

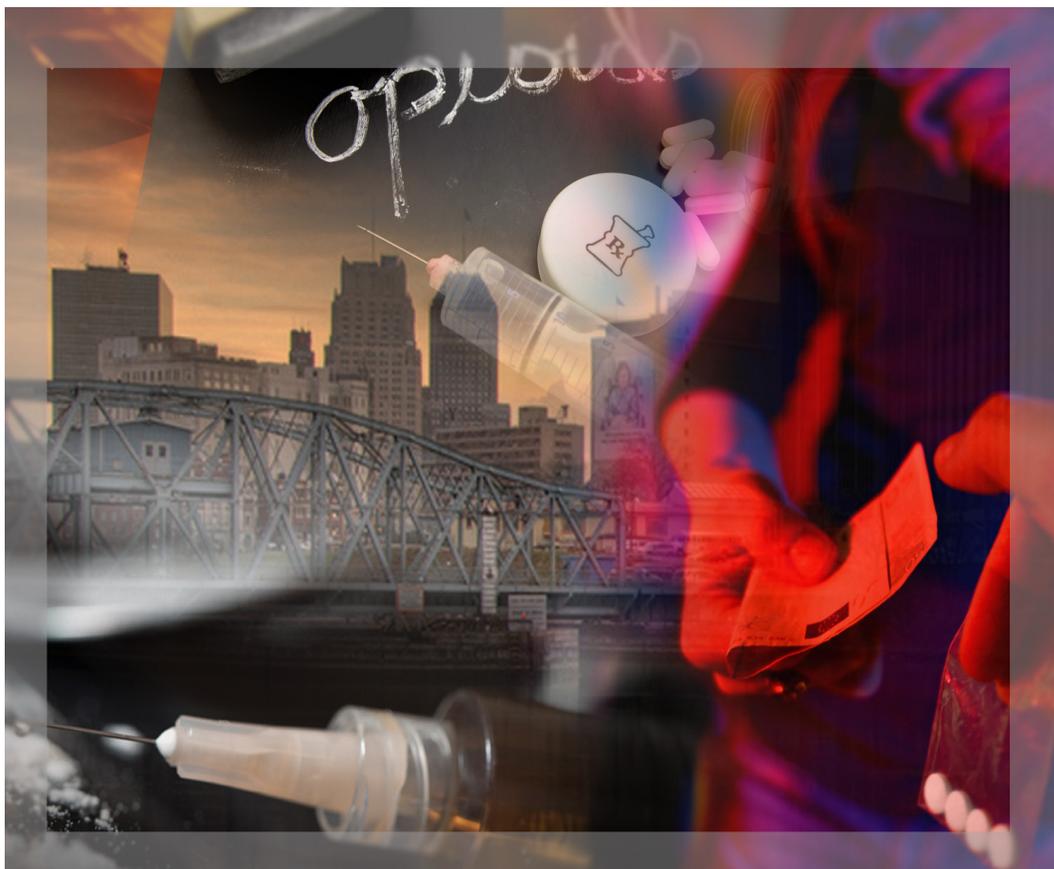


DEA
INTELLIGENCE
REPORT

The Drug Situation in the New Jersey Division: January to June 2017

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Executive Summary

The Drug Enforcement Administration (DEA) New Jersey Division's Intelligence Program conducted a bi-annual assessment of the drug threats occurring within the State of New Jersey between January and June 2017. This report highlights the strategic and significant findings regarding the illicit drug trends in the New Jersey Division's (NJD) area of responsibility (AOR). Unless otherwise noted, data and findings are from DEA reporting.

New Jersey is situated between the major industrial and metropolitan markets of New York City and Philadelphia. With many interstate highways, roadways, and railways, New Jersey is a strategic cog in the flow of goods and services throughout the United States. Newark Liberty International, John Fitzgerald Kennedy, and LaGuardia airports are all within a short driving distance for a majority of New Jersey residents. In addition, the Port of Newark seaport is the busiest and largest port on the East Coast.^a These factors provide an infrastructure capable of accommodating voluminous amounts of passenger and cargo traffic from all over the country, as well as the world, via air, sea, and land. This makes New Jersey an ideal strategic, as thus vulnerable, corridor for the transportation of drug contraband and illicit currency.



Source: DEA New Jersey Field Division

The New Jersey Division's geographic AOR covers the entire state, with a population of approximately 9 million people, and provides narcotics enforcement coverage to 21 counties and 566 municipalities through the Newark Division Office, the Atlantic City and Camden Resident Offices, and the Paterson Post of Duty office. The resident offices are in the southern portion of the state. Although New Jersey is the fourth smallest state by area, it has the 11th highest population, making it the most densely populated state in the country. New Jersey is also the third wealthiest state by income in the nation. All of these factors influence the types of illicit drugs seen in New Jersey.^b

Colombian, Mexican, and Dominican trafficking organizations are the primary wholesale suppliers in the state and continue to ship multi-kilogram quantities of heroin from Colombia and Mexico to New Jersey. The Colombian and Dominican drug trafficking organizations (DTOs) continue to transport heroin directly to New Jersey through the use of couriers flying on commercial airlines destined for Newark Liberty International Airport. Colombian DTOs also continue to utilize Mexican transportation organizations to smuggle heroin originating in Colombia into the United States across the Southwest Border and eventually to the NJD AOR via commercial and private vehicles. Mexican DTOs have recently made inroads in the heroin market and have begun distributing large quantities of Mexican-produced heroin throughout New Jersey. Heroin is also typically smuggled across the Southwest Border via commercial and private vehicles and is destined for distribution in

^a Port Authority of New York and New Jersey

^b Statistics in this paragraph- US Census Bureau

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New Jersey. At the retail level, African American and Dominican organizations prevail, but distribution is also undertaken by other ethnic groups and street gangs. The Bloods, Crips, and Latin Kings Street Gangs are believed to control the greater Newark area.

In the Paterson area, heroin distribution is controlled by members of the Bloods, who are supplied by Dominican organizations in New York City. Colombian dealers in Elizabeth are known to be the major sources of supply for heroin, but are not usually involved in street drug sales. Heroin is sold in Elizabeth by African American street level dealers in open-air markets at various locations near housing projects. In southern New Jersey (Atlantic City and Camden), heroin is often transported via car or bus from source cities in New Jersey, Pennsylvania, and New York.

Details

Heroin

Heroin poses a huge threat to New Jersey, in that the combination of high potency, high availability, and relative low cost, make it the most prevalent drug of abuse and addiction in the AOR. Heroin in New Jersey is among the cheapest and purest in the nation, and the addition of powerful psychoactive substances such as fentanyl and similar analogues continue to be a major issue. In 2016, heroin accounted for 43% of all treatment admissions in New Jersey.^c

Historically, the heroin available in New Jersey has originated from Colombia. However, heroin of Mexican origin has gained a major foothold in the region. It is smuggled into the United States primarily by Colombian and Dominican organizations that utilize body couriers who conceal heroin bundles on their persons, in their apparel, or in their luggage and then onboard commercial airline flights into Newark Liberty International Airport. DEA reporting indicates that South American heroin is smuggled into the state from southwestern states in commercial and private vehicles.

Private overnight mail carriers and the United States Postal Service are also used to smuggle heroin into New Jersey from Colombia with transshipment through Mexico, Aruba, Curacao, Puerto Rico, and Central American countries. Heroin is typically secreted inside legitimate cargo (such as household goods), electronic equipment, and clothing. The Port of Newark and Elizabeth also provides DTOs another avenue to smuggle heroin in cargo. The majority of heroin coming into the southern part of the state comes in from Newark, New York City, and Philadelphia. The southern half of New Jersey is considered to be a prime new demographic for the importation of illegal drugs directly from Mexico by the Sinaloa Cartel.

Heroin is the most prevalent drug of abuse in the Newark metropolitan area. Fentanyl-laced heroin continues to pose challenges to law enforcement officials and treatment professionals. The New Jersey State Police (NJSP) launched a Drug Monitoring Initiative (DMI) several years ago, targeting the heroin/fentanyl issue in New Jersey. Seizures are logged in a database with identifiers such as name brands and adulterants in an

**(U) Figure 2:
Drug Threat Rankings for the
New Jersey Field Division,
January - June 2017**

Rank	Drug
1	Heroin
2	Fentanyl
3	Cocaine
4	Pharmaceuticals
5	Methamphetamine

Source: DEA New Jersey Division

^c New Jersey Substance Abuse Monitoring System (NJSAMS) Substance Abuse Treatment Admissions 2016

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attempt to identify any patterns to the use of heroin in the state. The DMI now serves as a model for fusion centers and High Intensity Drug Trafficking HIDTA across the country to share information on a daily basis in a combined effort to combat the heroin crisis.

Fentanyl

Fentanyl continues to be a significant and stable threat to the NJD AOR. Heroin, sold at the retail level, is increasingly being mixed with fentanyl and fentanyl analogues (chemical compounds with similar characteristics) to increase the yield and potency. There continues to be an uptick in the identification of fentanyl analogues being seen as adulterants in heroin. Often, the end user has no knowledge that fentanyl has been mixed with heroin. This is especially dangerous to prior heroin users who return to the drug after a long absence. Fentanyl in the NJD's AOR is being ordered on the Dark Web and then mailed directly to New Jersey from China before it is mixed with heroin for domestic distribution. In addition, organizations are also distributing fentanyl in powder or pill form, often imitating the look of brand name pharmaceutical oxycodone. Fentanyl and related analogues are many times more potent than morphine, with newer and stronger variants constantly being developed. This has become a major public health hazard in the NJD AOR, as users are rarely aware that they are ingesting these powerful substances. Generally, 2 to 3 milligrams of pure fentanyl is considered a lethal dose to a non-user.

**(U) Figure 3:
Drug Availability Overview for the
New Jersey Field Division,
January - June 2017**

Drug	Availability
Cocaine HCl	HIGH
Crack Cocaine	MODERATE
Heroin	HIGH
Marijuana	MODERATE
Methamphetamine	MODERATE
3,4-methylenedioxymethamphetamine (MDMA)	MODERATE
Synthetic Cannabinoids/ Cathinones	HIGH
PCP	MODERATE
Fentanyl	HIGH
Pharmaceuticals	MODERATE

Source: DEA New Jersey Division

Cocaine

Cocaine remains a stable and significant threat to the NJD AOR. NJD cocaine distribution organizations are organized in a hierarchy. Colombian trafficking organizations have historically controlled the distribution of cocaine in the NJD AOR, while Dominican trafficking organizations have handled the mid-level distribution. In turn, the Dominican organizations sell to African American street gangs who handle street-level distribution. Increasingly, NJD investigations reveal that Mexican DTOs are expanding their scope of operations into both wholesale- and retail-level distribution, in addition to transportation. Many of the NJD investigations have links to several major Mexican cartels.

The NJD continues to see Mexico being used as a transshipment point to smuggle cocaine over the Southwest Border (most often into California and Arizona) in tractor trailers and passenger vehicles for eventual delivery throughout the United States, including the New Jersey area. On the retail level, drugs are transported into the AOR of the Camden Resident Office via the major bridges from Philadelphia and New York to New Jersey, and via the New Jersey Turnpike. Drugs have also been known to be transported via cargo ships into Camden/Pennsauken ports.

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On the wholesale level, drugs are being transported over the border from Mexico into southwestern states; routed to distribution points in California, Texas, and Washington; then sent to distribution points in Georgia and/or Illinois for delivery into the southern part of New Jersey via commercial transportation trucks. Also, commercial mail carriers are also being used to send drugs to Southern New Jersey.

Pharmaceuticals

The abuse of prescription drugs continues to plague the NJD AOR at an alarming rate while crossing all age, gender, racial and socioeconomic boundaries. Nationwide studies show substantially high levels of abuse and misuse (non-medical use) of these drugs and the adverse consequences associated with such actions. The popularity of OxyContin® has waned, due to higher prices and lower supply resulting from law enforcement actions. Users are increasingly turning to heroin, due to lower prices and more potent adulterants. Currently, the most widely diverted controlled substances in New Jersey are Percocet® and Roxicodone®. New Jersey's main source of diversion is prescription fraud.

Typically, prescription pads are stolen from doctor's offices. These stolen prescription pads are being utilized by groups who pay "runners" to have the prescriptions filled at retail pharmacies. The runner gives the controlled substances to members of the group for distribution. In addition to stolen prescription pads, counterfeit State of New Jersey prescription blanks are often created to mimic the official version. These counterfeits prescription blanks are then sold for \$25 each, are forged, and are filled at local retail pharmacies.

Illicit online pharmacies continue to be operated in the NJD AOR, employing individuals to answer calls from customers placing orders for medication. An order consists of a customer utilizing the website by identifying one or more of the specific medications and amounts being offered via a drop-down menu. The customer then enters their contact information and method of payment. They are then instructed to complete a cursory medical questionnaire. Once completed, the customer "submits" the order and it is forwarded for supposed quality control measures including doctor review and approval. Unlike a bona fide patient, the customer is never examined by a physician before any medications are authorized.

Methamphetamine

The NJD has seen a slow but steady increase in the presence of high-purity methamphetamine, though it remains a smaller threat to the AOR as a whole. Methamphetamine can still be considered the drug of choice in some of the more rural areas of New Jersey, more commonly found in the southern and far western parts of the state. Methamphetamine trafficking in New Jersey follows the traditional pattern of origin from the Southwestern United States and Mexico, with the main sources in Mexico. These sources utilize shipping services and passenger vehicles from the area of origin and California in order to transport methamphetamine.

Historically, the individuals involved in the manufacturing of methamphetamine in New Jersey tend to be independent and use a one-pot set up. Most encounters the NJD has had with local methamphetamine producers have been in response to a traffic stop where local officers discover ingredients/equipment for the one-pot method of manufacturing in the trunk of the vehicle.

Crystal methamphetamine is prevalent in the southern part of the state from Mexican sources near the U.S. border. Crystal methamphetamine seized by the Camden Resident Office has been analyzed at 91 percent purity by the DEA's Northeast Laboratory. The purity is indicative of large-scale clandestine laboratories in Mexico. It has been previously noted that members of the Sinaloa Cartel are attempting to expand their market for crystal methamphetamine in the Southern New Jersey area.

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Synthetics

Synthetic cathinones, cannabinoids, and phenethylamines such as K2/Spice, Bath Salts, 2CE, and 2CI continue to remain prevalent throughout the NJD AOR. In August 2017, there were approximately 40 overdoses in the Newark downtown area. The drug of choice was determined to be K2/Spice. The scene was treated as a mass casualty incident by Newark Emergency Medical Services (EMS) at the time, with multiple ambulance and EMS personnel operating in the area. The Newark Police Department did not recover any unused packages, hindering any ability to attain laboratory results; however, K2/Spice is the drug of choice by users in the specific park where this event occurred—EMS personnel respond to five to seven overdoses daily at that location. In light of this mass incident, the distribution of K2/Spice has moved to another park less than two blocks away. New Jersey Transit Police report that the distributors are no longer using the original packaging and have now resorted to packaging and cutting the K2/Spice themselves. In most instances, the dealers use the solvent acetone to dissolve the substances in preparation for spraying on inert plant material. In a few instances, they have used fentanyl. To date, none of the victims have required Narcan® and treatment is usually just observation until the effects wear off and the victims leave the emergency room.

The NJSP Office of Forensic Sciences states that the synthetic hallucinogen NBOMe, often referred to as “N-Bomb” or “Smiles” has been seized throughout New Jersey. NBOMe is a Schedule I psychedelic designer drug that is an alternative to hallucinogens like lysergic acid diethylamide (LSD). According to the report, NBOMe has been seized in Mercer, Gloucester, Burlington, and Camden counties over the past 12 months. Like LSD, NBOMe comes in blotter paper form. Phencyclidine (PCP) can still be found in the Jersey City area and mostly in “dip” form, where dealers physically dip a marijuana joint into the solution.

Financial

Mexican DTOs are increasingly utilizing domestic Asian operatives to facilitate drug money laundering. Regardless of the money laundering method—trade-based money laundering (TBML), mirror (more commonly known as Hawala), or bulk cash movement—the participation of Asian money launderers has become more prominent within investigations in the NJD.

NJD money laundering investigations are shifting away from Mexican and Dominican money couriers, and towards Chinese and Asian money couriers. It is believed there are several variables that have contributed to this shift. NJD investigations have revealed that a tiny minority of criminal actors within Asian communities in the United States and Mexico, along with the sizable number of licit and illicit trade goods and precursor chemicals regularly imported from China and other Asian countries, create a natural relationship to facilitate the movement of illicit money. Compounded by the numerous seizures from Colombian money brokers, changes in U.S. civil forfeiture prosecution policies, and the implementation of new anti-money laundering (AML) laws in Mexico, DTOs are increasingly contracting Asian money brokers to launder their illicit proceeds.

The emergence of Asian facilitators within domestic money laundering investigations poses several challenges for law enforcement agencies and banking industry AML personnel. Language barriers and cultural differences limit the effectiveness of both law enforcement and AML personnel. Law enforcement officers (LEOs) routinely work with AML personnel to corroborate intelligence or identify suspicious bank accounts, businesses, and individuals. The inability to effectively employ traditional law enforcement techniques, such as surveillance and undercover officers, and challenges to banks significantly hinder the ability to successfully arrest, prosecute, and forfeit illicit funds connected to Asian money laundering targets.

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Drug proceeds continue to be transported from New Jersey to the drug source using a variety of methods, such as bulk currency shipments (usually in concealed compartments in vehicles), moving money through the stock market, and using real estate to hide drug-related proceeds.

Proceeds are still laundered through the black market peso exchange (BMPE). Vendors in Colombia regularly accept dollars as payment for goods to avoid losses due to a fluctuating exchange rate. Drug proceeds are increasingly being laundered through Argentina in the BMPE. The proceeds are typically transported to Argentina, where they are deposited into an account belonging to a shell company. The shell companies then wire the funds to the United States, disguising the transfers as payments for merchandise. Fake invoices corresponding to the outgoing wires are created to further disguise the transfers. Similar BMPE patterns are followed in Panama. Bulk currency shipments are still favored; however, the size of the bulk shipments is decreasing to minimize risk of detection and minimize loss if seized.

Outlook

A number of recent overdose admissions to emergency rooms in both the southern and northern parts of New Jersey have shown dealers are routinely lacing their heroin product with deadly adulterants. Fentanyl continues to be the cut of choice, but various analogues of differing strengths were also seen during the reporting period. The issuance of the anti-overdose drug Narcan® to many state and local law enforcement entities in New Jersey has significantly reduced the number of fatal overdoses in the AOR.

The use of Dark Web and Deep Web marketplaces (such as the former Silk Road) continues to be part of the illicit drug trade in New Jersey. Dark Web sites are not indexed by standard search engines making it difficult to detect transactions that utilize them. The combination of cheap/easily accessible fentanyl precursors and the anonymity of the Dark Web (augmented by the availability of pill press materials via legitimate web auction sites) provide a dangerous logistical advantage to the illicit drug trade the NJD has not seen in recent history.

Appendix

The following charts provide a range of prices, by unit, of the drugs most prevalent throughout the NJD during the January to June 2017 reporting period. Generally, price changes were nominal compared to the previous reporting period. All prices are in U.S. Dollars.

(U) Figure 4: Cocaine Prices by Unit Showing Both Low and High			
Office	GRAM	OUNCE	KILOGRAM
New Jersey Division Office	\$39 - \$60	\$900 - \$2,000	\$29,000 - \$39,000
Camden Resident Office	\$50 - \$100	\$1,000 - \$2,000	\$28,000 - \$41,000

Source: DEA New Jersey Division

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(U) Figure 5. Crack Cocaine Prices by Unit Showing Both Low and High

Office	GRAM	OUNCE
New Jersey Division Office	\$40 - \$100	\$800 - \$2,000
Camden Resident Office	\$70 - \$100	\$800 - \$1,200

Source: DEA New Jersey Division

(U) Figure 6. Heroin Prices by Unit Showing Both Low and High

Office	BAG (0.1-.03g)	GRAM	OUNCE	KILOGRAM
New Jersey Division Office	\$5 - \$6	\$75 - \$100	\$1,500 - \$3,000	\$55,000 - \$70,000
Atlantic City Resident Office	\$5 - \$6	\$55 - \$100	\$1,500 - \$3,200	\$70,000 - \$80,000

Source: DEA New Jersey Division

(U) Figure 7. Marijuana Prices by Unit Showing Both Low and High Amounts in USC.

Office	GRAM	OUNCE	POUND
New Jersey Division Office	\$10 - \$15	\$125 - \$340	\$600 - \$4,000
Camden Resident Office	\$25 - \$35	\$40 - \$120	\$650 - \$4,000

Source: DEA New Jersey Field Division

(U) Figure 8. Methamphetamine Prices by Unit Showing Both Low and High Amounts in USC.

Office	GRAM	OUNCE	POUND
New Jersey Division Office (ICE)	\$50 - \$100	\$1,250 - \$1,500	\$20,000
Camden Resident Office (ICE)	\$50 - \$125	\$900 - \$2,500	\$13,500 - \$25,000
New Jersey Division Office (Powder)	\$200 (8 ball: 1/8 Ounce)	\$900 - \$1,500	\$14,000 - \$18,000

Source: DEA New Jersey Field Division

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(U) Figure 9. Pharmaceutical Prices by Unit Showing Both Low and High Amounts in USC.

Office	Type & Unit	Price
New Jersey Division Office	Oxycodone 80 mg	\$15
	Oxycodone 30 mg	\$20 - \$25
	Percocet® 10mg	\$5.50 - \$11
	Roxicodone® 30 mg	\$20 - \$25
Camden Resident Office	Opana® 40 mg	\$25
	Oxycodone 80 mg	\$80
	Oxycodone 30 mg	\$25
	Percocet® 10mg	\$7 - \$10
	Roxicodone® 30 mg	\$12 - \$25
	Vicodin® 10 mg	\$10 - \$12

Source: DEA New Jersey Field Division

(U) Figure 10. Synthetics/Other Prices by Unit Showing Both Low and High Amounts in USC.

Office	PILL	OUNCE	KILOGRAM
New Jersey Division Office (MDMA)	\$3 - \$10	\$700 - \$1,500	\$16,000 - \$20,000
New Jersey Division Office (PCP)	NA	\$300	NA
Camden Resident Office (PCP)	NA	\$300	NA

Source: DEA New Jersey Field Division



(U) This product was prepared by the DEA New Jersey Division. Comments and questions may be addressed to the Chief, Analysis and Production Section at dea.onsi@usdoj.gov.