

Organized Crime in California  
Annual Report  
to the  
California Legislature  
2004



**Organized Crime in California  
Annual Report  
to the  
California Legislature  
2004**



**BILL LOCKYER, Attorney General  
CALIFORNIA DEPARTMENT OF JUSTICE**

**Division of Law Enforcement  
Patrick N. Lunney, Director  
Rick Oules, Deputy Director  
Wilfredo Cid, Assistant Director**

**Criminal Intelligence Bureau  
Ed Manavian, Chief  
Allen Benitez, Assistant Chief**

# *Message from the Attorney General*

This Organized Crime in California Annual Report to the California Legislature 2004 provides a summary of the activities regarding gangs, organized crime groups, and terrorist organizations operating within California last year. This report, prepared by the California Department of Justice, Criminal Intelligence Bureau, also provides analyses and trends regarding those activities.

Many of the criminal enterprises discussed in this report are organized with evolving criminal tactics. Their desire for wealth and power seems to have no limit. They commit crimes ranging from automobile theft, identity theft, and narcotics trafficking to human trafficking, witness intimidation, and murder.

An important trend that law enforcement authorities observed during the past year is an increased ability and willingness by some gangs and criminal organizations to work with each other. Gang members such as Crips and Bloods — who are usually rivals — have been working together on occasion in their criminal endeavors. Likewise, some organized crime groups that have traditionally been enemies were, at times, also working together for their mutual benefit to make a profit; and some prison gang members were continuing to collaborate with street gang members in their illegal activities.

The link between drug trafficking organizations and organized crime groups is becoming more widely known. Drug trafficking organizations have used members of street gangs — sometimes on instructions from their prison gang counterparts — as enforcers, distributors, and protection. The lines between some of these criminal groups are becoming more blurred and are being crossed by members from various groups, with more regularity.

There have been successes in dismantling the activities of a few groups. One example is the discontinued discussion of traditional organized crime in this report. During the past year, there appears to be little known traditional organized crime activity — typically crime committed by the La Cosa Nostra also known as the Mafia — in California mainly due to law enforcement's aggressive efforts to dismantle these organizations.

On the other hand, gang-related violence continues to plague California. This trend is demonstrated in the continued high numbers of gang-related homicides. Staff from my Criminal Intelligence Bureau continues to be proactive across the state in addressing these gang-related problems. They have targeted gangs that seem to be perpetrating numerous violent acts and have conducted numerous conferences and training seminars ranging from informing law enforcement authorities on the activities and methods of these specific gangs — such as Public Enemy Number One — to workshops detailing various proactive strategies available to prevent the spread of the gang-related violence.

# ***Message from the Attorney General***

The number of incidents within California involving domestic terrorism in the form of criminal acts by individuals claiming to be members or associates of animal and environmental criminal extremist groups are currently on the rise. The economic costs from these crimes also continue to grow. Historically, crimes attributed to these groups largely go unsolved. However, arrests during 2004 of individuals suspected of committing these crimes indicate a law enforcement trend toward increased success in recent investigations.

Individuals believed by law enforcement authorities to be associated with international terrorist groups — such as HAMAS, Hizballah, al-Qaeda, and Fuqra — continue to develop and implement money-raising schemes that are — according to authorities — designed to fund terrorist activities worldwide. Authorities also suspect at least one individual from California to be part of a video propaganda effort by al-Qaeda to threaten U.S. citizens including making statements such as “...Streets of America will run red with blood.”

By working together and sharing information, law enforcement authorities throughout California have made significant accomplishments within the past year to protect the citizens of California from many of these criminal groups. It will be equally important to continue this multi-jurisdictional cooperation and collaboration among law enforcement agencies and community-based organizations in the spirit of Community-Oriented Policing to maintain a safe California.

BILL LOCKYER, Attorney General  
Office of the Attorney General

# ***Table of Contents***

---

## ***Executive Summary ..... 1-2***

## ***Gangs ..... 3-14***

- Criminal Street Gangs ... 3-8
- Prison Gangs ... 8-11
- Outlaw Motorcycle Gangs ... 11-13
- Analysis and Trends ... 13-14

## ***Organized Crime ..... 15-20***

- Eurasian Organized Crime ... 15-17
- Asian Organized Crime ... 17-19
- Analysis and Trends ... 19-20

## ***Terrorism ..... 21-25***

- Domestic Terrorism ... 21-23
- International Terrorism ... 23-25
- Analysis and Trends ... 25

## ***Other Organized Criminal Activity in California ..... 26-31***

- Drug Trafficking Organizations ... 26-27
- Human Trafficking ... 28-29
- Organized Retail Theft ... 29-31
- Analysis and Trends ... 31

## ***CIB Efforts ..... 32-40***

- Gang Analysis Unit ... 32-33
- Organized Crime Analysis Unit ... 33-35
- California Anti-Terrorism Information Center ... 35-36
- Joint Regional Information Exchange System ... 36-37
- California National Guard/Pre-Incident Indicator Project ... 37-38
- Los Angeles County Regional Criminal Information Clearinghouse ... 38-40

## *Executive Summary*

This *Organized Crime in California Annual Report to the Legislature 2004* is submitted in compliance with California Government Code Section 15028 and focuses on the following three areas of crime: gangs, organized crime, and terrorism. The California Department of Justice's Criminal Intelligence Bureau is charged with identifying the illegal activities committed by these criminal organizations in California and analyzing the impact these organizations may have on public safety.

The following information summarizes some of the activities involving the more prominent criminal organizations operating in California:

- Criminal street gangs are now operating in cities of all sizes throughout the state, and they continue to engage in a multitude of crimes ranging from auto theft and vandalism to assault and murder. During 2004, gang members were suspected of being involved in 5 of the 13 law enforcement officers killed in the line of duty throughout California. Law enforcement authorities note a trend that some gangs no longer seem to be divided along racial lines while other gangs are foregoing their traditional rivalries, thereby making it more difficult for law enforcement authorities to identify a suspect as a member of a specific gang.
- In prison, gang members continue to engage in a variety of criminal activities such as assault, weapons and narcotics trafficking, extortion, racketeering, intimidation, and murder. Some prison gang members seem to maintain control over some street gang members while they are incarcerated as well as upon their release. In the last year, prison gang members continued to be prosecuted under the federal Racketeer Influenced Corrupt Organizations (RICO) Act, which is traditionally reserved for organized crime groups. Advantages of prosecuting and sentencing suspects under the RICO Act include longer prison sentences, as well as possible dispersal of gang members to federal prisons throughout the country, with the intent of getting them away from their fellow gang members, thus diluting their organizational strength.
- Members of Eurasian organized crime groups remain active in California — particularly in theft and fraud. They are becoming more proficient at mixing legitimate business endeavors with illegitimate criminal activities. Law enforcement authorities are reporting an increase of instances where these groups target unsuspecting car buyers to purchase stolen cars through newspaper advertisements and on the Internet.
- Asian organized crime groups operating in California are engaged in criminal activities such as illegal immigration, human smuggling, drug trafficking, counterfeiting, identity theft, and prostitution. During 2004, several group members were arrested for crimes involving counterfeit cigarette smuggling operations, illegal immigrant smuggling operations, operating brothels, and counterfeit software schemes. Law enforcement authorities have also noticed these criminal groups growing more sophisticated in the area of fraud. Some of the counterfeit software products being produced by these criminals appear realistic, are difficult to detect as fraudulent items, and cost legitimate businesses millions of dollars in losses each year.
- Organizations such as the Earth Liberation Front and the Animal Liberation Front — in the name of protecting the environment and animal population — continue to target property in California. Millions of dollars in damage across the state has been attributed by law enforcement authorities to these groups. There have been attacks committed by suspected

members of these groups at fast-food outlets, auto dealerships, and new homes under construction.

- Some international terrorist organizations have a history of being in California and continue to have ties within our state. Members of the Jamaat el-Fuqra terrorist organization had a compound in Fresno and Tulare counties, California, where members were reportedly engaged in firebombing, possession of illegal explosives and weapons, conspiracy to commit murder, and fraud. The Criminal Intelligence Bureau's California Anti-Terrorism Information Center continues to assess the activities of international terrorist groups — such as HAMAS, al-Qadea, and Hizballah — that may have operatives in the state.
- Drug trafficking organizations based in Mexico continue to supply and distribute a large portion of the illegal drugs in California. Marijuana, cocaine, and methamphetamine still pose some of this state's most significant drug smuggling threats. The primary means of drug smuggling is private vehicles, but drugs are also brought into California through commercial vehicles and pedestrian smugglers.
- During the last year, analysts from the Criminal Intelligence Bureau observed an increase in alien smuggling and human trafficking for the purposes of debt bondage and prostitution. The U.S. Immigration and Customs Enforcement estimates that profits from these illegal enterprises may be as much as \$8 billion worldwide. Human smuggling and trafficking operations have been uncovered in several California cities — including Oakland, San Jose, San Francisco, Los Angeles, and San Diego.
- Organized retail theft is on the rise in California and costs the nation approximately \$15 billion annually. Organized operations consisting of skilled, professional shoplifters who plan, finance, and execute retail theft for monetary profit while targeting specific merchandise is one of the most pressing security problems confronting retailers. Crimes of this type harm consumers in many ways. One way is through higher product prices and higher insurance rates that retailers pass on to customers due to continued losses caused by the thieves. Another problem lies in the safety of some products being stolen for resale. This is especially true in the case of infant formula where thieves steal the formula, do not store it properly, and then resell it at flea markets or out of the trunks of their cars.

# Gangs

Gangs now operate in cities of all sizes throughout California and are responsible for much of the crime in our state. Gangs plague California in a variety of forms. Criminal street gangs terrorize citizens and communities throughout the state while prison gangs attempt to rule California's correctional institutions. The lines become blurred, however, when attempting to distinguish gang activity attributed to prison gang members from that of street gang members. Despite being incarcerated, some gang members in prison manage to control numerous criminal enterprises on the streets. Some examples of this include the Mexican Mafia prison gang ordering street gangs in Southern California to pay a "tax" on the profits they make from their illegal activities such as selling narcotics. When street gangs refuse to pay this tax, their members are often put on a "hit list" by Mexican Mafia members. Street gang members who pay their tax often find protection by these prison gangs if they are sent to prison. The Nuestra Familia prison gang has a similar relationship with street gang members in Northern California. According to court records, despite being incarcerated, the Nuestra Familia members have ordered the commission of numerous street crimes from inside prison walls including murder, drug sales, and weapons sales. According to law enforcement authorities, some prison gang members are tied to outlaw motorcycle gang members and Mexican drug trafficking organizations.

There are several strategies in use in California to combat these gangs. Sentencing enhancements, gang injunctions, community programs, and school programs are some of the strategies in place to attempt to curb gang activity on the streets. Once gang members are incarcerated, different strategies are employed. Because of some gang members' extreme potential for violence, 4 of California's 32 correctional facilities include security housing units (SHU) that keep the most violent gang members separated from one another.

This *Organized Crime in California Annual Report to the Legislature 2004* focuses on the following three areas of gang activity occurring in California: criminal street gangs, prison gangs, and outlaw motorcycle gangs.

## Criminal Street Gangs

Gang-related crime in California continues to pose a threat to the population of the state. Section 186.22(f) of the California Penal Code defines a criminal street gang as follows:

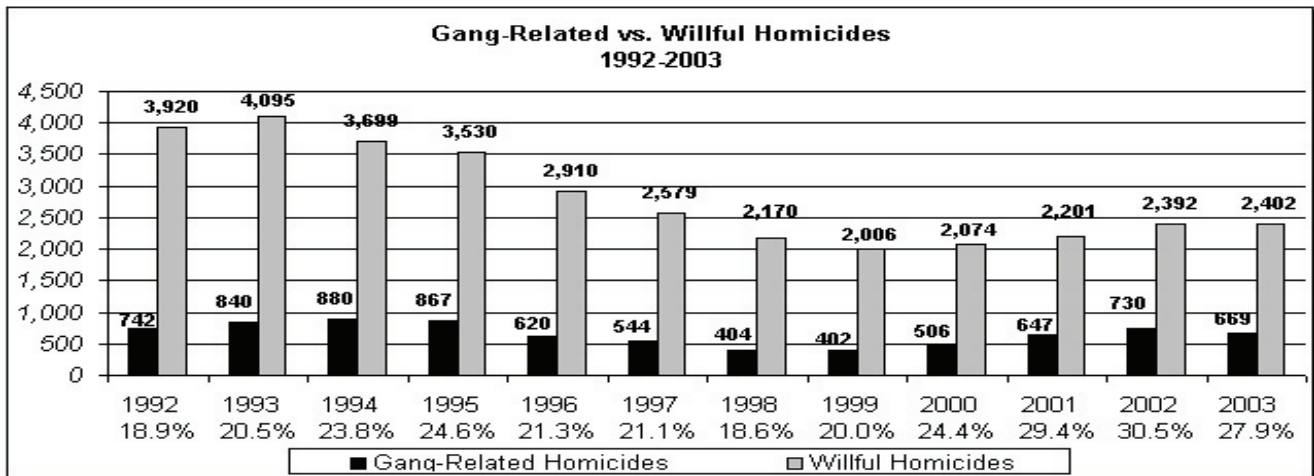
"... 'criminal street gang' means any ongoing organization, association, or group of three or more persons, whether formal or informal, having as one of its primary activities the commission of one or more of the criminal acts enumerated in paragraphs (1) to (25), inclusive, of subdivision (e), having a common name or common identifying sign or symbol, and whose members individually or collectively engage in or have engaged in a pattern of criminal gang activity."



The 25 criminal acts listed in subdivision (e) are:

1. Assault with a deadly weapon
2. Robbery
3. Unlawful homicide or manslaughter
4. Sale, possession for sale, transportation, manufacture, offer for sale, or offer to manufacture controlled substances
5. Shooting at an inhabited dwelling or occupied vehicle
6. Discharging or permitting the discharge of a firearm from a motor vehicle
7. Arson
8. Intimidation of witnesses and victims
9. Grand theft
10. Grand theft of any firearm, vehicle, trailer, or vessel
11. Burglary
12. Rape
13. Looting
14. Money laundering
15. Kidnaping
16. Mayhem
17. Aggravated mayhem
18. Torture
19. Felony extortion
20. Felony vandalism
21. Carjacking
22. Sale, delivery, or transfer of a firearm
23. Possession of a pistol, revolver, or other firearm capable of being concealed upon the person
24. Threats to commit crimes resulting in death or great bodily injury
25. Theft and unlawful taking or driving of a vehicle

Despite law enforcement’s use of strategies to end gang violence, gang-related assaults and deaths continue to occur. All willful homicides are reported to the California Department of Justice’s Criminal Justice Statistics Center (CJSC). The following chart shows the total number of homicides and gang-related homicides that occurred in California each year from 1992 through 2003\*:



\*2004 homicides are currently being reviewed and validated and will be available in 2005.

There were 7,851 gang-related homicides reported from 1992 through 2003. This number of homicides is greater than the entire population of Sausalito, California (Census 2000 – Pop. 7,330); however, this figure does not include the hundreds of attempted homicides, near misses, and wounded.

Gang-related homicides steadily increased through the early 1990s and reached a peak in 1994 when 880 such homicides were reported. From 1994 to 1999, the number declined steadily only to increase the following three years. Last year, that trend again reversed slightly with 669 gang-related homicides being reported to CJSC — an 8.5 percent decrease from 2002.

Homicides related to gang activity are only a portion of the total number of willful homicides committed in California each year. The previous chart shows the number of gang-related homicides generally moves in tandem with the number of willful homicides; however, the proportion of gang-related homicides related to willful homicides (reflected as percentages in the previous chart) increased steadily from a low in 1998 — when one of every five willful homicides was gang-related — through 2003 when nearly one of every three willful homicides was gang-related.

Another statistic collected by CJSC is the type of weapon used in homicides. From 1992 through 2003, handguns were used in 6,696 (85.3 percent) of the 7,851 gang-related homicides. The percentage of times in which handguns were reported being used in gang-related homicides has increased over the last several years — from 82.8 percent in 2000 to 90.6 percent in 2003.

During 2004, there were 13 law enforcement authorities killed in California. Five of those killings were gang related. Thus, nearly 40 percent of the officers murdered in 2004 were killed during gang-related incidents.

- In February, while responding to a domestic violence call, a Los Angeles police officer was gunned down by a member of the Rollin 20s Crips street gang. The suspect — a parolee with an extensive criminal record — committed suicide while in custody in the jail.
- In April, while questioning a suspect, a San Francisco police officer was killed by a member of the West Mob Crips street gang. According to law enforcement authorities, the suspect was acting suspiciously and was stopped for questioning. The suspect opened fire with an AK-47 assault rifle, killing one officer and wounding another.
- Also in April, another police officer was killed — this time in Merced. The suspect — on parole for drugs and weapons charges — is believed to be a member of the Merced Gangster Crips. After the murder, law enforcement agencies joined forces and arrested 17 suspected members and associates of the gang. These arrests were completed under the California Street Terrorism Enforcement and Prevention Act, which was designed to impose longer prison terms for criminal gang activity.
- Again in April, a California Highway Patrol officer was gunned down in front of a Pomona courthouse by a 16-year-old trying to ingratiate himself to a Pomona street gang. In December, the juvenile pled guilty to first-degree murder of the officer and admitted to the special circumstance of lying in wait. He also admitted that the killing was for the benefit of, at the direction of, and in association with a criminal street gang with the specific intent to promote, further, and assist in criminal conduct by gang members. The 12th Street Pomona gang — one of the area's largest and most violent gangs — claims approximately 200 active members and has close ties to the Mexican Mafia.

- In August, a 28-year veteran of the Los Angeles Police Department was the victim of another gang-related homicide — the fifth of the year in California. In an apparent robbery attempt, two young male subjects — one of whom was a gang member — confronted the officer; gunfire was exchanged; one of the subjects was wounded; and their get-away vehicle was hit several times. The officer suffered at least two bullet wounds from an AK-47 assault rifle. He was transported to the hospital, where he died shortly after his arrival. The suspects have been arraigned on charges of murder of a peace officer and attempted robbery.

This level of gang-related violence demonstrates an alarming statistic considering that, from 1992 to 2003, 17 (12.9 percent) of the 132 officers killed in the line of duty were attributed to gang-related incidents.

In California, law enforcement authorities have several tools available to use in their efforts to put an end to gang activity. One of the tools available is sentencing enhancements. Gang enhancement charges incarcerate gang members for longer periods of time and are intended to act as a deterrent to gang-related activity. California Penal Codes (PC) 186.22 (penalty for participation in a criminal street gang) and PC 186.26 (penalty for soliciting or recruiting another to actively participate through the use of coercion or violence) are tools available to law enforcement authorities to increase the sentences applied to gang members. These enhancements can add up to ten years to a person's sentence.

Gang injunctions are another tool available to law enforcement authorities and have been effective throughout the state. The use of gang injunctions is helping to break up existing gangs as well as prevent new gangs from forming. Gang injunctions are useful in setting the tone for the neighborhood and in sending a message to gang members that they will be held accountable for their actions. Gang members must first be identified in the injunction and served a copy of the court order before being arrested or charged with a misdemeanor for violating the provisions set forth in the injunction. Injunctions will typically ban gang members from recruiting new members, associating with other members, trespassing, drinking in public, possessing narcotics or drug-related paraphernalia, and carrying weapons. Gang injunctions have been successfully filed in cities such as Sacramento, Long Beach, San Diego, Fresno, Oxnard, Ventura, Los Angeles, and San Jose, California. Some of the gangs that have had injunctions filed against them in 2004 include Varrio Posole Locos in Oceanside; the Colonia Chiques in Oxnard; and the 18th Street, 38th Street, and Mara Salvatrucha in Los Angeles. During 2004, two separate injunctions were put into place in Fresno. One is a preliminary injunction issued against the Park Side Bulldogs, one of the oldest subsets of the Fresno Bulldogs. It is anticipated this injunction will become permanent. The Chankla Bulldogs out of the Sanger, California, area had a permanent injunction issued against them as well.

Historically, in California, street gangs have been divided along racial and ethnic lines; however, this is becoming less common. Law enforcement authorities are seeing gangs traditionally made up of African-American members now working with Hispanic gangs; or gangs that have previously accepted only white members now beginning to accept Asian members — making it more difficult for law enforcement authorities to visibly identify a person as a member of a specific gang. Many gang members are also concealing other gang characteristics such as gang-related tattoos, gang-related colors, and gang-related clothing from authorities.

In Southern California, gang members who have historically been enemies — such as Hispanic gang members and African-American gang members — have been foregoing their rivalries in order to increase their profits. Law enforcement authorities have noted that Crips and Bloods — also

usually rivals — are teaming up to commit takeover-style bank robberies in several cities in California including Los Angeles, Fresno, and Sacramento. Street gang members continue to be responsible for many of the bank robberies in the Federal Bureau of Investigation's Los Angeles field office territory, which includes the counties of Los Angeles, Orange, Ventura, Riverside, San Bernardino, Santa Barbara, and San Luis Obispo. More than 40 percent of all California's bank robberies occur in these 7 counties.

One of the most powerful and fastest growing gangs, inside and outside prison, is Public Enemy Number One (PEN1). The motives of most PEN1 members are monetary profit, gang retaliation, gang intimidation, or narcotics related. Some of the typical crimes committed by PEN1 members include — but are not limited to — burglaries; robberies; possession of dangerous weapons; receiving stolen property; and assaults, including some against law enforcement authorities.

In the last 20 years, PEN1 has evolved from a group of youths in Long Beach, California, to a statewide criminally active gang. There are nearly 200 PEN1 members in 15 counties and 63 cities throughout California. Although residing in 63 cities, PEN1 members have committed crimes in 27 counties and 101 cities throughout California and 17 other states. Collectively, PEN1 members have been arrested nearly 4,000 times by California law enforcement authorities.

All of the documented PEN1 members have been arrested by law enforcement authorities more than once, and almost 75 percent of them have served time in one of California's state prisons. Although PEN1 members are involved in the sales and use of illegal narcotics, only 25 percent of their total arrests were narcotics related.

Another rapidly growing street gang in California is the Mara Salvatrucha (MS). Estimates put California's population in this gang at 10,000 members — with more than 1,200 of those gang members being entered into the CALGANG Database System. Originally in the late 1980s, the MS was comprised of individuals from El Salvador who banded together after fleeing the 12-year Civil War in their country. The majority of California's MS members reside in Southern California; however, they have been documented through CALGANG in Fresno, Madera, Marin, Monterey, San Bernardino, San Francisco, San Mateo, Santa Cruz, and Ventura counties.

Characterized by law enforcement authorities as one of the most violent criminal street gangs in Southern California, MS members commit violent crimes such as homicide, extortion, illegal narcotic sales, assault with a deadly weapon, robbery, and witness intimidation with little or no fear of law enforcement authorities or retaliation from other gangs. Although these crimes do not always yield huge profits for the gang, they do send a message that MS controls the neighborhood and instills fear within their community.

MS members have been known to target citizens in their community, rival gang members, members of their own gang, and even law enforcement authorities and have been responsible for numerous brutal crimes in California, including multiple homicides. In an effort to help law enforcement authorities in California deal with the problems MS gang members are creating, the Criminal Intelligence Bureau staff will host several workshops across the state. These workshops will identify current activities and trends of the gang and will also address officer-safety issues.

Criminal street gang activity is not limited to the more traditionally visible activity in Southern California. Law enforcement authorities believe a drive-by shooting in the Gridley-Biggs area, a small community in Northern California, was in retaliation for another drive-by shooting earlier in

the year. Due to escalating gang violence in the area, a task force of federal and local law enforcement — with more than 85 representatives — was formed to conduct a gang sweep in Butte, Sutter, and Glenn counties. The intention of the sweep was to take a proactive stance to protect the community from the escalating gang violence. During the sweep, 8 weapons were seized, drugs were confiscated, 3 juveniles were identified as gang members, and 15 arrests were made.

In Modesto, California, gang activity has increased due to a push for territory by northern and southern gang members. Modesto has approximately 3,000 documented gang members. A string of mid-year shootings prompted the Modesto Police Department to characterize the violence as a gang war. The Stanislaus County Gang Intelligence Task Force has been in operation since September in an effort to suppress the rise in gang violence that has included 17 homicides in that county in 2004. The use of multi-agency task forces is an example of another kind of strategy being employed in California to reduce gang activity. The Stanislaus task force included investigators from the police department's Street Crimes and Special Investigations units — as well as the sheriff's Special Investigations Unit — and was responsible for multiple arrests and seizures of weapons and cash.

During 2004, members of street gangs engaged in the following criminal activity:

- In April, in Riverside County, the body of a deceased male was found hidden under a pile of wood in the back of a pick-up truck. The driver of the truck, his female passenger, and another male and female have been arrested in connection to this homicide. Both male suspects are members of PEN1. Law enforcement authorities believe the victim may have been killed as a result of owing the gang some money.
- In May, an associate of the Tiny Rascals Gang was sentenced to 23 years in state prison. He pled guilty to manslaughter with a gang enhancement and was sentenced in Orange County, California, for the murder of a 14-year-old male. He believed the victim to be a member of a rival gang — the Asian Boyz.
- In September in Orange County, California, law enforcement authorities arrested the operator of a local bail-bonds agency for running it as a criminal operation. This bail-bonds agency is charged with employing unlicensed agents — some of whom are associated with racist street gangs such as Independent Skins, PEN1, La Mirada Punks, and La Mirada Hesh. Members of these gangs were used to intimidate clients into signing payment agreements. Additional charges also include providing bail for alleged gang members in exchange for criminal favors.

## Prison Gangs

California Code of Regulations, Title 15, Division 3, Chapter 1, Section 3000, defines prison gangs and disruptive groups as follows:

“Prison Gang — means any gang which originated and has its roots within the department or any other prison system.”

“Disruptive Group — means any gang, other than a prison gang operating in the correctional setting.”

Although there are seven prison gangs officially recognized by the California Department of Corrections (CDC), the five major gangs currently operating in California's correctional facilities are the Mexican Mafia (EME), Nuestra Familia (NF), Aryan Brotherhood (AB), Nazi Low Riders (NLR), and Black Guerilla Family (BGF).

In addition to the seven prison gangs, CDC also recognizes and validates individuals and groups known as disruptive groups, which may or may not start in prison but do not yet meet the criteria of becoming a prison gang. Public Enemy Number One (PEN1), 415 Kumi Nation, and the Northern Ryders are examples of disruptive groups.

PEN1 — one of the most powerful and fastest growing gangs inside and outside prison — started on the streets of Long Beach, California. The 415 Kumi Nation was founded in Folsom State Prison in the mid-1980s, and members were mainly from the San Francisco Bay Area. They adopted the telephone area code 415 as their geographical indicator. The Northern Ryders is believed to have originated at Deuel Vocational Institution as early as December 2000. The founders are from Sacramento, California; and other members are from surrounding Bay Area counties. One of Northern Ryders' objectives includes organizing "hits" against members and families of the NF and Northern Structure (NS) who they consider to be their enemies.

With more than 1,000 members, the EME — formed in the late 1950s in the Deuel Vocational Institution, Tracy, California — is the oldest and largest prison gang in California. Members are engaged in a variety of criminal activity including extortion, the sale and manufacture of illegal substances, murder, assault, weapons violations, and money laundering. EME members are typically Hispanics from Southern California, and law enforcement authorities believe its members control many activities of Southern California's Hispanic street gangs. Because the EME is so heavily involved in illegal narcotic sales, they have close ties to Mexican drug trafficking cartels — such as the Arellano Felix Organization. The EME will instruct street gang members to traffic narcotics and transport money for the cartel, as well as provide protection to the cartel against attacks from rival organizations. Once any monetary profit is gained from their crimes, the EME has their female counterparts, associates, and street-gang loyalists launder these monies by depositing the illegitimate funds into their inmate trust accounts. The EME members can then send money to their relatives, friends, and associates outside of prison. These funds may be used to purchase businesses, weapons, or illegal substances in order to gain more illicit profits to further the gangs' criminal enterprises.

The NF was formed in Salinas Valley State Prison during the mid-1960s in Northern California. NF members — mainly Hispanic gang members from Northern California — banded together to protect themselves from EME members — mainly Hispanic gang members from Southern California. The gang's principal source of income comes from their distribution of illegal narcotics; however, they are engaged in a multitude of crimes including extortion, assault, robbery, and murder. The NF members are enemies of the EME members, and inmates are strongly encouraged to take sides when entering the prison system. The gang is extremely well-organized with a formal, centralized leadership structure and operates under a constitution. All NF members are required, for life, to contribute 25 percent of any earnings — whether from lawful or unlawful means — to repositories known as NF "banks." In the 1980s, law enforcement authorities began aggressively prosecuting NF members. In an effort to divert law enforcement's attention, the NF formed a splinter group called Nuestra Raza (NR) — also known as the Northern Structure. The NF used NR members to carry out criminal activities on its behalf.

The AB was formed in San Quentin State Prison in the mid-1960s. Originally, this gang was established to provide protection for white individuals from the more numerous African-American and Hispanic groups, specifically the EME; but, now, it mainly operates as a criminal enterprise. Some AB members adhere to a white supremacist ideology; and some have adopted certain Nazi symbols, such as the “SS” lightning bolts and the swastika, as their symbols. Although its membership is still mostly white, members will align with non-white gang members — such as the EME. AB members are expected to maintain their ties to the organization even if they are released from prison. They provide active support by sending money or attempting to smuggle drugs to inmates. AB members — both in and out of prison — are engaged in numerous criminal activities including robbery, drug trafficking, extortion, and murder.

The NLR originated during the 1970s inside a California Youth Authority facility and is closely associated with the AB and PEN1. NLR members operate on the streets as well as in prison and have been engaged in a variety of criminal activity — including extortion, the production and distribution of illegal narcotics, assault, and murder.

Similar to the NS’s relationship to NF, the NLR was originally formed to act on behalf of the AB. After AB members were isolated in the Security Housing Unit (SHU) — the most secure areas within a prison designed to provide maximum security, they needed the NLR to conduct their business. However, in 1999, the NLR was officially classified by CDC authorities as a prison gang causing its membership to also be housed in SHUs, thus diminishing the NLR’s usefulness to the AB.

The BGF was originally formed in San Quentin State Prison during the mid-1960s with its stated goals being to eradicate racism, maintain dignity in prison, and overthrow the U.S. government. BGF requires a lifelong pledge of loyalty to the gang and is strongly organized along paramilitary lines. BGF members will sometimes align themselves with Crips and Bloods outside of prison and with 415 Kumi Nation inside of prison. They consider members of the AB to be their enemies.

Although many prison gang members are housed in SHUs, they still manage to conduct their criminal activities. Lines of communication between inmates and the outside world are important to the inmates and are kept open through several ways including forwarding regular “coded” mail through inmate visitations, during inmate transfers and court appearances, and “kites.” Kites are messages written in very small text or in code, with sometimes as much as three pages of information being reduced to a 2-by-3 inch piece of paper. Through communications such as these, prison gang members are able to issue orders and directives to associates inside and outside of prison.

During 2004, members of California prison gangs engaged in the following criminal activity:

- In March, an NLR member and his wife were sentenced to death and life without the possibility of parole, respectively, for the brutal murders of a fellow NLR member and his sister. The convicted NLR member’s mother who pled no contest to accessory-to-murder charges was sentenced to 16 months in prison. After the trial, the jury foreman reported that he had received three letters from NLR members during the trial. The first letter stated that the defendant should not be found guilty. After the guilty verdict, the second letter stated that the defendant should not receive the death penalty. After the jury recommended the death penalty, the third letter stated that the foreman should receive death as well. In the past, gang members have limited their intimidation tactics to witnesses and victims of crimes. However, the recent NLR instance — where gang members targeted the jury foreman — demonstrates the gang’s ability to organize, plan, and potentially carry out violent threats in order to sway the outcome of a trial.

- In April, a woman was sentenced to 21 months in prison for relaying messages for the AB prison gang regarding alleged drug deals. The woman's sentencing was the first in a multiple federal Racketeer Influenced Corrupt Organizations Act case involving the indictments of 40 AB members and associates for their participation in a series of murders and attempted murders committed in support of their drug trafficking, gambling, and extortion efforts inside the prison system. Most of the AB members named in the indictment are already serving time in prison for other offenses.
- In September, eight leaders of the NF prison gang pled guilty to federal racketeering conspiracy charges for directing criminal activities that included drug dealings, extortion, murder, and robbery from their cells at Pelican Bay State Prison. Of the eight NF members, five have agreed to life sentences to be served in federal correctional institutions located throughout the United States.

Through this multi-agency investigation, law enforcement authorities were able to determine NF members and associates were committing robberies to generate money for their criminal enterprise. They also admitted to engaging in numerous drug transactions from which they profited.

- Also in September, an audit of inmate accounts at Pelican Bay State Prison revealed at least two EME members housed in the SHU had up to \$20,000 each in their inmate trust accounts. There were also two additional EME members who had up to \$10,000; and several other members with between \$1,700 and \$5,200. This audit resulted in the freezing of 16 inmates' prison bank accounts. Investigators believe these excessive account balances may be the direct result of the EME potentially laundering money by depositing money earned from illegitimate means into their accounts. Although there is no maximum account balance edict, these are unusual or suspicious amounts as the majority of inmate trust accounts hold no more than a few hundred dollars per inmate.

## Outlaw Motorcycle Gangs

The California Department of Justice defines OMGs as:

"Organizations whose members utilize their motorcycle gang affiliation as a conduit for criminal enterprises. The nature of their criminal activity is generally conspiratorial and includes crimes such as extortion, business infiltration, trafficking in drugs, illegal weapons, and stolen property."

There are approximately 47 outlaw motorcycle gangs in California. The Hells Angels and the Mongols are the two most predominant OMGs in the state; however, the Vagos also has a strong presence.

OMGs can typically be identified by their "colors" or "patch." "Colors" refer to the gang's official emblem, which is worn on the back of denim jackets or leather vests. They include the gang name on the top rocker; the gang emblem in the center, with the letters "MC"; and the location of the gang on the bottom rocker. The "colors" are considered exclusive to full members of the gang. A person who is going through an initiation period may only wear the bottom rocker indicating the territory of



control in which the gang operates and the letters “MC.” Non-members who even so much as touch a member’s “colors” could receive a severe beating or be killed.

The Hells Angels OMG has approximately 3,000 members and more than 200 chapters in 27 countries — with members in the United States, Africa, Canada, Germany, and Sweden. Of the approximate 70 Hells Angels chapters in the United States, there are 20 chapters in California — with more than 300 members and criminal associates. The 20 chapters — including the Nomads, which is not linked to a specific location — are located in Shasta, Sonoma, Sacramento, San Jose, Merced, Monterey, Fresno, San Fernando Valley, San Bernardino, Daly City, Oakland, Richmond, San Francisco, Vallejo, Ventura, Orange County, San Diego, Santa Barbara, and Santa Cruz. The Santa Barbara and Santa Cruz chapters are the newest in California and were formed after April 2002. Currently, the Hells Angels reign as the largest OMG in the world in membership and dominance.

The Hells Angels OMG is involved in such illegal activity as drug trafficking, prostitution, stolen vehicles, fraud, illegal weapons trade, and money laundering as well as in legitimate business interests such as massage and tattoo parlors and strip clubs, which also serve as fronts for prostitution. Vehicle-theft rings have also been operated in motorcycle repair shops owned by Hells Angels members.

According to the Drug Enforcement Administration authorities, the Hells Angels began its large-scale drug distribution in the mid-1960s and soon became the leading manufacturer and distributor of lysergic acid diethylamide — also known as LSD — in the San Francisco area. Along with LSD, they began dealing in heroin, cocaine, marijuana, seconal, methylenedioxyamphetamine, phencyclidine, amphetamines, and methamphetamine. By the early 1970s the Hells Angels concentrated its efforts on the production and distribution of methamphetamine. Currently, they control a significant percentage of methamphetamine production and sales on both the east and west coasts of the United States.

The Mongols OMG started in California during the early 1970s in the San Fernando Valley. They were known to recruit inmates, particularly from the California Mens Colony in San Luis Obispo, California. These new members received their patches immediately after being released from prison, sometimes never having owned a motorcycle.

According to the Mongols web site on the Internet, there are 47 chapters located in California with 2 (1 in Hollywood and 1 in Oakland) coming soon. Law enforcement authorities estimate the California membership to range from 200 to 350. The web site claims that there are also chapters in Colorado (1), Nevada (5), Oklahoma (5), Arizona (1), Montana (1), and Mexico with an undetermined number of chapters.

The Mongols are mostly concentrated in the southern part of California; and, like the Hells Angels, its members are involved in the manufacture and distribution of drugs as well as numerous other illegal enterprises such as money laundering, fraud, theft, and murder.

The Vagos OMG began during the early 1960s in the San Bernardino area. Loosely translated, “vago” means vagabond, tramp, or transient. This OMG has chapters across the western United States, Mexico, and the South Pacific; and it is one of California’s fastest growing OMGs. Law enforcement authorities estimate the statewide membership to be 1,500 members.

The Vagos has a long history of involvement in the manufacture and distribution of methamphetamine, as well as other controlled substances. Its members are also considered one of the more heavily armed OMGs. Many of its members have extensive criminal records documenting the possession and use of firearms, as well as the possession of illegal explosives. Vagos members also engage in crimes such as witness intimidation, drug trafficking, prostitution, money laundering, vehicle thefts, and insurance fraud.

Under California law, the Vagos have been classified as a criminal street gang. Certain criteria must be met in order to be classified as a gang — some of which include that three or more people share the same group name and symbol and that they have an established history of criminal activity perceived as benefitting the group. Because of this classification, sentences can be increased when the crime benefits the gang.

According to the National Drug Intelligence Center, OMGs frequently engage in violent acts against rival OMGs and law enforcement officers. Much of the violence against rival OMGs is attributed to members attempting to expand or defend their drug trafficking activity, which is their major income source.

During 2004, members of OMGs were engaged in the following criminal activity:

- In October in Southern California, a Hells Angels member was convicted of 12 felony charges — including assault. The conviction stemmed from a series of incidents that occurred between the Exiles motorcycle club and the Hells Angels. Four other defendants in the case were convicted in 2003 from charges stemming from the incidents. Charges included second-degree burglary and grand theft. In the most recent conviction, the jurors also convicted the defendant of gang enhancements, which will add time to the defendant's sentence.
- Also in October, the California Department of Justice concluded a six-month investigation into the Vagos OMG. The investigation culminated in the arrest of more than 20 individuals, 10 of whom are Vagos members. The suspects were under investigation for operating as a criminal street gang involved in the trafficking of illegal narcotics. Law enforcement authorities seized more than \$125,000 in cash; illegal drugs; and guns, including three assault weapons.

### Analysis and Trends

- Spikes in gang-related violence have prompted several law enforcement agencies in cities across California to file gang injunctions against street gang members. The use of injunctions help break up existing gangs — as well as help prevent them from re-establishing as a new gang. Injunctions filed against gangs are useful in setting a more secure and safe tone for neighborhoods often plagued with gang violence and in sending a message to gang members that they will be held accountable for their actions.
- The use of gang-related sentencing enhancement charges by some law enforcement jurisdictions is helping keep gang members incarcerated for longer periods of time and deterring some gang-related activity.
- The deployment of gang task forces is providing law enforcement authorities the ability to utilize resources from a multitude of agencies that help make a bigger impact on gangs. Some

multi-agency task forces are aimed at prevention and early intervention and becoming instrumental in reducing gang-related criminal activity.

- Gang members are continuing to conceal some visible gang characteristics — such as gang-related tattoos — in an effort to be less visible to law enforcement authorities and escape investigation for their crimes.
- PEN1 — one of the fastest growing gangs in California — will probably continue to align itself with NLR members and possibly AB members while in prison. This alignment will likely provide PEN1 members with protection against other prison gang members while, at the same time, provide NLR and AB additional resources they can use to carry out their criminal activities.
- Despite being incarcerated, some gangs — such as EME and NF — will continue to have influence and control over many of the criminal activities committed by Nortenos and Surenos, which provide the prison gangs with a continuous flow of money and additional manpower.
- It can be expected that OMGs will continue to derive a large portion of their income from the trafficking of illegal narcotics. However, recent law enforcement efforts against the Hells Angels and Vagos may force these gangs to seek alternate criminal methods in order to avoid detection by authorities.

# Organized Crime

The California Department of Justice's focus on organized crime is defined in California's Government Code Section 15026 as follows:

"It is the intent of the Legislature that the department focus its investigative and prosecutive endeavors with regard to organized crime in controlling crime which is of a conspiratorial and organized nature and which seeks to supply illegal goods and services such as narcotics, prostitution, loan sharking, gambling, and other forms of vice to the public or seeks to conduct continuing activities, a substantial portion of which are illegal, through planning and coordination of individual efforts. The department shall also investigate and prosecute organized criminal violations involving intrusion into legitimate business activities by the use of illegitimate methods, including, but not limited to, monopolization, terrorism, extortion, and tax evasion."

This broad definition obviously encompasses many different groups and many different illegal activities. Organized crime groups operate a variety of criminal enterprises in California ranging from theft and prostitution to extortion and murder. They are particularly adept at all types of fraud. Members of these groups engage in the more traditional organized crime activities — such as drug trafficking and gambling — but are equally well-versed in more high-tech crimes — such as identity theft and intellectual property crimes. They have become very adept at various types of fraudulent schemes designed to generate enormous profits. These fraudulent activities penetrate all aspects of society from welfare and Medi-Cal fraud to insurance and tax fraud.

This *Organized Crime in California Annual Report to the California Legislature 2004* will focus on the following types of organized crime groups and their impact in California: Eurasian organized crime and Asian organized crime.

## Eurasian Organized Crime

Criminal groups that originated from the 15 republics that once made up the former Soviet Union are becoming increasingly involved in criminal conspiracies and highly organized fraud schemes in California. Some of these groups originated in Russia, while others came from Central Asia and the Ukraine areas. Consequently, organized crime groups from these areas are often referred to as Eurasian organized crime (EOC) groups.

The nature and variety of the crimes committed by EOC groups seems unlimited. They are involved in narcotics and arms trafficking, automobile theft, trafficking in women and children, prostitution, money laundering, and multiple forms of fraud — including financial fraud, credit card fraud, immigration fraud, and insurance fraud. EOC members are highly successful in adapting to these criminal schemes because of their flexible structure and global connections, as well as their desire to achieve wealth and power.

EOC members have become experts at mixing legitimate business endeavors with illegitimate criminal activities. Their schemes often involve the use of legitimate businesses and shell companies

that might exist only on paper. Many times, small and private businesses are used for laundering illicit profits. EOC members have used shell companies to carry out money laundering operations, immigration fraud, auto fraud, as well as other types of fraud.

EOC members have also become experts at credit card fraud. While local and federal law enforcement agencies have had several successful investigations in the past regarding credit card fraud and mail theft, EOC members still continue to become increasingly creative in their efforts in this crime area. They discovered, from past arrests, new ways to carry out their fraudulent acts and how to avoid detection by law enforcement authorities. There are reports that indicate an increase in EOC members using Internet web sites to facilitate fraud schemes related to credit cards.

According to some auto theft investigators, because of numerous salvage yards and less criminal competition, California has become a major target for auto thieves. Practices commonly used by some EOC groups include:

- Vehicles are stolen and shipped overseas where thieves can receive up to three times the value the car would have in the United States.
- Vehicles are sold through newspaper advertisements and on the Internet for under-market value to unsuspecting car buyers who discover when attempting to register the vehicle that the car was stolen.
- In areas in close proximity to auto auction centers, thieves steal cars, disassemble them, and store the stripped parts. The car is then recovered by law enforcement authorities and is designated as a salvaged vehicle. The thief (or group of thieves) will purchase the stripped vehicle at the auto auction and reassemble it with the parts they stored. The vehicles can then be sold at a large profit.

Staged auto accidents have also proven to yield high profits with relatively low risks for EOC groups. These criminals usually target vehicles they feel will be fully insured. Staged accident rings typically consist of cooperative lawyers, doctors, office administrators, and the individuals who drive the vehicles in the staged accidents.

Prostitution and slavery of Russian and eastern European women have also become significant problems for California law enforcement. EOC figures import women and children from eastern Europe and Russia with falsified visa applications. They obtain false California drivers' licenses and other identification using counterfeit documents. If they are unable to obtain visas, many are smuggled into the United States through Mexico into Southern California. These women are forced into prostitution and provided to escort services, strip clubs, and massage parlors. Some willingly work in the sex industry for money to escape severe living conditions in the former Soviet Union while others are forced into it through indentured servitude. EOC groups bringing them into the United States confiscate their travel documentation and force them to pay off their travel debt, which they are not always able to do.

During 2004, EOC members were engaged in the following criminal activity:

- In July, a member of an EOC group — considered to be the “Godfather” of EOC in the United States — was released from federal prison and immediately deported back to Russia. Law enforcement authorities believe he was sent by EOC groups in Russia to organize

and control the existing EOC groups already operating in the United States — including California. In 1995, he was arrested by the Federal Bureau of Investigation for extorting two wealthy Russian businessmen. He was convicted in 1996 and sentenced to 115 months incarceration in federal prison. Law enforcement authorities believe he still remains a powerful EOC figure in the criminal underworld and has significant ties to the criminal groups existing in California.

- In October, the leader and 13 members of an EOC group were indicted on drug trafficking and counterfeit cigarette charges. While most of the defendants are from New York and New Jersey, one claims his residence as being in California. The narcotics trafficking counts charge the defendants with conspiring to distribute methamphetamine and ecstasy. The counterfeit cigarette counts charge the defendants with conspiracy to distribute counterfeit cigarettes. The cigarettes, produced in China to mimic the appearance of brand-name products, were sold to the organization by Asian gangs operating in Southern California. The cigarettes were then transported by the defendants to Pennsylvania and New Jersey safe houses, where fake New York state tax stamps were applied to the packages. Using stolen vehicles, the defendants then transported the cigarettes to various locations where they were sold to consumers. More than \$5 million worth of counterfeit cigarettes were distributed.

### **Asian Organized Crime**

The criminal threat from Asian organized crime (AOC) is significant. Their illegal activities in counterfeit merchandise — such as cigarettes and software alone — cost businesses in California millions of dollars each year. AOC is considered a transnational crime group because members pursue their criminal enterprises across country boundaries and are highly organized with connections in numerous countries. AOC's criminal activities include illegal immigration, smuggling, human and drug trafficking, technology theft, and commercial theft.

In California, AOC groups can be divided into the following three main groups: Chinese, Korean, and Japanese organized crime groups. There have also been some miscellaneous groups operating in California — such as the Big Circle Boys and the Black Dragons — that do not fit into these categories.

Chinese groups can be divided into the traditional groups — such as the 14K, the Wo Hop To, and the United Bamboo — and the non-traditional groups — such as the Wah Ching and the Jackson Street Boys. The difference between traditional groups and non-traditional groups is that the traditional groups have direct ties to the triads — secret criminal societies — in Hong Kong, Macau, and Taiwan. Triads, which influence members through their financial power and worldwide business and personal connections, enable triad members in one country to initiate a criminal enterprise with members in another country. They have long histories and can be traced back hundreds of years. On the other hand, non-traditional groups are not subsidiary of groups based in Hong Kong, Macau, or Taiwan. These groups originated elsewhere, but many have ties to the traditional groups for business purposes. Both traditional and non-traditional Chinese organized crime groups are present in California and, at one time or another, controlled most of the criminal activity in San Francisco's Chinatown. The Wo Hop To, United Bamboo, Wah Ching, Jackson Street Boys, and 14K have been active in Northern California as well as Southern California. They commit crimes such as extortion, fraud, money laundering, gambling, loan sharking, prostitution, robbery, and murder.

Korean groups were first recognized as organized crime groups — known as “pas” — by the Korean government in 1950 and are classified into one of two categories – political or entertainment. The political “pas” were hired by current or former government officials to infiltrate the government or political parties with the intention to overthrow their power. The entertainment “pas” control bars, nightclubs, and casinos. In Korea, the two groups – political and entertainment – will occasionally work together toward a common goal. In the early 1990s, Korean authorities increased action against Korean organized crime members; and, as a result, some of the older leaders fled the country. Some came to the United States and reestablished their criminal enterprises in Los Angeles’ Koreatown. These criminal groups operate in the same manner as in Korea and commit criminal activities such as drug trafficking, money laundering, extortion, home-invasion robberies, loan sharking, prostitution, insurance fraud, and alien smuggling. Korean organized crime groups — such as the Asian Town Koreans and the Korean Town Mobsters — are present in Orange County, California.

The Japanese organized crime group — the Yakuza — operates on an international scale. In their culture, Yakuza members are considered the “bad hands of society” and enjoy being outcasts. In recent years, Japanese citizens have begun protesting the Yakuza. Japanese citizens do not want them in their neighborhoods, and the protests have resulted in some Yakuza being forced out of their businesses in certain locations. This may be an indication that the Yakuza is declining in power in Japan, and its members may be looking elsewhere in the world for more lucrative locations.

Yakuza is present in California — primarily Southern California — and has been active in such criminal enterprises as extortion, gun smuggling, narcotics, gambling, and prostitution. The prostitution business has been especially lucrative and mainly caters to Japanese nationals traveling in California. The Yakuza has alliances with the Korean and Vietnamese gangs as well as the Chinese triads. In Japan, there are some 110,000 Yakuza members. Members and associates in Southern California are involved in narcotics trafficking, gun smuggling, pornography, slavery, loan sharking, prostitution, money laundering, and extortion. California has also become a favorite investment spot for the Yakuza. The top areas for investment for Yakuza members in California appear to be Los Angeles, San Diego, Anaheim, and San Francisco. The Yakuza used real estate purchases in California, Oregon, Washington, and Hawaii to launder money. In Los Angeles, “front” operations include restaurants, sushi bars, bars, resort property, auto repair, auto export, and investment groups.

Prostitution and smuggling are two of the mainstays of Asian organized crime pursuits. Women are enticed to the United States with promises of jobs; but, after arriving, many are forced into prostitution as a means of paying for their smuggling fees that can range from \$35,000 to \$50,000. Smuggling conditions can be very brutal; and, once here, the women are coerced into prostitution with threats and intimidation to themselves and to their families back home.

Counterfeit movies and software programs are also big profit pursuits for AOC. Operations range from making copies on personal computers to productions using full-size industrial equipment that are able to mass produce discs. At these industrial operations, usually 50,000 copies of any one item is made at a cost of about \$1 per disc. Counterfeiters are able to produce very authentic-looking fakes that consumers would have a difficult time detecting as counterfeit.

During 2004, members of AOC groups were engaged in the following criminal activity:

- In January, an interstate counterfeit cigarette smuggling operation was dismantled after a four-year investigation. Ten suspects were arrested; and \$18.8 million worth of cigarettes were seized in Encinitas, California, and in Texas, New Mexico, New York, and Florida. One suspect was arrested on a 92-count indictment for operating an interstate smuggling operation for cigarettes with a retail value of more than \$37 million. The smugglers used two methods to get the cigarettes into the country: (1) cigarettes allowed into the United States duty free for shipment out of the country but were instead diverted to New York and California for sale; and (2) the purchase of counterfeit cigarettes in Taiwan and China for shipment to the United States in containers marked as toys or plastic goods. These types of operations cost California from \$130 million to \$270 million in lost revenue every year.
- Also in January, four brothels were raided in San Francisco, California, that resulted in the arrest of two women and the detainment of ten prostitutes. The brothels are believed to be part of an international smuggling ring that illegally brings Asian women into the United States and then forces them to work as prostitutes to repay their smuggling fee. The ring is believed to be part of an operation with brothels in Canada; Los Angeles, California; Houston, Texas; Chicago, Illinois; and New York, New York. After working in one brothel for a period of time, the women are transported to a different one in a different city. The prostitutes were from Hong Kong, China, Malaysia, Korea, Thailand, and Shanghai. One of the ringleaders was charged in federal court with conspiracy to traffic women in prostitution across state and U.S. borders and harboring illegal aliens.
- In September, 11 people were arrested in California, Washington, and Texas after a two-year investigation. They were charged with conspiring to distribute counterfeit computer software and documentation worth a retail value of \$30 million. During a search of the suspect's home, an additional \$56 million worth of counterfeit products was discovered. The defendants were indicted by a grand jury in Los Angeles and, if convicted, face sentences of 15 to 75 years.
- In October, a raid on a massage parlor in San Francisco identified 17 prostitutes believed to have been smuggled into the United States to work as prostitutes. Most of the women claimed they had been kidnapped and brought to the United States against their will. Seized in the raid was \$17,000. An additional \$40,000 was seized from the home of one of the suspected brothel owners. Two individuals were charged with harboring illegal immigrants.

### Analysis and Trends

- EOC groups are becoming creative and diversified in the types of crimes they commit, especially fraud schemes. Due to their ability to change focus and methodology, detection by investigators is oftentimes difficult. In order to obtain lucrative profits, these groups will likely continue to commit various forms of fraud crimes against the citizens of California.
- Due to their perception regarding low risk of arrest and prosecution, EOC groups will probably continue to exploit technology and participate in more sophisticated forms of fraud — including identity theft, credit card fraud, and frauds perpetrated through the Internet.



- EOC groups and associates are becoming more proficient in money laundering and bank fraud. This trend is expected by authorities to increase, in part, due to their use of the Internet during these types of crimes.
- AOC organizations are becoming more sophisticated in their criminal enterprises and keeping up with new developments in technology. Some of them have the ability to make counterfeit computer software that mimics the authentic version well enough so only close scrutiny by an expert can detect the fake. It is likely their skills will continue to improve, making the fakes even harder to detect.
- Alien smuggling — especially for use in prostitution — is likely to remain an attractive operation for AOC because it is so lucrative. Even with the risk of incarceration, smuggling operations will likely attempt to develop new methods, hiding places, and concealment for smuggling aliens into the United States.
- AOC members have learned to be adaptive, and many are able to modify their criminal business operations that help to avoid detection by law enforcement. One of the adaptations has been a move from membership in recognized AOC groups to being independent criminals with little or no affiliation or loyalty to a recognized crime group.

# Terrorism

Terrorism affects California in many different ways. Our state has been home to some of the most devious foreign terrorists our country has seen, as well as to domestic terrorists who destroy our state and property with arson and firebombing under the guise of helping the environment or animals.

Recent investigations tied to California have spawned suspicions that both domestic criminal extremists and those with connections to international terrorist groups continue to use a variety of criminal measures to support their respective organizations. Fraud, narcotics trafficking, and smuggling of contraband are just a few criminal activities linked to international organizations. Furthermore, it is believed these individuals have been more than willing to become involved in any enterprise that promises a high rate of material or financial return. Firebombing and arson seem to be the preferred method of attack for domestic terrorists. The crimes committed by these groups have caused millions of dollars in damages to California over the last several years.

This *Organized Crime in California Annual Report to the California Legislature 2004* will focus on the following areas of terrorist activity occurring in California: domestic terrorism and international terrorism.

## Domestic Terrorism

Domestic terrorism takes many shapes in California. Criminal extremist groups — such as the Animal Liberation Front (ALF), the Earth Liberation Front (ELF), anti-government criminal extremists, and white supremacist groups — continue to pursue their beliefs concerning anti-government, anti-biotechnology, animal- and environmental-rights issues. Federal Bureau of Investigation (FBI) officials have named the ALF and the ELF as among the most dangerous domestic terrorist groups in the country and, because these ecoterrorists are launching their attacks in more populated areas, fear that the groups' criminal actions may one day kill someone.

According to the FBI, the ELF has caused more than \$100 million in damage over the last several years and poses a serious domestic threat to the people and businesses they target. The FBI also states that the ALF and ELF have committed more than 1,100 criminal acts in this country since 1976.

These types of groups are difficult to control because they are less structured and have little established hierarchy. It is estimated by law enforcement authorities there are approximately 190 investigations under way throughout the country associated with these two groups.

The ALF is an animal rights organization operating throughout North America and Europe. Members commit arson and vandalism in an effort to stop medical research conducted on animals and the production of animals for food and clothing.

ELF members advocate the use of arson and vandalism against businesses and research facilities they believe pose a threat to the environment. Their tactics are similar to those used by the ALF, and this similarity has led law enforcement authorities to believe there may be a crossover between some members of these groups. Biotechnology — primarily involving genetically engineered crops — continues to be a main target for these environmental extremists. According to members

of the ELF, they “...use direct action in the form of economic sabotage to stop the exploitation and destruction of the natural environment.”

Anti-government criminal extremists are individuals who belong to groups such as militia, sovereign patriots, constitutionalists, and “common law” adherents — some of whom are willing to commit crimes in support of their cause. Many of these anti-government criminal extremists do not adhere to local, state, or federal laws. They frequently challenge the government’s authority to impose taxes, govern, and maintain order. Many anti-government criminal extremists have stockpiled assault rifles and explosives and conducted paramilitary training; and they continue to commit other crimes — such as forging and assault — in furtherance of their anti-government criminal extremist beliefs. In addition, these groups are known for evading taxes and filing frivolous or bogus lawsuits — especially against law enforcement personnel, members of the courts, and other citizens.

White supremacist groups adhere to principles of racial supremacy and embrace a variety of criminal extremist ideals aimed at maintaining an “Aryan” race. The main white supremacist groups operating in California include the Aryan Nations, Ku Klux Klan, National Alliance, White Aryan Resistance, and the Creativity Movement, formerly known as the World Church of the Creator. Historically, members of these groups have engaged in criminal activities such as weapons violations, robbery, assault, vandalism, and murder. Crimes committed by these groups are typically aimed at members of minority communities.

During 2004, members of groups supporting domestic terrorism were engaged in the following criminal activity:

- In March, a suspected environmental rights criminal extremist was arrested for the arson of vehicles at car dealerships in three Southern California locations. In addition, the suspect was charged with vandalizing and firebombing at least four privately owned vehicles at another location. The arson at one dealership damaged or destroyed 72 vehicles and a parts warehouse. These crimes were claimed by the ELF on its Internet web site and caused more than \$55 million in damages.
- In April, individuals with ties to anti-government criminal extremist groups became active in Visalia, California. In an effort to block bank employees and attorneys from foreclosing on their property loan, the suspects sent out large volumes of pseudo-legal documents to attorneys and bank representatives. These types of tactics have been classified as “paper terrorism” by law enforcement authorities in the past. The suspects were charged and convicted of filing false documents, three counts of extortion, and two counts of dissuading a witness. The witness dissuasion charges resulted from the two main suspects in the case harassing an investigator.
- In May, a federal grand jury in Newark, New Jersey, indicted an animal rights criminal extremist and seven individuals associated with a criminal extremist group on one count of animal enterprise terrorism, punishable by up to three years in prison and a \$250,000 fine. The indictment’s other four counts of conspiracy to engage in interstate stalking — each punishable by up to five years and a \$200,000 fine — apply to three of the indictees, all from Pinole, California.
- In November, two fast-food outlets and a Southern California home were vandalized. Law enforcement authorities believe a suspect claiming to be associated with the ALF committed

the crimes. They shattered plate-glass windows and painted slogans on walls. In both cases, "ALF" was spray painted at the site. The ALF's Internet web site claims that the group intends to carry out acts causing financial loss to animal exploiters through the damage and destruction of property.

- Also in November, the ALF was, once again, the suspect in a Southern California case of vandalism and intimidation. The private residence of a city employee was spray painted with slogans including "ALF," "Eyes on You," and "Resign." Law enforcement authorities believe these individuals have also recently vandalized the apartment of another city employee.
- Additionally in November, a man was convicted of setting fire to dozens of sport utility vehicles that caused \$2.3 million in damage. The jury found the 24-year old guilty of conspiracy and arson relating to the crimes in Los Angeles, California. Spray painted on some of the vehicles were slogans such as "polluter," "smog machine," and "ELF."
- In December, graffiti and incendiary devices — attributed to members/associates of the ELF — were found at a residential construction site in Lincoln, California, where approximately 50 to 60 home sites were under development. Law enforcement authorities discovered delayed timing devices on the incendiary devices and determined their purpose was to start a large-scale fire. Graffiti spray painted at the site stated: "U will pay," "Quit destroying their homes," and "Disarm or die." Law enforcement authorities arrested four individuals for this crime.

## International Terrorism

Since September 11, 2001, there has been a heightened awareness of the foreign terrorist organizations (FTOs) that may be operating in California. FTOs — particularly al-Qaeda, HAMAS, Jamaat el-Fuqra, and Mujahedin E-Khalq (MEK) — have all had a presence at one time or another in this state. For example, the three al-Qaeda hijackers who crashed American Airlines, Flight 77, into the Pentagon had been residing in San Diego, California. Al-Qaeda is, of course, the infamous terrorist network created by Osama Bin Laden with the goal of promoting Islamic domination throughout the world and purging Muslim countries of Western influence. Law enforcement authorities also believe the three 9-11 hijackers scouted flight schools in Oakland, California.

In 1989, two Southern California residents created the Occupied Land Fund for the purpose of raising funds for Palestinians living in the occupied territories of Israel. This fund-raising charity was moved to Texas, renamed the Holy Land Foundation for Relief and Development, and eventually became one of the Islamic Resistance Movement's primary fund-raising entities. Also known as HAMAS, the Islamic Resistance Movement was formed in the Gaza Strip in 1987 and was a militant outgrowth of the Muslim Brotherhood. The group contends that it is the religious duty of all Muslims to take up the armed struggle to help liberate Palestine from the Mediterranean Sea to the Jordan River. HAMAS is dedicated to the destruction of Israel and the establishment of an Islamic Palestinian state. While HAMAS sponsors assassinations and kidnappings of Israeli civilians and military personnel, it has become infamous for its numerous suicide bombing attacks. HAMAS' presence in California continues to primarily be in the form of fund raising.

Members of the MEK were arrested for operating a Los Angeles-based immigration and visa fraud ring, which enabled members of the group to enter the United States illegally. The MEK was formed in Iran during the early 1960s espousing an ideological mix of Islam and Marxism and the goal of countering Western influence. By using forged documents and fictitious stories of political

persecution, the ring was able to assist hundreds of individuals entering the United States. It is unknown how many of these individuals, if any, were connected to the MEK or if they still reside in California.

Most recently, law enforcement authorities have conducted a charter school fraud investigation in connection to a compound located on 377 acres off of Highway 245 in a rural mountain area of northeastern Tulare County near Fresno, California, known as Baladullah. The compound was, at one time, advertised as a site for a chapter of the Islamic Quranic Open University (IQOU). The school was founded by Pakistani cleric Sheik Sayed Mubarik Ali Gilani and has campuses on similar type compounds in various regions of the country. Sheik Gilani is also the founder of Jamaat el-Fuqra, a group that has been designated by the U.S. Department of State as a terrorist organization, which he created in the 1980s while in Brooklyn, New York, for the purpose of purifying Islam through violence. Sheik Gilani heads the organization from his base of operations in Lahore, Pakistan. Law enforcement authorities suspect that the compound may have been owned and occupied by individuals connected to Jamaat El-Fuqra, in part, because the IQOU and the terrorist organization are believed to be linked due to their crossover membership and that both groups operate under Gilani's authority.

During 2004, members of groups supporting international terrorism were engaged in the following criminal activity:

- In June, leaders of the Holy Land Foundation for Relief and Development were indicted by federal authorities on 42 counts of funneling millions of dollars to HAMAS. Five of the seven founders of the foundation who resided in California, have been arrested while two remain at large. In September, a naturalized U.S. citizen and two others were charged with running a 15-year scheme to fund terrorism, specifically HAMAS. Many of the charges filed against this individual relate to crimes that occurred in the late 1980s and early 1990s. Law enforcement authorities believe fraudulent charities in California and throughout the United States continue to operate and send money to HAMAS under various guises in order to fund possible future terrorist attacks.
- In October, a former California resident was suspected by authorities of being a translator for al-Qaeda under the pseudonym of "Azzam the American." This individual was witnessed publicly in a videotape making threats that attacks would occur within the United States, and that the "...streets of America will run red with blood." The Central Intelligence Agency and the FBI authenticated the tape and determined the person in the video is, indeed, the former California resident. It has been determined that this individual resided in Riverside and Orange counties in California and also worked in Tucson, Arizona.
- In November, a California resident and suspected Fuqra member was arrested in York, South Carolina, on a federal warrant for possession of cocaine with intent to distribute. This individual, a former resident of the Baladullah compound in Fresno and Tulare counties, was extradited to Philadelphia, Pennsylvania, where he remains in custody at a federal detention center awaiting trial. In early November 2004, Baladullah was placed into foreclosure.
- Also in November, three former officials of a charter school in California were arrested on charges of misuse of public funds and embezzlement after a three-year joint investigation by the California Department of Justice, the Fresno Police Department, and the Fresno County Sheriff's Department. The school's charter issued by the Fresno Unified School District (FUSD)

was revoked in January 2002 after the school system failed to provide financial audit information in order to explain a \$1.3 million deficit. According to authorities, among the arrestees were three individuals who were charged with several counts of theft of public funds and grand theft — along with charges involving failing to file tax returns and failure to claim additional income.

- In December, the 9th U.S. Circuit Court of Appeals reinstated indictments against seven Los Angeles residents accused of furnishing monetary support to the MEK. The case comes from a 2001 indictment against the seven individuals for allegedly providing several hundred thousand dollars to the MEK by soliciting donations at the Los Angeles International Airport and wiring the funds to an MEK-affiliated bank account in Turkey. On June 21, 2002, the federal judge in the original case declared the process by which the U.S. State Department determines and classifies a group as “terrorist” did not provide the group in question a chance to defend itself by notifying group members of the impending designation. Rather, the process deprived group members of their due process based on a challenge they could never defend, making the designation unconstitutional.

### Analysis and Trends

- Some members of environmental and animal criminal extremist groups will likely continue their destruction and vandalism of property belonging to businesses and individuals, which they perceive as damaging the environment through activities such as urban development and logging and endangering the animal population by destroying their natural habitat.
- Some members of anti-government criminal extremist groups could continue their paramilitary training, stockpiling of weapons, and harassment of government officials by filing bogus paperwork and lawsuits against them in an effort to prepare themselves for the perceived eventuality of a possible armed conflict with federal authorities.
- Members of international terrorist groups will likely continue to seek varying forms of criminal enterprises — such as organized retail theft, welfare fraud, fraudulent coupon redemption, and insurance fraud — in an effort to accumulate revenue. They will probably continue to engage in these illicit activities as long as the enterprises remain a lucrative source of income to fund terrorist acts.
- Criminal activities, such as fraud and illegal fund raising, have proven to be a lucrative business for international terrorist organizations. Such groups may become more reliant upon these endeavors as pressure on and outright elimination of (e.g., Saddam Hussein) state sponsors of terrorism increases.
- The potential foreclosure of the Baladullah compound could be a big loss to Fuqra in California; in that, they could no longer use it as a base of operations. It is possible members will seek other isolated properties, perhaps in California, as potential sites for another compound to replace Baladullah.

# Other Organized Criminal Activity in California

Organized criminal activity takes many shapes and forms in California. Criminals are becoming increasingly creative in generating profits for their groups. Eurasian organized criminals are engaged in multiple forms of organized fraud schemes. Street gangs, prison gangs, and outlaw motorcycle gangs are working in concert with Mexican drug trafficking organizations to bring illegal narcotics into our state. Some Eurasian organized crime groups may be involved in human trafficking and alien smuggling while theft groups from South America appear to be involved in organized retail theft.

This section of the *Organized Crime in California Annual Report to the California Legislature 2004* will focus on how the Department is responding to other forms of organized criminal activity taking place in California such as drug trafficking organizations (DTO), human trafficking, and organized retail theft.

## Drug Trafficking Organizations

DTOs continue to supply and distribute a large portion of the illegal drugs found in California. Because Mexico is used as a transit destination for cocaine and a source for heroin, marijuana, methamphetamine, the southwest border region of California is a focal point for many DTOs. Mexican DTOs have a long history of supplying drugs— via land, sea, and air — to the United States. Their operations have an enormous impact on California and its drug problem. Their activities play a crucial role in understanding how illicit narcotics have become a vital link between organized crime groups, gangs, and international terrorists.

Some of the most violent criminal activity in California is taking place in towns near the Mexican border. Law enforcement authorities have identified more than 100 DTOs operating in the Imperial/ San Diego County region alone. Mexican DTOs, such as the powerful Tijuana-based Arellano-Felix Organization (AFO), control most drug and precursor chemical smuggling through the California land ports of entry in San Ysidro and Otay Mesa, California. According to law enforcement authorities, Mexican DTOs are responsible for the transportation, importation, and distribution of multi-ton quantities of illegal drugs into California.

Federal authorities report that marijuana, cocaine, and methamphetamine pose the most significant drug smuggling threats to the San Ysidro and Otay Mesa land ports of entry. Heroin and methamphetamine precursor chemicals are also smuggled but to a lesser degree.

Drugs are smuggled using a variety of means ranging from commercial and private vehicles, which are the primary means, to pedestrian couriers. Drugs that are smuggled by vehicles are usually concealed in hidden compartments or intermingled among legitimate commodities. Pedestrian couriers typically conceal drugs on their bodies or in handbags.

During the 1990s, the AFO began to allow other Mexican DTOs to smuggle drugs across the border for a fee. This facilitated the rise of other groups such as the Ismael “El Mayo” Zambada-Garcia

Organization (ZGO). ZGO's efforts to gain control of the AFO's territory led to a violent gang war between the two organizations.

According to federal authorities, the AFO has significant ties to criminal street gangs in the San Diego area. The Logan Heights street gang distributes cocaine, heroin, marijuana, methamphetamine, and PCP throughout San Diego. The gang has a history of murder, robbery, and other violent crimes. Members of the Logan Heights street gang also have ties to the EME — a violent prison gang — that recruits street gang members to traffic drugs, murder rivals, and provide security for the AFO.

Law enforcement authorities have made significant progress in disrupting the flow of narcotics into California. Over the last several years, the AFO has been severely weakened by the death or arrest of its leaders. Mexican and U.S. law enforcement authorities have conducted several successful investigations into the AFO and ZGO, which has resulted in arrests numbering in the hundreds — including some of the most powerful figures in the organization — and drug seizures measuring in the tens of thousands of pounds.

Increased security at the border ports of entry may be causing drug traffickers to seek alternative methods of introducing their illicit merchandise into the United States. Since September 11, 2001, more tunnels than in previous years have been discovered on the U.S./Mexico border.

California's ties to DTOs are evident in the following incidents that occurred during the last year. Law enforcement authorities have also expressed concern about the drug-related activities of individuals associated with the Mara Salvatrucha, the Mexican Mafia, and street gangs with U.S. ties.

During 2004, significant events associated with DTOs involved the following criminal activity:

- In January, a former Baja, California, deputy state attorney general was killed by AK-47 toting gunmen inside a popular Tijuana bar. Vehicles used by the gunmen were registered in California.
- In February, two California residents believed to have been involved in drug trafficking were found murdered, execution style, inside the parking garage of the Tijuana airport.
- In April, a low-level marijuana smuggler was murdered by Tecate drug traffickers who believed the smuggler had stolen the drugs after he failed to deliver them to a stash house in Chula Vista, California.
- In July, law enforcement authorities discovered an illegal tunnel connecting Tijuana and San Ysidro. In August, another tunnel was found near the Otay Mesa crossing and went under the U.S. border. Fifteen tunnels have been discovered on the U.S./Mexico border since September 11, 2001. This is a sharp increase from the 15 tunnels found between 1990 and 2001.
- In August, a Mexicali drug trafficker was killed as he approached his home in Mexicali. He was inside his car bearing California license plates when another car — also bearing California plates — pulled up alongside and fatally wounded him with gunfire from an Uzi.



## Human Trafficking

The crime of trafficking people for exploitation is a form of modern-day slavery. The victims come from various ethnic backgrounds and are forced into prostitution and involuntary servitude. Over the last five years, forced labor operations were reported in at least 90 U.S. cities — according to a report on forced labor in the United States. These operations thrive in states with large immigrant communities such as Florida, Texas, New York, and California.

During the last year, while analyzing organized crime patterns, analysts from the California Department of Justice's Criminal Intelligence Bureau discovered that alien smuggling and human trafficking for the purpose of debt bondage and prostitution were on the rise in California. Initial research indicated there are Asian-based and Hispanic-based organized crime groups active in California that traffic in human beings. Further research was conducted, and it was learned this area is attracting a more violent offender because of the low risks of getting caught and the lucrative profits to be made. The U.S. Immigration and Customs Enforcement authorities estimate alien smuggling profits to be \$8 billion worldwide.

Alien smuggling and human trafficking differ in several ways. Alien smuggling involves aliens giving consent and paying a fee to criminal groups who play a role in moving human cargo between borders. The smuggling of illegal immigrants can be by sea, air, or on foot; and it usually involves a short-term relationship between the smuggler and the immigrant. Human trafficking, on the other hand, is a long-term, profit-making relationship. It involves the ongoing and continued deception and/or coercion of another for the purpose of labor or sex. The victims are often lured by someone who befriends them and entices them with promises of a better life. Instead, they are forced into prostitution or indentured servitude with little or no pay. Victims may also be forced into domestic servitude, agricultural work, or sweatshops.

Most often, illegal immigrants are leaving countries with severe economic and harsh living conditions. Every day, thousands of women and girls are being lured into the human trade with promises of a better life and a lucrative job abroad — often by someone they know or have just befriended. Other women might be lured by an advertisement in a newspaper. Research has shown that the recruiting arm of the trafficking network heavily advertises in the countries of origin for models, dancers, nannies, and even mail-order brides. The false promises of work or marriage appeal to some unemployed women living in impoverished societies.

Even though most of these organized human trafficking groups are based in foreign countries, their impact on criminal activity in California can involve violence, forced prostitution, indentured servitude, and a variety of related crimes. Foreign-based human trafficking has primarily been a federal problem that has become a state and local problem. Secondary crimes — such as fraud, money laundering, and prostitution — associated with these groups are also major problems for California. Currently, there is no statewide effort to help identify and interdict these crimes being committed in California, nor are there any local or state efforts readily available to protect the victims and prevent such crimes from occurring in the future. Another problem is the lack of a central clearinghouse that could collect and analyze information relating to these crimes. Furthermore, the victims of these crimes rarely go to law enforcement authorities because of the fear instilled in them by members of the trafficking organizations.

During 2004, members of human trafficking organizations were engaged in the following criminal activity:

- In October, a massage parlor in the San Francisco Bay Area was raided where authorities found 17 young Asian women believed to have been trafficked into the country for sex and slave labor. Investigators collected \$17,000 at the brothel and an additional \$40,000 at the home of the suspected madam. Two people were arrested on suspicion of harboring illegal immigrants. The women told investigators that they had been put to work as prostitutes in order to pay off their fees for being smuggled into the country.
- In December, five men in San Diego were indicted on charges they smuggled illegal immigrants from eastern Europe into the United States for financial gain. The men allegedly smuggled immigrants from Poland, Lithuania, Ukraine, and Russia into the United States by car via the Mexican border.

## Organized Retail Theft

According to the Food Marketing Institute, organized retail theft (ORT) is one of the most pressing security problems confronting retailers. National retail losses are estimated at approximately \$15 billion annually. ORT often consists of rings involving skilled, professional shoplifters who plan, finance, and execute retail theft for monetary profit while targeting specific merchandise. Retail shoplifting has been occurring for many years; but ORT, or professional organized shoplifting, has been on the rise for the past 15 years.

ORT groups target many different products such as infant formula; over-the-counter pharmaceuticals, such as pain relievers; cigarettes; disposable razor blades; teeth-whitening strips; diabetic test strips; DVDs; and Nicorette/Nicoderm chewing gum. All of these products are small, easy to conceal, and worth large amounts of money when sold through fencing operations.

Another sector of the retail industry affected by ORT is the jewelry and gem (JAG) sector. The organized criminal enterprises that target the jewelry industry usually include suspects from Peru, Ecuador, Chile, and Colombia. In JAG-related crimes, there are two basic methods of operation, which include: (1) distracting the store employee while allowing another suspect(s) access to the intended item(s); and (2) "smash and grabs." A "smash and grab" occurs when a suspect(s) smashes a glass-enclosed jewelry counter, grabs as many items as possible, and then flees the scene.

The extraordinarily high amount of losses caused by ORT, including JAG-related crimes, trickles down to the consumer in the form of higher prices and to the business owners in the form of higher insurance rates. These losses will likely continue until a centralized system for sharing and coordinating the exchange of information regarding these crimes occurs. Recently, the Federal Bureau of Investigation asked the National Retail Federation to develop and coordinate a centralized database to receive, analyze, and provide information on suspected and known ORT incidents and retail theft rings. This effort should enable law enforcement authorities to identify offenders, provide analysis on the sequence of crimes, compile link charts of criminal associates, and help reduce the vast amounts of loss from ORT.

ORT poses several significant problems. The first problem is the monetary losses to businesses, which are then passed on to the consumer. ORT affects supermarkets, drug stores, mass merchandisers, and convenience stores — just about every kind of store. The second problem is in the interruption of product supply. Many products must be stored and transported under prescribed conditions to keep the product safe for consumption. This is especially true in the case of infant formula. These organized theft rings do not provide climate control storage and the merchandise frequently spoils or becomes tainted. The third problem is that there is a huge market for resale. Stolen products are sold at flea markets; swap meets; questionable storefront operations; the trunks of people's cars; and, sometimes unwittingly, at Mom-and-Pop stores. Some of these secondary retailers know they are buying stolen merchandise, others do not. Some of these products are even sold on the Internet at sites such as E-Bay. The fourth problem is money laundering. Once stolen property is resold to secondary retailers, investigations have revealed that some of the profit is being sent to the Middle East. The money can be smuggled out of the country a variety of ways such as concealment on individual travelers, wire transfers through European banks, express-type mail shipments containing currency, and through unlicensed money remitter services.

ORT groups have many components including organizers, professional shoplifters or boosters, fencing operations, a network of repackaging operations, and illegitimate wholesalers. ORT is a systematic process that allows boosters to “hit” several stores in one day and accumulate as much as \$3,000 worth of merchandise per day. Boosters are paid by fences approximately 10 to 20 cents on the dollar for stolen merchandise; and they can earn as much as \$100,000 annually.

U.S. Immigration and Customs Enforcement investigators have interviewed a number of ORT suspects and have identified a common method of operation. The shoplifting group is typically comprised of five or six males and females. An experienced male is usually the team leader and is responsible for making travel arrangements and providing transportation, food, and lodging for the group. They then travel to a target city, obtain a hotel room, and spend the next seven to ten days shoplifting from stores in the area. Each day, the stolen goods are stored in a self-service storage unit that is rented by the team leader. Upon conclusion of the operation, the stolen goods are removed from the storage units; loaded into rental trucks; returned to their home city; and sold to buyers. Profits generated by the sale of stolen goods are used for the purchase of additional goods, thus repeating the cycle and to further the wealth of the criminals involved.

During 2004, members of organized retail theft groups were engaged in the following criminal activity:

- In January, three members of an ORT group involved in a fencing operation were arrested. Thus far, one suspect has pled guilty and received 18 months in jail and faces deportation. In this particular case, the retail store lost approximately \$24,500 in merchandise. The members of this group were active at specific retail stores in Northern and Southern California and Indianapolis, Indiana. The preferred merchandise stolen by this group was DVDs, Nicorette/Nicoderm, over-the-counter medicines, Mach-3 razors, and electric shavers. The suspect's address was obtained through California Department of Motor Vehicles records after security personnel observed the suspects entering a vehicle. Police, accompanied by store investigators served a search warrant at the suspect's residence in Southern California. During the search, 17 storage containers were found inside the garage. Most of the merchandise was identified by electronic article surveillance tags. Also found were various items of clothing, appliances, big-screen televisions, and DVD recorders. Notebooks belonging to the suspects were also discovered with notes detailing the stolen items, to whom they were sold, and an inventory system.

- During 2004, an investigation in Southern California revealed an active fence (a husband-and-wife team) who owned a jewelry business in New York. They traveled to many cities throughout the United States including Los Angeles, San Francisco, and Dublin, California — as well as Overland Park, Kansas; Tempe and Scottsdale, Arizona; and Redmond, Washington; to purchase jewelry from boosters. The suspect(s) would travel (either alone or together) to these cities soon after the robberies occurred and meet with the boosters to view, weigh, and negotiate a price for the stolen jewelry that would either be shipped or taken back to New York. The stolen jewelry in the robberies linked to these suspect(s) totaled approximately \$3 million.

### Analysis and Trends

- The slaying of key figures in Mexican DTOs is expected to have major repercussions that may result in the realignment of these organizations. Due to these slayings and the diminishment of the AFO and ZGO — the two most powerful Mexican DTOs — smaller, less powerful organizations could attempt to seize control of drug smuggling across the border.
- Since September 11, 2001, more tunnels than in previous years have been discovered on the U.S./Mexico border. Increased staffing levels and inspections at California ports of entry may be forcing some drug smugglers to use other methods.
- DTOs will likely continue to recruit and use street gang members from California into their organization to traffick drugs, murder rivals, and provide security for their organization.
- The hidden, inhumane, widespread, and criminal nature of involuntary servitude involved in human trafficking requires a coordinated effort by law enforcement, social service providers, and the public to address this issue. Each discipline brings their own much needed expertise to the prevention, interdiction, and dismantling of the organizations involved in criminal activity.
- Because law enforcement resources are more likely to be directed to crimes against persons rather than crimes against property, ORT groups will probably continue to cost consumers and businesses billions of dollars in the form of higher prices and higher insurance costs.

## CIB Efforts

During 2004, Criminal Intelligence Bureau (CIB) personnel were dedicated to helping protect the citizens of California. The CIB Headquarters consists of four intelligence sections — the Gang Analysis Unit, the Organized Crime Analysis Unit, the California Anti-Terrorism Information Center (CATIC), and the Los Angeles County Regional Criminal Information Clearinghouse (LA CLEAR). Staff in these units identifies and tracks criminal suspects and groups and assesses threats presented to the citizens of California by these entities. They work with special agents in CATIC's eight regional task forces, which are strategically located in cities around the state to track the most violent groups in California including suspected terrorists and their organizations. The information that follows highlights some of the projects undertaken by CIB in 2004.

### Gang Analysis Unit

Gang Analysis Unit analysts monitor the activities of California's criminal street gangs as well as prison gangs and outlaw motorcycle gangs. They maintain a statewide file of criminal intelligence information on these gangs and assist local, state, and federal law enforcement agencies in identifying, investigating, and prosecuting gang members involved in gang-related criminal activities. They prepare in-depth assessments, special reports, bulletins, advisories, and publications for agencies pertaining to the criminal activities, trends, and patterns of these groups — as well as their potential for violence. They also coordinate and host various intelligence briefings and POST-certified workshops and conduct gang-related training for investigators and prosecutors throughout the state.

During 2004, Gang Analysis Unit staff prepared written documents — such as advisories and special operations bulletins — designed to assist law enforcement authorities across the state in their investigations. One such advisory was written and distributed to law enforcement agencies to remind them that certain individuals convicted of a street gang-related crime are required to register with the chief of police or sheriff in the city or county where he or she resides. The advisory covered the major points of the registration requirements — including time frames of registration and fingerprint and photograph requirements.

Gang Analysis Unit analysts prepared and issued additional bulletins and advisories on topics such as officer-safety information; stolen weapons; assaults on police officers by gang members; gang-related homicides; gang-related bank robberies; outlaw motorcycle gangs, such as the Hells Angels; and prison gangs, such as Nuestra Familia and the Nazi Low Riders.

Staff from the Gang Analysis Unit track many gangs and provide local law enforcement authorities with information on the gang's criminal activities, their members, and their associates. Some of the gangs analyzed by the Gang Analysis Unit are part of the Skinhead movement. Skinhead members include both males and females and various groups are found all over California. Some Skinhead groups are non-racist, but the groups that are racist often resort to violence in getting their racial hatred message out. Staff from the Gang Analysis Unit prepared two *Intelligence Operations Bulletins* describing these groups in California, their numbers, activities, and future trends. One Skinhead group that drew attention for its violent criminal activities is Public Enemy Number One (PEN1).

PEN1 is an extremely violent gang. It is rapidly gaining prominence in California due to the gang's violent nature and attacks on police officers. During 2004, local law enforcement authorities were seeking information on the gang and its members. Staff from the Gang Analysis Unit conducted five, one-day workshops across the state that provided important information to attendees. These workshops helped to aid investigations, identify suspects, and enhance knowledge on the gang. Staff were also able to present crime methodologies to aid investigators. A CD-rom with information on PEN1 was developed and made available to the 314 law enforcement authorities who attended the workshops.

Staff from the Gang Analysis Unit was also asked to assist in an investigation of an individual suspected of trafficking in guns and methamphetamine. The analyst was able to determine that this individual was a founding member of the Family Affiliated Irish Mafia, a criminal street gang. The analyst was also able to identify one of the suspect's associates as the wife of a Hells Angels outlaw motorcycle gang member who had an outstanding warrant issued by the Bureau of Alcohol, Tobacco, Firearms, and Explosives. As the investigation progressed, information surfaced that the suspect is also associated with the Aryan Brotherhood, a prison gang. The analyst provided assistance to the investigation through the use of analytical charts and graphs. Background information on 23 members of these gangs was obtained for the investigation.

During 2004, the cities of Biggs, Gridley, and Chico — all in Northern California — began experiencing the affects of escalating violence between rival gang members in their cities. As a result of a homicide, the Federal Bureau of Investigation requested analysts from the Gang Analysis Unit to assist the investigation by compiling profile packages on 47 suspects. Using the profile packages, a gang sweep was conducted that resulted in 15 arrests; 8 seized weapons; and 3 individuals being identified as gang members.

Gang Analysis Unit staff also developed and conducted a two-hour presentation for law enforcement authorities on outlaw motorcycle gangs. Approximately 35 law enforcement authorities were provided with information necessary to aid in their investigations and identify suspects.

Gang Analysis Unit staff periodically receives requests to speak at meetings and conferences regarding their expertise on gangs. They conducted a variety of gang-related training at various courses and seminars throughout the state. Training was provided on such topics as current gang trends; the abilities and resources available through the Criminal Intelligence Bureau analysts; and gang culture. Approximately 200 chiefs, executive officers, analysts, and law enforcement authorities from throughout California were in attendance.

## **Organized Crime Analysis Unit**

The Organized Crime Analysis Unit coordinates statewide investigative efforts targeting organized crime groups. It also serves as the statewide clearinghouse for information regarding these groups. Analysts gather, analyze, and disseminate criminal intelligence on these targets; prepare and disseminate in-depth reports on the scope, patterns, and structure of organized crime; and assist local, state, and federal agencies in special projects such as link-analysis diagrams, telephone-toll analysis, event-flow diagrams encompassing charting, and report preparation. The unit also houses the state liaison program for Interpol, which processes California requests for assistance from foreign countries and assists California agencies in obtaining criminal investigation information from foreign countries.

Organized Crime Analysis Unit staff keeps up to date on the activities, groups, and individuals suspected of being involved in traditional organized crime groups — as well as in the area of Eurasian organized crime. In order to provide important and relevant information in the area of Eurasian crime, a special report was researched and written to help give law enforcement authorities insight into the background of this immigrant population as well as the activities of some of these organized criminal groups operating in California. It also provides useful interviewing techniques, effective methods of informant development, the meaning of common tattoos, and assistance in understanding the many variations of Russian and Eurasian names.

Organized Crime Analysis Unit staff is frequently asked to speak at various conferences and seminars in California — as well as other states and countries — regarding their expertise in the field of organized crime groups. During 2004, staff conducted presentations regarding Eurasian organized crime at conferences in California, outside the state, and even in other countries.

The office of the inspector general for the Department of Health and Human Services in Los Angeles requested an Organized Crime Analysis Unit analyst to provide training for their agents. Staff provided training on Eurasian organized crime's involvement in the area of health-care fraud to approximately 50 federal agents. Written training material was also prepared and disseminated to attendees.

Other California speaking engagements included the *Attorney General's Annual Training Conference* in Sacramento, California; the *California Crime and Intelligence Analysts Association Conference*, also in Sacramento; and the *Association of State Criminal Investigative Agencies Conference* in San Diego, California. Meetings in Northern California and Southern California are conducted for law enforcement personnel investigating Eurasian organized crime groups. These meetings afford attendees the opportunity to exchange information on activity in their own jurisdictions and has proven invaluable to all in identifying distinct trends and patterns of activity in this crime area.

Staff from the Organized Crime Analysis Unit has also had several opportunities to speak outside of California. An analyst from the unit presented information and provided training at the Crime Analyst Conference in Seattle, Washington; the King County Sheriff's Department in Kent, Washington; and the Illinois Drug Enforcement Officers Association Seminar in St. Louis, Missouri, and Chicago, Illinois.

Staff from the Organized Crime Analysis Unit — at the request of the California National Guard — was invited to travel to Ukraine during 2004 in order to participate in a program with Ukrainian authorities designed to develop an exchange of information related to transnational threats. The analyst — along with other California law enforcement personnel — presented information on Eurasian organized crime activities; weapons of mass destruction detection and mitigation; and the use of information technologies and crime analysis in identifying potential transnational threats. Two presentations were given to Border Patrol investigators in the cities of Kiev and Odessa.

Human trafficking crimes committed by organized crime groups have been increasing in California and across the nation. During 2004, an analyst from the Organized Crime Analysis Unit was invited to participate in the Institute for Intergovernmental Research's curriculum review of a human trafficking "train-the-trainer" program. The purpose of the curriculum review was to educate and increase awareness on the topic of human trafficking to law enforcement authorities and community groups. The U.S. Department of Justice's Bureau of Justice Assistance requested the review

to develop a guide for educating law enforcement and others nationwide to help bridge the gap between communities and law enforcement efforts. The analyst participated in the review and assisted in developing the instructor guide.

At the request of the California Attorney General's Legislative Affairs Unit, an Organized Crime Analysis Unit analyst provided testimony at a California Assembly Select Committee legislative hearing in San Francisco regarding human trafficking. Written materials regarding human trafficking were also provided to committee members.

After the killing of one of their officers in the line of duty, the Merced Police Department requested analysts from the Organized Crime Analysis Unit for support in locating the suspect in the shooting. Staff analyzed information from many sources — including a tip hotline — and created a searchable database of more than 500 subjects who were in any way associated with the suspect or identified as being related to the subject. They also created a spreadsheet for associated vehicles and phone numbers using information from the California Department of Motor Vehicles, the National Insurance Crime Bureau, and public databases.

Following the capture of the fugitive charged with shooting the Merced Police Department officer, 73 gang members/associates were identified as living in the Merced area. A task force made up of local, state, and federal agencies was formed to attack the overall problem of gang activity in that jurisdiction. Organized Crime Analysis Unit analysts assisted the task force by creating visual aids for the task force meetings, including PowerPoint presentations; charts showing the status of the investigative targets; and analysis of more than 12,000 telephone intercepts. At last count, 53 subjects have been incarcerated due to the efforts of the task force.

## **California Anti-Terrorism Information Center**

In response to the tragic events of September 11, 2001, the California Anti-Terrorism Information Center (CATIC) was created within the California Department of Justice. CATIC serves as the central collection point for law enforcement information related to terrorism and provides timely collection, coordination, analysis, investigation, and dissemination of the information regarding terrorist activity to federal, state, and local law enforcement agencies. It is also responsible for creating a conduit between these agencies to ensure that information is handled timely and forwarded to the appropriate agencies.

The California Department of Justice was designated as the lead agency in the creation of CATIC because of the intelligence functions that already resided within the Department — along with the intelligence sharing systems managed by the Department. These systems provided connectivity not only with law enforcement agencies in the state but throughout the nation.

CATIC provides local, state, and federal law enforcement with timely and valuable intelligence resources to assess, prevent, and respond to terrorist threats. Through increased coordination and information sharing among federal, state, and local agencies, law enforcement is establishing a solid foundation to identify the complex structure, logistical support, and potential targets of international terrorist organizations. This multi-agency cooperation is critical in achieving the ultimate success in the identification and prevention of terrorist activities.



While assessing the activities of terrorist groups, CATIC has noted several developing trends. One such trend is a form of deception that is being employed by individuals entering California and other states bordering Mexico. These individuals are known or suspected by law enforcement officials to be associated with international terrorist groups such as HAMAS, Hizballah, and al-Qaeda. Border and naturalization authorities have noted an increase of individuals entering the United States from Mexico who are of Middle Eastern origin and have changed, or attempted to change, their surnames to those associated with other ethnicities. CATIC determined there are international terrorist cells in South America and Mexico with possible ties to drug cartels and human smuggling rings. These cells are believed by U.S. and South American authorities to be made up of members and supporters of these same international terrorist groups.

In 2004, CATIC identified another potential trend — this one involving terrorist recruiting. They determined al-Qaeda may be attempting to recruit non-Arabs to infiltrate the United States and conduct a terrorist attack. Al-Qaeda recruiters are believed by law enforcement authorities to be particularly interested in individuals who speak "...English, were of European ancestry, had U.S. or Western European passports, were naturalized U.S. citizens, or were of Southern Asian descent." Al-Qaeda members believe this narrow-target recruitment will lessen the degree of suspicion at U.S. entry points.

CATIC has been a founding member — as well as a driving force — in the creation of the Joint Regional Information Exchange System. This system's purpose is to share information real time with law enforcement agencies that have active intelligence units across the country, conduct the analysis, and disseminate it to the appropriate agencies.

## **Joint Regional Information Exchange System**

JRIES was created in cooperation with the Defense Intelligence Agency, the New York Police Department's Counter-Terrorism Division, and the California Department of Justice. These three agencies began meeting in May 2002 to develop a national terrorism intelligence system that would connect appropriate terrorism intelligence units across the country.

The U.S. Department of Homeland Security (DHS) has accepted the JRIES system as their primary communication and collaboration system for collecting, analyzing, and sharing terrorism-related information. The JRIES concept has been expanded to include other communities of interest such as state Homeland Security advisors, California National Guard bureaus, and Emergency Operations Centers.

During the 2004 Olympic trials in Sacramento, California, CATIC personnel were requested by the Sacramento Police Department to assist with analytical and investigative tasks. Analysts were assigned to the on-site command post on a rotating 24-hour schedule during the trials. The analysts were responsible for monitoring JRIES. CATIC's assistance at the trials gave the Sacramento Police Department a direct link nationally to those law enforcement agencies utilizing JRIES. The analysts were the liaison to CATIC Headquarters and worked directly with representatives from the Sacramento Police Department; Sacramento County Sheriff's Department; California State University, Sacramento, Police; the California Highway Patrol; the Sacramento Joint Terrorism Task Force; and the Bureau of Alcohol, Tobacco, Firearms, and Explosives.

The U.S. DHS has expanded JRIES into a system known as Homeland Security Information Network (HSIN). The over-arching HSIN will include other disciplines involved in the prevention and response to terrorism. CATIC, in cooperation with the California Department of Justice's Hawkins Data Center recently installed servers to provide the same technology to all government agencies in California that have a terrorism responsibility. These servers will allow all agencies to communicate in a secure environment and share information such as reports, digital photographs, and videos. The servers will also be connected to the U.S. DHS servers to provide complete integration. The end result will be real-time information sharing to allow decision makers, law enforcement, and first responders the opportunity to evaluate — as well as respond to — catastrophic events.

The expansion of the JRIES continued to be a focus of CATIC's efforts during the 2004 calendar year. CATIC analysts were charged with marketing the JRIES system to the law enforcement community. Their presentations included an overview of JRIES's capabilities and, in most cases, installation of the software. More than 180 law enforcement agencies attended 18 JRIES presentations in California provided by CATIC and close to 200 software licenses were issued. In March, the U.S. Department of Homeland Security officially announced JRIES would be its primary communication and collaboration tool.

CATIC has also worked in conjunction with the California National Guard in developing the Pre-Incident Indicator database. This project began when CATIC realized the need for subject-matter experts in the field of critical infrastructure and its protection.

## **California National Guard/Pre-Incident Indicator Project**

CATIC — working in conjunction with the California National Guard (CNG) — has developed the Pre-Incident Indicator (PII) database. Using the CARVER methodology — which scored sites based on vulnerability, importance to the state from an economical or psychological standpoint, and other criteria — the CNG prepared a list of critical infrastructure sites that were important on a statewide basis versus a local or regional basis. These sites were then geo-coded and mapped on a California Department of Justice system operation that was already in place to provide deconfliction on narcotic operations.

A collections document was developed that law enforcement agencies could use to input suspicious activities occurring throughout the state. The criteria for suspicious activity could include photographing, videotaping, probing, bomb scares, etc. Law enforcement agencies are able to directly input information into the PII database utilizing a secure web-based system, which the California Department of Justice already had in place for intelligence sharing. Law enforcement can also e-mail, fax, or call in the information to CNG personnel.

In order to help prevent the occurrence of future terrorist attacks, CATIC has pioneered several proactive initiatives to protect the citizens of this state from acts of terrorism. One such initiative, which began during 2004, is a concerted campaign to raise awareness regarding the possibility of terrorist groups recruiting operatives with criminal backgrounds. Concern that al-Qaeda recruiters were targeting Westerners with criminal backgrounds to commit acts of terrorism in this country began in December 2001 with the arrest of the accused "shoe bomber" who attempted to detonate an improvised explosive device while aboard American Airlines, Flight 63. The accused "shoe bomber" was a citizen of Great Britain, the suspect had converted to Islam while imprisoned for petty crimes. A second instance of this potential trend was al-Qaeda's recruitment of an individual

suspected of plotting to detonate a radioactive device or “dirty bomb” within the United States. This individual converted to Islam while serving a jail sentence in the United States and began traveling to the Middle East after his release. Law enforcement authorities believe this individual was recruited by a high-ranking al-Qaeda leader and was trained in the organization’s terrorist camps.

These two instances have served as the catalyst behind CATIC’s continued efforts to fortify its relationships with state and local correctional officials across California in order to better equip law enforcement personnel with the knowledge to recognize potential warning signs and trends and to coordinate the sharing of information with the proper authorities should they encounter suspicious activity. CATIC is training law enforcement and correctional facility personnel regarding the efforts of prison recruitment by pseudo-religious organizational fronts and discussing improvements in communication between offices.

In early 2005, CATIC will operate under the new name of the State Terrorism Threat Assessment Center and will closely follow the direction set forth by the U.S. Department of Homeland Security.

## **Los Angeles County Regional Criminal Information Clearinghouse**

It is the primary mission of the Los Angeles County Regional Criminal Information Clearinghouse (LA CLEAR), as an initiative of the Los Angeles High-Intensity Drug Trafficking Area (LA-HIDTA), to ensure officer safety and operational efficiency by providing advanced technology, an intelligence support system, and enhanced information sharing to all law enforcement agencies.

The LA CLEAR was created to provide an investigative support center for law enforcement agencies operating within the four-county LA-HIDTA and is a member of the LA-HIDTA Intelligence Support System (ISS). The LA-HIDTA ISS is comprised of three HIDTA-funded intelligence initiatives. These three intelligence initiatives combined are the LA-HIDTA Intelligence Support Center. The LA CLEAR has electronic connectivity with all HIDTA initiatives and other agencies. The center provides a variety of services to both HIDTA-funded initiatives and other law enforcement agencies operating within and outside the LA-HIDTA. The LA CLEAR is made up of the following components:

- A 24-hour/7-day-a-week de-confliction center known as the War Room. The primary objective of the LA CLEAR War Room is to improve officer safety and enhance communication and coordination among law enforcement agencies through its War Room operation. The War Room operates similar to that of a command center; in that, an officer’s call or fax request for research is dealt with on an immediate need basis. Oftentimes, these officers are in the field participating in an enforcement effort and information provided to them from the LA CLEAR is critical to the outcome of their operation.
- With access to a variety of intelligence databases on a 24-hour-a-day, 7-day-a-week basis, immediate and continuous availability of services to law enforcement agencies is attainable. Additionally, the War Room tracks all narcotics enforcement activities in the 25 counties of the Los Angeles, Central Valley, Bay Area, and Nevada HIDTAs via Geo-mapping. This tracking provides the War Room the ability to de-conflict enforcement activities that may be a compromise to officer-safety or other narcotics investigations.

- Use of the Regional Information Sharing System Network (RISSNET) as a pointer system and the facilitation of sharing information between law enforcement agencies operating within and outside the LA-HIDTA.
- An Analytical Unit that is comprised of a Case Support Unit, Asian Gang Unit, and Post Seizure Analysis Unit.
- The Analytical Unit provides agencies with analytical products including telephone-toll analysis, link analysis, charts, graphs, wiretap support and targeting analysis.
- LA CLEAR analysts are assigned to the Riverside Inland Narcotics Clearinghouse, Los Angeles Joint Drug Intelligence Group, Southern California Drug Task Force, and Orange County Lab Response Team. All of these programs are HIDTA initiatives.
- The Analytical Unit produces quarterly trend reports that provide analysis on enforcement trends, price/purity, lab-seizure data, parole and probation drug testing results, and clandestine laboratory information.
- The Analytical Unit has access to the RISSNET database; law enforcement databases; commercial databases, such as Autotrak and LexisNexis; and access to the El Paso Intelligence Center, Drug Enforcement Administration, and Narcotics and Dangerous Drugs Information System via authorized personnel.
- The LA CLEAR also has a Special Operations Unit that provides wiretap support through an on-site, 50-station, digital wire-tap facility.
- The Special Operations Unit also provides high-tech equipment to law enforcement agencies operating in the LA-HIDTA with pole cameras, vehicle tracking devices, pager intercepts, and other equipment.
- The Special Operations Unit has technicians on call 24 hours a day to assist law enforcement agencies with installing or repairing any of the above-mentioned equipment.
- The LA CLEAR has a 120-seat training facility that doubles as a command post with sufficient telephone and data lines to support large operations. During 2004, more than 1,400 investigators, agents and analysts were trained in a variety of law enforcement subjects.
- The LA CLEAR also has three 12-station computer training labs where classes are presented on a variety of programs including PENLINK, Analyst's Notebook, and other computer programs designed to assist the investigative process.
- HIDTA-funded initiatives are given first priority for support by the LA CLEAR.

The LA CLEAR is located at the California Department of Justice, Los Angeles Regional Office in Commerce, California. It is managed by a senior special agent in charge who reports to an Executive Council that is chaired by the Hawthorne chief of police. The Executive Council is comprised of law enforcement executives from sheriff departments, police departments, Bureau of Narcotic Enforcement, Drug Enforcement Administration, Federal Bureau of Investigation, and U.S. Immigration and Customs Enforcement.

The following are examples of some successful LA CLEAR investigations that took place in 2004:

- Investigators used wiretap to identify the Avendano organization, which is directly linked to the Zambada-Garcia Organization (ZGO) in Mexico. The ZGO is one of Mexico's most powerful drug cartels.
- Working with the Southern California Drug Task Force (SCDTF), 75 wiretaps were conducted over 17 months in this investigation regarding the smuggling of cocaine from Mexico through Arizona to Los Angeles. Another case involved Mexican nationals smuggling and distributing large amounts of cocaine through Tijuana and other border towns. Investigators used call records to identify the criminal network.
- The SCDTF and LA CLEAR were involved in yet another investigation regarding a drug trafficking organization that was supplying methamphetamine to street gangs. This investigation began as a homicide and resulted in the identification of many narcotics networks and seizures. Investigators used call records, wiretap, and surveillance to identify a conspiracy of illegal activities.