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# CARTELS AND THE U.S. HEROIN EPIDEMIC: COMBATING DRUG VIOLENCE AND PUBLIC HEALTH CRISIS

UNITED STATES SENATE COMMITTEE ON FOREIGN RELATIONS

SUBCOMMITTEE ON WESTERN HEMISPHERE, TRANSNATIONAL CRIME, CIVILIAN SECURITY,  
DEMOCRACY, HUMAN RIGHTS AND GLOBAL WOMEN'S ISSUES

ONE HUNDRED FOURTEENTH CONGRESS, SECOND SESSION

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**The Honorable Teresa Jacobs** [\[view pdf\]](#)

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UNITED STATES DEPARTMENT OF STATE  
BUREAU OF INTERNATIONAL NARCOTICS  
AND LAW ENFORCEMENT AFFAIRS

Prepared Statement of:

**Daniel L. Foote**

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Bureau of International Narcotics and Law Enforcement Affairs

Hearing Before the:

**Senate Foreign Relations Subcommittee on the Western Hemisphere,  
Transnational Crime, Civilian Security, Democracy, Human Rights, and  
Global Women's Issues**

**"Cartels and the U.S. Heroin Epidemic: Combating Drug Violence  
And Public Health Crisis"**

*Thursday, May 26, 2016*

Chairman Rubio, Senator Boxer, and distinguished Members of the Subcommittee: thank you for the opportunity to appear before you to discuss U.S. government efforts to combat the production and trafficking of heroin and the violence and instability it brings to our communities, our citizens, and the world in which we live.

The flow of illicit narcotics across our shared border with Mexico threatens citizen security in both countries. Recognizing that we have a shared responsibility to address common challenges, in 2007, the United States forged a comprehensive security partnership with Mexico. Through the Merida Initiative, we work in partnership with Mexico to build the capacity of Mexican institutions to counter organized crime, uphold the rule of law, and protect our shared border from the movement of illicit drugs, money, and goods.

The need for effective collaboration is now more important than ever. Heroin and fentanyl-laced heroin is a public health crisis in the United States, and Mexican drug trafficking organizations are the primary suppliers of heroin to the United States. We must aggressively respond to this growing threat in concert with our broader work through the Merida Initiative to counter all illicit drugs and to end the impunity with which trafficking organizations are able to operate, putting their leaders in jail, seizing their weapons, drugs, and money, and dismantling their illicit businesses.

To date through the Merida Initiative, the United States government has provided nearly \$1.5 billion worth of capacity building assistance to our Mexican partners. This includes training and equipment which complements the significant resources the Government of Mexico has dedicated to our shared security goals. Today there are more than \$700 million in bilaterally agreed upon projects with the Pena Nieto administration, which fully support the Merida Initiative's strategic framework that underpins the basis of our security cooperation. Most of these projects fall into three priority areas: professionalizing and building the capacity of Mexican law enforcement agencies; supporting the Government of Mexico's efforts to strengthen border management and security; and helping advance reforms across Mexico's justice sector.

In partnership with the Department of Justice, INL is building the skills of prosecutors, investigators, and forensic experts in Mexico and preparing them for their responsibilities under the oral accusatory system, the transition to which is well underway throughout Mexico. This includes helping enhance the technical capacity of courtrooms throughout the country to host oral trials. We are also

assisting in the training of the next generation of Mexican attorneys as they learn crucial oral trial skills in Mexican law schools.

Through Merida, INL is enhancing federal, state, and municipal policing capacity throughout Mexico. These programs provide a full range of professionalization activities including: the development of enforceable police standards; basic training and academy accreditation; continuing and leadership education programs; law enforcement vetting programs; and the development of effective internal affairs units. The continued professionalization of Mexican law enforcement will result in a greater observance of and accountability for civil and human rights, increasing trust in these institutions by the people of Mexico, and making them better partners for other law enforcement organizations both within Mexico and with the United States. This is vital to any effort to stem drug trafficking and reduce the capabilities and influence of drug trafficking organizations.

Strengthening border security capacity on Mexico's borders is a priority for both our nations. Our governments have committed to further enhancing Mexico's ability to interdict illicit narcotics, arms, and money. INL has provided more than \$125 million in inspection equipment and more than 340 canine teams deployed at ports of entry, border crossings, and internal checkpoints throughout Mexico. In Mexico's northern border region, INL has provided equipment and technical assistance to improve communications between the Mexican Federal Police and U.S. Customs and Border Protection (CBP). We are working in conjunction with CBP to provide training to Mexico's Federal Police who will be deployed to the northern border region, advancing cooperation between our countries along our shared border.

Through Merida, we continue to make progress with Mexico in targeting heroin production and trafficking. We work with the U.S. Drug Enforcement Administration to provide training to augment Mexico's ability to identify, investigate, and interdict clandestine heroin labs, and better prepare Mexican authorities to dismantle them. We are improving information sharing between our governments on heroin and fentanyl, working together to better assess poppy cultivation and heroin production in Mexico, and with our interagency partners, continuing our high-level focus on exploring other avenues to enhance our bilateral cooperation when it comes to heroin.

At the last high level Security Cooperation Group held in Mexico City in October 2015, heroin was the group's highest priority. We agreed to continue

working in partnership on a bilateral approach for combating the cultivation, production, and trafficking of heroin and to determine how U.S. assistance can best support Mexico's efforts in this area.

Building strong, effective justice sector institutions in Mexico capable of confronting organized crime and the violence and corruption for which it is responsible is a difficult, long-term challenge. Our work across numerous institutions and sectors must be sustained, for it is only with a concerted, committed effort that the capacity to deter the cultivation, production, and trafficking of heroin and other illicit drugs in Mexico will be strengthened. Past investments by the American people in this partnership have produced results, and with your continued support, our collaboration with Mexico on this important work will continue.

**United States Senate Committee on Foreign Relations**  
Subcommittee on Western Hemisphere, Transnational Crime, Civilian  
Security, Democracy, Human Rights, and Global Women's Issues

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Witness Testimony by Orange County, Florida Mayor Teresa Jacobs  
Remarks as Prepared

**Cartels and the U.S. Heroin Epidemic:  
Combating Drug Violence and Public Health Crisis**

Chairman Rubio, ranking member Boxer, members of the committee...

Thank you for calling this important hearing, and for allowing me to share a local perspective on the terrible threat that heroin poses for cities and counties throughout our country.

First a bit about Orange County: We're home to the City of Orlando and 12 other municipalities, with a population of 1.2 million people, a strong economy and an exceptional quality of life. In 2015, we shattered national tourism records, hosting more than 66 million visitors.

No doubt you know us as the vacation capitol of the world, but tragically, like too many other states and communities, Orange County has seen an alarming increase in the number of heroin overdoses and related deaths. Last year, we lost 85 lives to heroin – a staggering 600% increase since 2011. Already this year we've had more than 90 heroin overdoses in the county, with about one-in-ten resulting in death.

Florida's fight against this current wave of opioid addiction began about five years ago, in the midst of our battle against the pill mills.

You may remember the shocking statistics from 2010, when it was discovered that Florida practitioners purchased more than 41 million oxycodone pills in the first six months of that year - **more than the other 49 states of the union combined.**

Like countless cities, towns and counties across the U.S., we worked to outlaw unauthorized pain clinics and provide resources for breaking opioid addiction.

In Florida, the pill mill “legacy” has impacted us beyond measure. I can’t prove it, but I think it’s very likely that cartels took notice of what they perceived to be a ripe “marketplace.” Today, predatory drug dealers are targeting us with heroin, as well as cheap and deadly strains of fentanyl.

Unfortunately, it’s nearly impossible to accurately assess the threat in Florida, since no statewide databases exist. Instead, numbers are captured by individual agencies and municipalities – there is simply no mechanism for synergy or sharing.

What we do know? We know that last year, approximately 2,000 heroin users moved through our Orange County jail. Many of those were arrested not for heroin possession, but for other offenses related to heroin addiction.

We know that in 2015, we housed 100 expectant mothers tragically addicted to opiates or heroin, as our Jail has become the treatment center of last resort for so many people.

For the good of our citizens and our community, we are fighting back.

Last summer I convened the Orange County Heroin Task Force, and asked our sheriff to Co-Chair the effort. Our joint work is having a positive impact, including passage in the 2016 Florida Legislature of a measure allowing naloxone sales without an individual prescription.

We know there is no single solution, but there **are** some universally effective approaches:

- Enforcement is critical. In a world of increasingly sophisticated technology, our local efforts – no matter how highly leveraged and coordinated – are simply no match against organized traffickers.
- Equally important, and in keeping with what we learned with pill mills, we must be tireless in educating people that addiction **is an illness**. An illness that requires treatment and support not only for the addict, but also for the families who are ravaged by addiction.



In closing, I respectfully ask for your help:

- **Help to stop the influx of drugs** across the border. We've got our hands full at the local level, and are simply not equipped to fight the cartels. This is where we really need your help --- to stop these deadly drugs before they cross our borders.
- **Help to treat more addicts**. With a regional population of 2.5 million, we have one Addictions Receiving Facility with 26 detox beds serving four counties for the uninsured. AND
- **Help to raise awareness** so more people will choose not to try this deadly drug in the first place.

To end this crisis and save lives, we **all** need to be engaged. Thank you for your attention to this critical issue and thank you for your leadership and your service.

**Testimony by**  
**Steven Dudley, Co-director, InSight Crime**  
**and**  
**Fellow, Center for Latin American and Latino Studies, American University**  
**Before the Senate Foreign Relations Western Hemisphere Subcommittee**  
**“The Mexican Heroin Distribution Chain and Its Implications for Law Enforcement”**  
**May 26, 2016**

Chairman Rubio, Ranking Member Boxer, and Members of the Subcommittee: I am grateful for the opportunity to appear before you on behalf of InSight Crime and the Center for Latin American and Latino Studies at American University to discuss the criminal dynamics connected to the illegal opiate market, specifically the heroin market in the United States related to poppy production in Mexico.

### **Mexico's Increased Market Share**

US consumption of heroin has increased significantly in the last few years. The reasons for this are complex but have to do with the increase of prescription drugs in the United States, a rise in prices of these prescription drugs and their black market counterparts, and the subsequent safeguards on this prescription medicine market, specifically OxyContin.

The US portion of the world heroin market is small by comparison in terms of users, but outsized in terms of potential earnings. The Rand Corporation estimated in 2014, that US consumers spend as much as \$27 billion on heroin each year, an increase from \$20 billion per year in 2000.<sup>1</sup> Only the marijuana market is worth more in the US.<sup>2</sup>

Mexican, Guatemalan and Colombian criminal organizations have reacted to these changes by producing more heroin. Only a small percentage of the world's opium poppy is cultivated in this hemisphere, but after it is processed into heroin, almost all of it is sold in the United States where the number of consumers for the drug has more than doubled since the early 2000s.

Mexico accounts for the bulk of poppy production in the region. According to estimates by the Drug Enforcement Administration (DEA), the production of poppy, the raw ingredient for the production of heroin, increased from 10,500 hectares in 2012 to 17,000 hectares in 2014, giving the groups the potential to produce 42 metric tons, up from 26 metric tons in 2012.<sup>3</sup> By comparison, the DEA says Colombia produces only two metric tons per year.<sup>4</sup>

Seizure data of heroin along the southwest border also indicate that Mexican criminal groups are moving increasing amounts of heroin into the US market. Mexican criminal organizations are also the key transporters of Colombian heroin to the United States, and they manage and purchase the heroin produced in Guatemala or buy the opium gum wholesale to process it into heroin themselves in Mexico.

Inside the US, the trend appears to be the same. The DEA says that Mexican groups are seeking an increasing amount of the market share in the distribution business itself,

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<sup>1</sup> Beau Kilmer, et al., "How Big is the US Market for Illegal Drugs," Rand Corporation (2014). Available at: [http://www.rand.org/pubs/research\\_briefs/RB9770.html](http://www.rand.org/pubs/research_briefs/RB9770.html)

<sup>2</sup> Ibid.

<sup>3</sup> Drug Enforcement Administration (DEA), "National Drug Threat Assessment 2015," p. 34. Available at: <http://www.dea.gov/docs/2015%20NDTA%20Report.pdf>

<sup>4</sup> The United Nations' most recent estimate for global heroin production is 526 tons. See: UNODC, "World Drug Report 2015," p. 41. Available at: [https://www.unodc.org/documents/wdr2015/World\\_Drug\\_Report\\_2015.pdf](https://www.unodc.org/documents/wdr2015/World_Drug_Report_2015.pdf)

displacing other wholesalers. In sum, the picture is one of an increasingly lucrative, vertically integrated market, with large Mexican criminal organizations managing the product from the point of production to the point of sale and seeking a greater market share of these sales.

### **The Reality of the Heroin Supply Chain**

The reality of the supply chain is much more complex. While it helps us to use well-worn monikers when talking about these organizations, the truth is that they are not nearly as strong or monolithic as they once were. Names such as the Tijuana Cartel, the Juárez Cartel, the Zetas, or La Familia Michoacana may still evoke fear and sometimes awe, but they are not organizations as much as brand names. In many cases, the individual parts of the organization have as much contact with the bosses as a local Coca-Cola bottling plant manager might have with corporate headquarters.

Even the vaunted Sinaloa Cartel is more horizontally than vertically integrated. Take the recent case of the Flores brothers in Chicago. Before they were arrested, Pedro and Margarito Flores were said to be Sinaloa Cartel distributors in Chicago, one of the areas of greatest interest to this subcommittee. And they were. But as federal intercepts of their conversations with cartel leaders show, the two brothers negotiated independently with each of the top two members of the Sinaloa criminal organization, obtaining different prices with different leaders and managing shipments separately.<sup>5</sup> Even after a war started between the Sinaloa Cartel and the Beltrán Leyva Organization, the Flores brothers continued to purchase drugs from portions of the Beltrán Leyva Organization and the Sinaloa Cartel.

The Flores case cuts at two different myths about the Sinaloa Cartel: 1) that this is one single organization; 2) that it is tightly controlled by a single leader or a single group of leaders. The point is that as shipments get further and further from Mexico's wholesale points, the loyalties become more disperse, and in some cases completely disappear. This is especially true in the US market where violence is not a viable long-term option to ensure loyalty, win market share or become a monopoly.

The effectiveness of US law enforcement has made violence terrible for business and made the distribution chain a more democratic, capitalist affair. This is evident in other ways as well. While the amount of seizures indicates that there is more heroin available in the United States, it is still moved in very small quantities. The median seizure for the Los Angeles Field Division of the DEA in 2014, for example, was a kilogram.<sup>6</sup> In Denver, a 10 to 12 pound shipment is considered large.<sup>7</sup>

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<sup>5</sup> Michelle Garcia, "Court Docs Raise Questions about Mexico Sinaloa Cartel Narrative," 12 November 2013. Available at: <http://www.insightcrime.org/news-analysis/zambada-trial>

<sup>6</sup> DEA, op. cit., p. 37.

<sup>7</sup> Ibid.

The amount of profits reaped by these Mexican criminal organizations also raises questions about how much control they exert in the United States. The Rand Corporation estimated in 2010 that Mexican criminal groups earn in the range of \$400 million per year from their heroin exports and possibly another \$700 million for transporting Colombian heroin to the US market.<sup>8</sup> While this has undoubtedly increased, there is still the question of where the rest of the over \$20 billion spent on heroin in the US annually goes.

The case of the Laredo brothers, recently indicted in the Eastern District of Pennsylvania, is indicative of these trends. The Laredo brothers are charged with moving one ton of heroin over a six-year period. This is about 14 kilos per month. The organization was so subtle and, as one Mexican analyst put it, “mom-and-pop,” the Mexican authorities did not even know it existed.<sup>9</sup>

This brings us to Mexico. First, it is important to note that, unlike the cocaine market, Mexico is not dependent on other countries for its product. It is home grown. Second, the horizontal nature of the distribution chain makes it a difficult law enforcement problem in that country as well. As noted, the once monolithic criminal organizations are shells of what they once were. This is in part due to in-fighting of the type mentioned earlier but also Mexican law enforcement efforts. Many of the fragmented pieces have formed their own criminal operations and brand names.

The most well-known is arguably the Guerreros Unidos, the criminal group held responsible for the disappearance of the 43 students in Mexico in 2014. The Guerreros Unidos used to be under the umbrella of the Beltrán Leyva Organization. When the Beltrán Leyva Organization fell to pieces during their war with the Sinaloa Cartel, the Guerreros Unidos became independent, as did several other criminal groups in the embattled state of Guerrero, which is one of the centers of opium cultivation, heroin production, wholesale and transport. Indeed, the mystery of what happened to those students, may hinge on whether the Guerreros Unidos were using commercial buses to move heroin to Chicago.<sup>10</sup>

The upshot is that the chain of production in Mexico is broken into numerous pieces, including small and large producers of opium poppy plants, the opium gum producers, the processors, the wholesale purchasers, and the transporters. Production, transport and distribution may all be different organizations. The Laredo brothers, for example, were purchasing opium gum from an independent broker then processing it themselves and distributing it in those small quantities in the US for years without running into trouble with the large, supposedly all-controlling Sinaloa Cartel.

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<sup>8</sup> Kilmer, et. al., “Reducing Drug Trafficking Revenues and Violence in Mexico: Would Legalizing Marijuana in California Help?,” Rand Corporation (2010), p. 30. Available at:

[http://www.rand.org/content/dam/rand/pubs/occasional\\_papers/2010/RAND\\_OP325.pdf](http://www.rand.org/content/dam/rand/pubs/occasional_papers/2010/RAND_OP325.pdf)

<sup>9</sup> Alejandro Hope, “The Laredo DTO and what it says about the heroin trade,” 19 April 2016. Available at:

<http://www.eldailypost.com/opinion/2016/04/the-laredo-dto-and-what-it-says-about-the-heroin-trade/>

<sup>10</sup> Elyssa Pachico, “Four Questions about the ‘5th Bus’ in Case of Mexico’s Missing 43,” 27 April 2016.

Available at: <http://www.insightcrime.org/news-analysis/four-questions-about-the-fifth-bus-in-case-of-missing-43-students>

To be sure, violence is still a viable option in Mexico, so the pendulum may swing back towards more monolithic criminal organizations. But for the moment, the reality is that there are literally dozens of small criminal organizations involved in this trade from the point of production to the point of sale.

### **Impact on Law Enforcement Efforts**

In sum, while the level of control that the Mexican production and transport groups exert over the supply chain is clear, we are not talking about one or two criminal groups, but dozens of interlocking organizations whose alliances are constantly shifting. The heroin supply chain appears to be a largely horizontal, diversified operation with multiple actors, and one that is obedient to market forces rather than one or two single vertically integrated distributors.

The result is that law enforcement efforts are largely muted. Whether you debilitate the Sinaloa Cartel or the Laredo brothers, you are hindering a small part of the overall production and distribution chain. Even if you did slow the heroin from Mexico, you would face an insurmountable task: stopping the flow from other countries, which would undoubtedly fill the void and account for the bulk of world-wide production. Canada already gets up to 90 percent of its heroin from Afghanistan.<sup>11</sup> And the United States once got all of its heroin from the Asian markets that supply the rest of the world.

Thank you for your time and attention. I look forward to your questions.

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<sup>11</sup> UNODC, *op. cit.*, p. 46.