



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



Lake County High Intensity Drug Trafficking Area



Drug Market Analysis 2010



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

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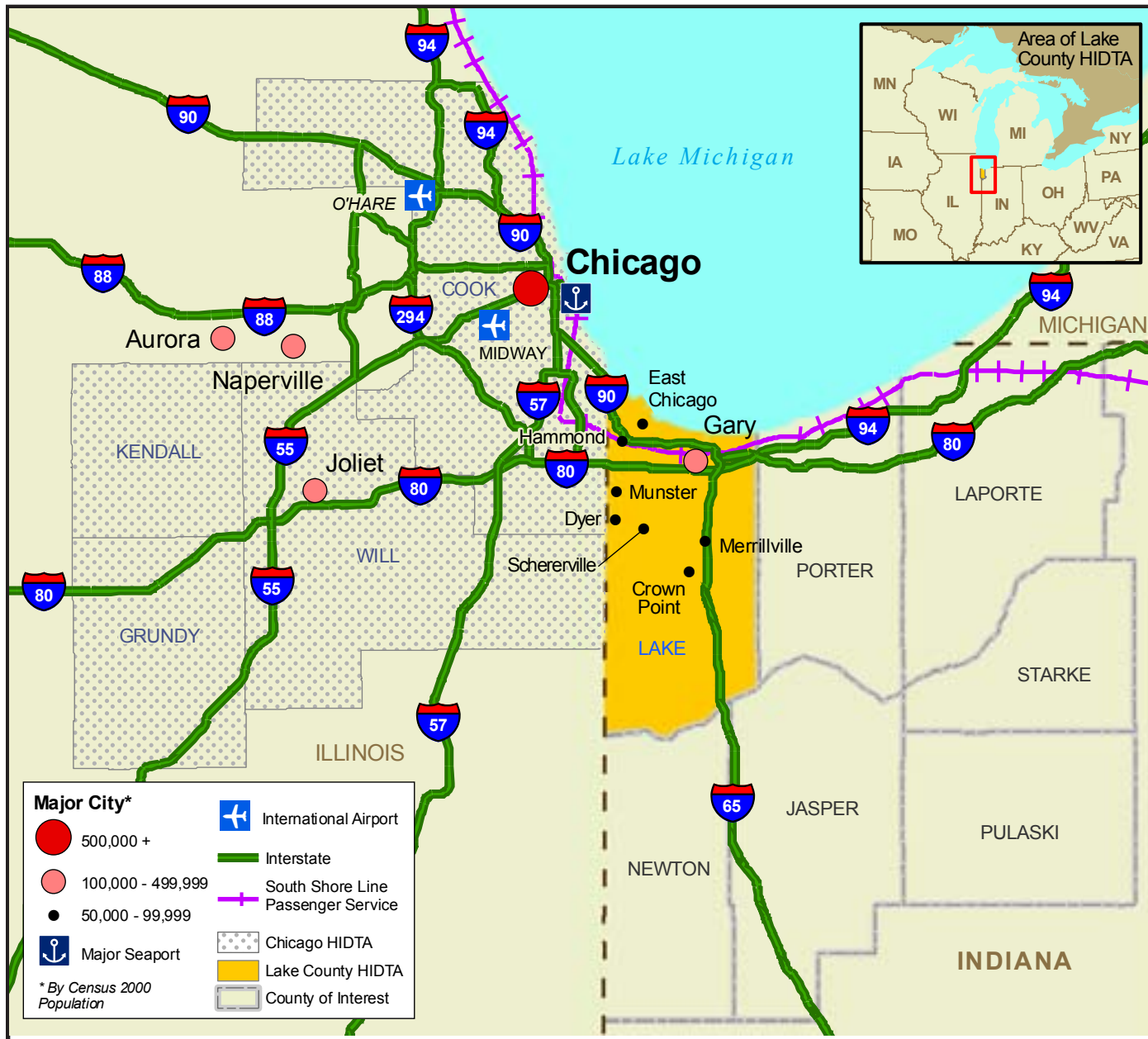
Strategic Drug Threat Developments

The distribution and abuse of crack cocaine and heroin are the primary drug threats to the Lake County High Intensity Drug Trafficking Area (HIDTA) region. The following are significant strategic drug threat developments in the region:

- Cocaine availability was lower at the wholesale level in the Lake County HIDTA region in 2009. Some distributors are “re-rocking” kilogram quantities of cocaine to extend product supply and increase profits. Cocaine availability is expected to fluctuate in the near term but remain at levels sufficient to support market demand.
- Heroin is readily available in the Lake County HIDTA region and is being abused by a growing number of young Caucasians from suburban areas. Some of these individuals switched to heroin after initially abusing prescription opioid pain relievers, while others abuse both heroin and prescription pain relievers.^a Heroin availability and abuse are expected to increase in the near term.
- Street gangs are increasingly prevalent in Lake County with the influx and migration of Chicago-based gang members into the county. Chicago-based street gangs have infiltrated and now control retail-level drug distribution in the northern third of the county.

a. Opioid pain relievers include codeine, fentanyl (Duragesic, Actiq), hydromorphone (Dilaudid), meperidine (Demerol), morphine (MS Contin), oxycodone (OxyContin, Roxicodone), methadone (Dolophine), and hydrocodone combinations (Vicodin, Lortab, and Lorcet).

Figure 1. Lake County High Intensity Drug Trafficking Area



HIDTA Overview

The Lake County HIDTA region—located in Northwest Indiana adjacent to the Chicago, Illinois, metropolitan area—serves principally as a distribution area for Chicago-based traffickers. (See Figure 1 on page 2.) Mexican drug trafficking organizations (DTOs) store large quantities of illicit drugs in the urban areas of East Chicago, Gary, and Hammond, Indiana, for regional distribution. In fact, Lake County is evolving into a regional storage area for commercial-grade Mexican marijuana. Moreover, Gary is a significant distribution center for illicit drugs sold within the region. Street gangs control most retail-level drug distribution. Street gang members are responsible for high levels of violent crime, not only in Lake County but also in Chicago and the Great Lakes region, by supplying firearms to criminal associates in those areas.

The Lake County HIDTA region has a diverse demographic and socioeconomic composition. The northern tier of the county, where most drug trafficking occurs, includes the three largest cities in the HIDTA region: East Chicago, Gary, and Hammond. These cities have relatively high crime rates, significantly low median household incomes, and declining urban environments that include abandoned factories and buildings. Conversely, the southern part of Lake County contains affluent suburban and rural communities that have lower crime rates, higher median household incomes, and commercial and residential development. Traffickers and abusers in these areas typically travel to northern, urban areas of the region and to Chicago to obtain drugs. Moreover, abusers in neighboring Porter County are increasingly obtaining illicit drugs in the Lake County HIDTA region.

Drug Threat Overview

Cocaine trafficking is a significant drug threat to the Lake County HIDTA region. Law enforcement officers report that wholesale-level cocaine availability was lower in Lake County in 2009 than in 2008. However, availability of the drug was sufficient to support local demand. Traffickers also began to “re-rock” kilogram quantities of cocaine, another indication of lower cocaine availability. Re-rocking is the process of diluting kilograms of powder cocaine and re-forming the drug into kilogram bricks with a hydraulic press to make it appear authentic and uncut. Cocaine prices in Lake County remained stable at \$28,000 to \$31,000 per kilogram at the wholesale level and \$80 to \$100 per gram at the retail level in 2009.

South American (SA) heroin is readily available and is being abused by a growing number of young Caucasians from suburban areas in the Lake County HIDTA region. Some of these individuals switched to heroin after initially abusing prescription opioid pain relievers, while others abuse both heroin and prescription pain relievers. To support their own addictions, these Caucasian abusers often accept heroin orders from their peers, charging a fee or commission to do so. They travel from suburban areas to urban areas of the region, as well as to Chicago and southern Chicago suburbs, to purchase the drug. In fact, many of these abusers have become recognized customers in Chicago, and when they are in the city buying heroin, local distributors provide them protection from other predatory criminals.

Marijuana is widely available and abused in the Lake County HIDTA region. Most of the marijuana available in the region is commercial-grade Mexican marijuana. Canadian high-potency marijuana and marijuana produced locally at a limited number of indoor and outdoor sites are also available.

Methamphetamine demand in the region is typically low. Law enforcement officials report low levels of methamphetamine production in rural areas of southern Lake County.

The availability and abuse of controlled prescription drugs (CPDs) and other dangerous drugs vary throughout the region and pose lower threats than most other illicit drugs. CPDs such as alprazolam (Xanax), buprenorphine, fentanyl (Duragesic, Actiq), hydrocodone combinations (Vicodin), and oxycodone (OxyContin) are increasingly available and abused throughout the region. Abuse of MDMA (3,4-methylenedioxymethamphetamine, also known as ecstasy), particularly among African Americans, is increasing in some urban areas of the region.

Drug Trafficking Organizations

Mexican DTOs supply most of the wholesale quantities of cocaine, SA heroin, and marijuana available in the region. Mexican traffickers transport these drugs into the region from Mexico and Southwest Border states. They also have well-established transportation and distribution networks in Chicago that serve as sources of supply for local markets in East Chicago, Gary, and Hammond. In addition, they store large quantities of illicit drugs, particularly marijuana, in these cities for regional distribution. For example, in January 2010, the Indiana State Police made several traffic stops in Hammond that resulted in the seizure of 500 pounds of marijuana. These traffic stops led officers to a residence in Hammond. The officers seized an additional 1,000 pounds of marijuana at the residence and charged three Hispanic individuals with dealing more than 10 pounds of marijuana.

Street gangs, such as Gangster Disciples, Latin Kings, and Vice Lords, control most of the retail-level drug distribution in Lake County, particularly in East Chicago, Gary, and Hammond. Street gangs are prevalent in Lake County with the recent influx and migration of Chicago-based gang members into the county. Chicago-based street gangs have infiltrated and now control retail-level drug distribution in the northern third of the county. Members of local street gangs, who frequently make temporary alliances with Chicago-based gangs, also distribute drugs in the region. Street gangs are increasingly developing strategies to avoid law enforcement attention and are focusing on generating profits from drug trafficking. They discourage members from committing violent acts to intimidate others or enforce territorial boundaries. For example, Hispanic street gangs are sharing drug distribution territories with, and supplying illicit drugs to, rival African American street gangs in Gary. Street gangs are also compartmentalizing communications and activities, sharing information with only a limited number of members to avoid possible interaction with law enforcement informants. Many street gangs have also adopted sophisticated countersurveillance and security measures to protect their drug distribution operations. For example, the Gary Police Department routinely encounters audio and video surveillance systems at drug houses in the city, with networks sometimes encompassing several blocks.

Chicago Street Gang Members in Lake County

Law enforcement agencies in the region report that Chicago street gang members are increasingly distributing drugs in Lake County. Officials attribute the movement of gang members from Chicago to Lake County to several factors, including the breakdown of traditional hierarchical gang structures resulting from law enforcement targeting of gang leaders in Chicago, the razing of some large public housing projects in Chicago that resulted in the relocation of some gang members to Lake County, and the expectation of higher profits from new drug operations outside Chicago. Although street gangs in Lake County are typically not controlled by Chicago street gang members, relationships among these gangs have helped facilitate increased drug trafficking.

Production

Methamphetamine production in Lake County is very limited. National Seizure System (NSS) data show that only one methamphetamine laboratory was seized in Lake County in 2009, and no laboratories were seized in 2008. However, NSS data indicate that methamphetamine laboratory seizures in nearby Jasper, LaPorte, Newton, Pulaski, and Starke Counties (see Figure 1 on page 2) increased from 2008 (12) to 2009 (30). Law enforcement officers report that the one-pot or “shake and bake” production method is gaining popularity in Indiana. (See text box on page 5.) Most small-scale methamphetamine laboratories are operated by Caucasian traffickers and some outlaw motorcycle gangs (OMGs).

Cannabis cultivation at indoor and outdoor grow sites is limited in the Lake County HIDTA region. Nonetheless, some high-potency marijuana available in the region is produced at indoor grow sites, and some commercial-grade marijuana is produced at outdoor grow sites. Caucasian and Hispanic traffickers operate most cannabis grow sites.

One-Pot, or “Shake and Bake,” Methamphetamine Production

A one-pot cook is a variation of the anhydrous ammonia method of production. In the one-pot method, methamphetamine producers, or “cooks,” use a combination of commonly available chemicals to synthesize the anhydrous ammonia essential for methamphetamine production. In doing so, they are able to produce the drug in approximately 30 minutes at nearly any location by mixing ingredients in easily found containers, such as a 2-liter plastic soda bottle. In contrast, other methods require hours to heat ingredients on a stove, a process that can result in toxic fumes, primarily from the anhydrous ammonia. Producers often use the one-pot cook while traveling in vehicles and dispose of waste components along roadsides. Discarded plastic bottles may carry residual chemicals that can be toxic, explosive, or flammable.

Transportation

Several major highways (Interstates 65, 80/94, and 90) intersect in Lake County and are frequently used by traffickers to transport illicit drugs into and through the region from Chicago and directly from Mexico through Southwest Border states. (See Figure 1 on page 2.) Mexican traffickers transport multihundred-kilogram quantities of cocaine and marijuana and limited quantities of heroin and ice methamphetamine from Mexico into and through the region, often en route to drug markets in the Great Lakes, Mid-Atlantic, and Northeast regions of the United States. Additionally, East Chicago-based street gang members and some local independent traffickers are increasingly traveling to Southwest Border states in private vehicles to purchase illicit drugs, often using package delivery services to ship the drugs to East Chicago.

Traffickers and abusers routinely use the commuter railway systems that connect Lake County and Chicago to buy and sell illicit drugs. These systems provide numerous daily departures and arrivals between Chicago and the Lake County HIDTA region. Gary’s Metro Center Station, in particular, is frequently exploited by traffickers and abusers.

Distribution

Mexican traffickers dominate the wholesale and midlevel distribution of most illicit drugs in Lake County. They typically supply drugs to street gang members, the predominant retail-level distributors in the region, and to African American, Caucasian, and Hispanic traffickers. Most midlevel and retail-level drug distribution in the region occurs at open air drug markets and private residences.

Street gangs control most retail-level drug distribution in the Lake County HIDTA region, particularly in East Chicago, Gary, and Hammond. Chicago-based street gangs, such as Gangster Disciples, Latin Kings, and Vice Lords, dominate retail drug distribution in the region. Members of local street gangs, who frequently make temporary alliances with national-level gangs, also distribute drugs in the region.

Other traffickers distribute illicit drugs at the midlevel and retail level in the Lake County HIDTA region. Caucasian traffickers distribute most of the high-potency marijuana and methamphetamine available in the region, and they also distribute commercial-grade marijuana. OMG members distribute methamphetamine and commercial-grade marijuana. Vietnamese traffickers and, increasingly, African American traffickers in Gary distribute MDMA. In addition, law enforcement officials report that poor economic conditions in the region have led to an increasing number of women and first-time offenders distributing illicit drugs at the retail level.

Drug-Related Crime

While some local gang leaders have discouraged members from committing violent acts to intimidate others or enforce territorial boundaries, violence often results from disputes among street gang members over drug distribution territories or during drug and money rip-offs by dealers or buyers. Street gang members increasingly seek firearms and ammunition capable of penetrating body armor and routinely carry handguns during retail drug distribution. The HIDTA's Firearms Interdiction Regional Enforcement initiative reports that most firearms trafficking operations investigated in 2009 were drug- or gang-related. Moreover, street gang members often purchase firearms from retailers in Lake County that they later sell to criminal associates in Chicago and other areas of the Great Lakes Region.

Abuse

Marijuana is the most widely abused illicit drug in the Lake County HIDTA region. According to the Indiana Family and Social Services Administration, Department of Mental Health and Addiction (DMHA), more individuals received treatment for marijuana abuse than for cocaine, heroin, or methamphetamine abuse through the Hoosier Assurance Plan (HAP) in Lake County in 2009.^b (See Table 1.) Nonetheless, law enforcement and public health officials report increasing concern about heroin abuse. DMHA data indicate that the number of individuals receiving treatment for heroin abuse through HAP in Lake County reached a 5-year high in 2009, a 70 percent increase from 2008.

Table 1. Individuals Receiving Drug Abuse Treatment Services in Lake County Through the Hoosier Assurance Plan, by Drug, 2005–2009*

Year	Cocaine	Heroin	Marijuana	Methamphetamine
2005	434	316	460	5
2006	465	321	506	5
2007	419	258	474	6
2008	311	216	466	1
2009	363	368	657	5

Source: Indiana Family and Social Services Administration, Department of Mental Health and Addiction.

*Data are compiled by state fiscal year (July 1 through June 30).

Adolescent drug abuse rates are higher in Northwest Indiana than they are statewide. According to Indiana Prevention Resource Center 2009 survey data, twelfth-grade students in Northwest Indiana (Lake, Jasper, Newton, Porter, Pulaski, and Starke Counties (see Figure 1 on page 2) report higher rates of lifetime, annual, and monthly use of most illicit drugs than their peers statewide. (See Table 2.)

Table 2. Percentage of Twelfth-Grade Students Reporting Lifetime Drug Use, by Drug Northwest Region of Indiana, Compared With Statewide Data, 2009

	Cocaine	Crack	Heroin	Marijuana	MDMA
Northwest Indiana	7.2	3.1	2.8	41.1	9.3
Statewide	6.6	2.9	2.4	36.8	5.9

Source: Indiana Prevention Resource Center.

b. HAP is a mental health services plan funded by the state of Indiana to provide mental health and addiction services to low-income individuals in the state.

Illicit Finance

Bulk cash smuggling is the primary method used by Mexican traffickers to move drug proceeds from the HIDTA region to Mexico. Bulk cash is often transported to Chicago for consolidation and then concealed in hidden compartments of private and commercial vehicles and transported to the Southwest Border and Mexico.

Traffickers use other methods to launder illicit drug proceeds in the Lake County HIDTA region. Money services businesses such as money remitters and check-cashing firms are plentiful in Lake County and are often used by traffickers to launder illicit drug proceeds. These businesses allow customers to move proceeds outside the United States with relative anonymity in amounts below the threshold set by the Bank Secrecy Act. Local traffickers also purchase small, cash-based businesses such as car washes, clothing stores, and hair and nail salons that they use to commingle illicit proceeds with legitimate funds. Many traffickers launder drug proceeds through the purchase of luxury items such as jewelry, expensive vehicles, and real estate. In addition, some traffickers use the four casino boats in Lake County to launder drug proceeds.

Outlook

National Drug Intelligence Center analysts expect Mexican DTOs to maintain dominance over wholesale-level drug distribution. African American and Hispanic street gangs will maintain control over retail-level illicit drug distribution in urban areas. Wholesale cocaine availability in the Lake County HIDTA region is expected to fluctuate but remain at levels sufficient to support market demand. Heroin availability and abuse are expected to increase in Lake County and surrounding counties, primarily among young Caucasian abusers, who have little difficulty purchasing the drug in Chicago, where heroin availability is high. Local methamphetamine production is expected to rise in rural areas of southern Lake County, mirroring the rise in production observed in other areas of Indiana.

Sources

Local, State, and Regional

East Chicago Police Department
Gary Police Department
 Narcotics & Vice Unit
Hammond Police Department
Indiana Family and Social Services Administration
 Department of Mental Health and Addiction.
Indiana State Police
Indiana University Bloomington
 Indiana Prevention Resource Center
Lake County Sheriff's Department
 Lake County Drug Task Force
Northern Indiana Commuter Transportation District
Porter County Drug Task Force
Schererville Police Department

Federal

Executive Office of the President
 Office of National Drug Control Policy
 Lake County High Intensity Drug Trafficking Area
 Firearms Interdiction Regional Enforcement
 Gang Response Investigative Team
 Lake County Combined Task Force
 Lake County Investigative Support Center
U.S. Department of Justice
 Bureau of Alcohol, Tobacco, Firearms and Explosives
 Drug Enforcement Administration
 El Paso Intelligence Center
 National Seizure System
 Merrillville Resident Office
Federal Bureau of Investigation
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