Trafficking Organizations

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

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

The Arizona New Mexican Mafia prison-based gang is also a major transporter and distributor of wholesale quantities of marijuana, supplying Hispanic street gangs in Arizona Department of Corrections facilities and on the streets in the Arizona HIDTA region.⁴ The Barrio Hollywood street gang also transports ton quantities of marijuana into Tucson and Phoenix for distribution throughout the area.

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

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

Production

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

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

Transportation

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

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

Operation Los Tusa Takes Down Major Marijuana Trafficking Organization

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

Source: Drug Enforcement Administration.

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

e. Pseudoephedrine smurfing is a method used by some methamphetamine traffickers to acquire large quantities of precursor chemicals. Traffickers using this method make numerous small-quantity purchases of cold tablets from multiple retail locations and extract pseudoephedrine or ephedrine from the tablets.

f. Ultralights are relatively inexpensive, hard to detect using radar, and capable of transporting relatively small amounts of cargo per trip.

Border Patrol Agents Seize Scuba Gear, Marijuana in Sewer System

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

Source: U.S. Customs and Border Protection.

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

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

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

Distribution

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

Drug-Related Crime

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

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

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

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

Source: Arizona High Intensity Drug Trafficking Area.

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

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

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

Project Gunrunner

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

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

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

Abuse

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

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

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

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

Source: Arizona Department of Health Services.

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

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

Illicit Finance

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

Southbound CBP Bulk Currency Seizures

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

Source: U.S. Customs and Border Protection.

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

Western Union to Contribute to Anti-Money Laundering Initiative

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

Source: Arizona Attorney General.

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

Outlook

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

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

Appendix

Phoenix and Tucson Market Areas

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

Phoenix

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

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

Tucson

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

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

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

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

Sources

Local, State, and Regional

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

Federal

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

Other

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

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

National Drug Intelligence Center

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

NDIC publications are available on the following web sites:

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

080510

HOCR ATF 000092