

ORGANIZED CRIME IN CALIFORNIA 2002



ORGANIZED CRIME IN CALIFORNIA

Annual Report to the California Legislature

2002



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Message from the Attorney General

This report summarizes the major activities of organized crime groups, gangs, criminal extremists, and terrorists affecting this state. This report also provides analysis and evaluates trends associated with those activities.

The threats from international terrorism and the continued evolution of illegal activities committed by domestic criminal organizations have forced law enforcement authorities to face new and unique challenges. A few individuals believed to be associated with terrorist groups appear to be engaging in some of the same types of illicit enterprises utilized by domestic organized crime groups in order to raise funds for attacks overseas. The more traditional forms of criminal organizations in this state are demonstrating a greater degree of flexibility, sophistication, and transnational emphasis pertaining to their activity than in previous years. To meet these challenges, the California Department of Justice has made a number of changes. Among those changes are the consolidation and improvement of our investigative and analysis capabilities through the formation of the Criminal Intelligence Bureau.

The information in this report was collected through collaborative efforts by the Criminal Intelligence Bureau and its California Anti-Terrorism Information Center (CATIC), in association with other law enforcement authorities. The purpose of CATIC is simply to include and to better connect federal, state, and local law enforcement in the gathering, analysis, and dissemination of legitimate data needed to prevent the tragic information gaps that led to the horrors of September 11, 2001. I can assure you that the bright and dedicated state, federal, and local law enforcement people who do the work of CATIC have no other purpose than to use every lawful means to see to it that those horrors never come to California.

We have found that successfully interrupting the activities of the criminal organizations mentioned in this report requires the combined efforts of law enforcement at all levels; and the California Department of Justice is committed to that interagency collaboration and multi-jurisdictional cooperation in order to reduce crime, violence, and the threat of organized criminal activity — including terrorism — in this state.

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Table of Contents

Executive Summary	1-4
Introduction: Exploring the Landscape of California’s Prominent Criminal Organizations	5
Eurasian Organized Crime	6-9
<i>Background</i>	6-7
<i>Recent Developments</i>	7-9
<i>Analysis and Trends</i>	9
Asian Organized Crime	10-12
<i>Background</i>	10-11
<i>Recent Developments</i>	11
<i>Analysis and Trends</i>	11-12
Traditional Organized Crime	13-14
<i>Background</i>	13-14
<i>Recent Developments</i>	14
<i>Analysis and Trends</i>	14
Drug Trafficking Organizations	15-18
<i>Background</i>	15-16
<i>Recent Developments</i>	16-17
<i>Analysis and Trends</i>	17
<i>Table 1</i>	18
Outlaw Motorcycle Gangs	19-21
<i>Background</i>	19-20
<i>Recent Developments</i>	20
<i>Analysis and Trends</i>	20-21
Prison Gangs	22-25
<i>Background</i>	22-24
<i>Recent Developments</i>	24-25
<i>Analysis and Trends</i>	25

Table of Contents

Street Gangs	26-31
<i>Background</i>	26-27
<i>Recent Developments</i>	28-30
<i>Analysis and Trends</i>	30
<i>Chart 1 – Number of Gang-Related Homicides – 1992-2001</i>	31
<i>Chart 2 – Gang-Related Homicides Vs. Total Willful Homicides – 1999-2001</i>	31
Criminal Extremists	32-36
<i>Background</i>	32-34
<i>Recent Developments</i>	34-35
<i>Analysis and Trends</i>	35-36
International Terrorism	37-44
<i>Al-Qaeda</i>	37-40
<i>Background</i>	37-39
<i>Recent Developments</i>	39-40
<i>HAMAS</i>	40-42
<i>Background</i>	40-41
<i>Recent Developments</i>	41-42
<i>Mujahedin-e Khalq</i>	42-44
<i>Background</i>	43-44
<i>Recent Developments</i>	44
<i>Analysis and Trends</i>	44-45
CATIC Overview	46-49
Conclusion	50

Executive Summary

Over the past year, California continued to be confronted with crimes perpetrated by members and associates of organized crime groups, gangs, criminal extremist elements, and terrorist organizations. In an effort to deal with those challenges, the California Department of Justice expanded its investigative and analytical capabilities by forming the Criminal Intelligence Bureau. This newly created bureau is charged with identifying and investigating the vast array of criminal organizations in the state, analyzing the impact the groups have on the safety and security of the public, and then interdicting the groups' illegal activities before they evolve into a series of violent acts.

The following information summarizes those activities involving some of the more prominent criminal organizations operating in — or having significant connections to — California.

- ' Eurasian organized crime (EOC) appears to be one of the fastest growing forms of organized crime in California and many other parts of the world. In California, EOC groups engage in automobile theft, prostitution, human trafficking, kidnaping, extortion, money laundering, numerous forms of fraud, and drug trafficking. Recent developments include the conviction of a Russian immigrant for second-degree murder in the shooting death of a Ukrainian madam who operated a prostitution ring in Southern California; the discovery of 4 corpses in the New Melones Reservoir in Calaveras County who appear to be victims of a Los Angeles-based EOC kidnaping and extortion ring; 6 individuals found guilty on charges related to an immigrant smuggling ring; 2 men from Los Angeles pleading guilty to participating in a kidnap-extortion plot; 15 suspects arrested in a Los Angeles-based recycling operation that defrauded the state's beverage container recycling program of more than \$3 million; and 6 suspects arrested for operating the largest prostitution ring in the history of Los Angeles.
- ' Asian organized crime (AOC) groups continue to play an active role in California's criminal underworld. In addition to the traditional racketeering activities — such as extortion, loan sharking, money laundering, illegal gambling, human smuggling, drug trafficking, and prostitution — these groups have demonstrated an increasing proclivity for more sophisticated crimes such as currency and credit card counterfeiting, computer chip theft, and computer software piracy. These groups are believed by many authorities to invest their ill-gotten gains in California real estate, businesses, and the entertainment industry. Recently, law enforcement authorities arrested 11 members of the Wah Ching group on a number of racketeering-related charges; a Hong Kong businessman was convicted of operating a San Francisco-based crime syndicate after a lengthy extradition process; and law enforcement authorities in Southern California dismantled a prostitution ring that utilized chiropractic clinics as business fronts.
- ' The biggest threat that traditional organized crime (TOC) represents to California appears to be from a few East Coast crime families engaging in illegal activity throughout this state. The only West Coast-based remnant of TOC is the Southern California crime family; and they remain only sparsely active in a few illegal schemes, such as fraud and loan sharking. The most recent development regarding TOC in California was an attempt by the New York-based Gambino crime family to extort \$150,000 per film from a well-known actor.
- ' Mexican drug trafficking organizations (DTOs) are responsible for the production, transportation, importation, and distribution of multi-ton quantities of illegal drugs into California. Among the most powerful of these Mexican DTOs is the Tijuana-based Arellano-Felix organization (AFO). This group has established working relationships with some EOC groups, international terrorist organizations, and California-based prison and street gangs. However, the AFO suffered a number of recent setbacks within the drug trafficking world, including the death of the AFO's chief enforcer in a shootout in Mazatlan, Mexico; the discovery of an

underground tunnel that ran from Mexico to California used to transport illegal drugs, weapons, and possibly illegal aliens into the United States; the arrest of an AFO drug cartel leader; and the arrest of 39 AFO drug traffickers operating within California and other states throughout the country.

- ' Outlaw motorcycle gangs (OMGs) continued their involvement in a variety of criminal activities while demonstrating their propensity for indiscriminate violence. Over the past year, OMGs have engaged in the manufacturing and trafficking of illegal drugs, the sale and purchase of illegal weapons, and murder. Recent developments include the arrest of a Hells Angels leader for conspiring to sell drugs and filing a false tax return; the arrest of 12 Vagos motorcycle gang members on drugs and weapons charges; the sentencing of a Mongols motorcycle gang officer for possessing illegal weapons and narcotics; and a shootout between members of the Hells Angels and Mongols at Harrah's Hotel and Casino in Laughlin, Nevada, that endangered numerous innocent bystanders and left 3 gang members dead.
- ' Despite the incarceration of their members, a few prison gangs continue to be a powerful force — both within and outside the penal system. Within prison, their criminal activities include extortion, illegal gambling, racketeering, robbery, assault, drug trafficking, and murder. Outside of prison, they perpetrate many of the same types of crimes. During the past year, law enforcement authorities made significant headway in reducing the number of crimes committed by these gangs. Four defendants associated with the Nuestra Familia prison gang pled guilty to violating the federal Racketeer Influenced and Corrupt Organizations (RICO) Act. Twelve members and associates of the Nazi Low Riders were indicted on federal racketeering charges involving extortion, witness tampering, distributing drugs, and murder. Two people were convicted of involuntary manslaughter after their two dogs mauled a person to death. The two had been working with members of the Aryan Brotherhood prison gang to raise the dogs to guard methamphetamine labs. In another case, 40 other members of the Aryan Brotherhood were indicted on federal racketeering charges involving murder, drug trafficking, gambling, and extortion. In addition, a violent turf war between members and associates of the Black Guerilla Family prison gang and several street gangs has erupted over the sale of illegal drugs.
- ' Preliminary reports indicate street gang-related crime is, once again, on the rise in some parts of the state. Street gangs continue to engage in a variety of crimes including drug trafficking, auto theft, robbery, vandalism, car jacking, assault, witness intimidation, and murder. They have also ventured into more sophisticated forms of crime, such as fraud and computer software piracy and counterfeiting, that have a lower risk of detection and arrest. Some recent developments in regard to street gangs include the conviction of three defendants associated with the Los Angeles-based 18th Street gang on charges of murder and drug trafficking; a member of the Public Enemy Number One (PEN1) was released from Orange County jail after associates posted his bail with counterfeit money orders; four gang members arrested in Tijuana after botching a kidnap attempt; the leader of the Santana Block Crips pleading guilty to distributing drugs in various states throughout the nation; and the U.S. Attorney's Office in Tennessee announcing that it would seek the death penalty for three defendants believed to be members of the Rollin' Street 90s Crips in Los Angeles and responsible for several charges related to drug trafficking and murder.
- ' According to figures collected by the California Department of Justice, gang-related homicides are, once again, on the rise. From 1992 through 2001, there were 6,452 gang-related homicides committed in the state; this number is equivalent to a city population nearly the size of Emeryville, California. Gang-related homicides reached a high of 880 in 1994 before gradually falling to 402 in 1999. Since then, these numbers have begun to rise again; and, although the total number of gang-related homicides for 2002 has yet to be completely collected and analyzed, it appears to be still increasing.

- ' One of the most notable forms of criminal extremism in California is represented by a few individuals who refer to themselves as anarchists. These individuals are adamantly anti-government and often engage in creating civil unrest at protests and demonstrations related to anti-capitalism, anti-racism, and corporate globalization. The criminal activities of these anarchists over the year have included harassment, threats, and trespassing. One individual popular within the anarchist movement in Southern California was arrested for possessing an explosive device. Authorities suspect he intended to bomb a Moose Lodge. After an arson attack on a U.S. military recruiting center in San Jose, California, a web-based anarchist news server began advocating attacks against similar types of targets.
- ' Other forms of criminal extremism often adhere to the principles of racial supremacy or embrace anti-government and anti-regulatory beliefs. The most active forms of these groups in California are white supremacists and anti-government militants. Two white supremacists were arrested for possessing the makings of an explosive device; and two former militia members were sentenced to prison for plotting to blow up a propane tank near Sacramento. Additionally, individuals from the Jewish Defense League were arrested for conspiring to detonate bombs in a mosque in Culver City; the Muslim Public Affairs Council in Los Angeles; and the offices of a U.S. representative, also in Los Angeles.
- ' Special-interest criminal extremists seek to resolve specific issues rather than affect widespread political or social change. These groups conduct acts of violence in an attempt to force the public to change their attitudes about issues considered important to the extremists' cause. Animal-rights, environmental-rights, and anti-genetic criminal extremists are the most notable forms of this activity. Recent developments regarding this brand of criminal extremism have included the sentencing of two longtime animal- and environmental-rights activists to prison for the possession of components that could have been used to make incendiary devices; and an environmental criminal extremist group advocating the abandonment of its non-violent ideology and the adoption of more violent tactics.
- ' The al-Qaeda terrorist organization continues to represent a serious threat to California. A number of developments in relation to this international terrorist organization and California transpired over the past year. Spanish authorities arrested four suspects with links to al-Qaeda who had in their possession videotapes of possible targets including the Golden Gate Bridge, Disneyland, and Universal Studios. A Northern California resident with suspected ties to the group was deported back to Pakistan on immigration violations. Authorities have begun questioning a Malaysian couple — both of whom were California State University, Sacramento, graduates — for their involvement in a plot to blow up U.S. embassies in Southeast Asia. Four San Diego students were taken into custody as material witnesses for their association with three of the four hijackers of Flight 77 that was crashed into the Pentagon on September 11, 2001. Two Pakistani nationals and one U.S. citizen from Southern California were arrested for the distribution of heroin and hashish and conspiracy to provide material support to al-Qaeda.
- ' While HAMAS does not currently pose a direct threat to California, the organization has utilized the state as a source of funding to support its terrorist operations. Founded in California, the Holy Land Foundation for Relief and Development (HLFRD) was HAMAS' chief fund-raising arm in the United States until the federal government froze its assets in 2001. Over the past year, the organization has attempted to reclaim those assets through the court system; but a U.S. District Court judge for the District of Columbia has upheld the federal government's listing of the HLFRD as a "Specially Designated Terrorist" organization and rejected the organization's efforts to reclaim its monies.
- ' The Mujahedin-e Khalq Organization (MEK) is the largest and most active group opposed to the Islamic Republic of Iran. The presence of the MEK in California was confirmed in March 1999 when

authorities dismantled a Los Angeles-based immigration and visa fraud ring that enabled thousands of individuals — including some members of the MEK — to enter the United States illegally.

In leading the state's fight against terrorism, Governor Gray Davis and Attorney General Bill Lockyer formed the California Anti-Terrorism Information Center (CATIC) on September 25, 2001. It is currently located within the California Department of Justice's Criminal Intelligence Bureau and charged with providing law enforcement authorities throughout the state with timely and valuable intelligence information and investigative support.

During 2002, CATIC opened 687 and closed 421 investigations and issued 243 *Advisories*, 210 *Midday Reports*, 74 *Midday Intelligence Briefings*, and 47 *Intelligence Bulletins*. CATIC has fielded more than 3,600 inquiries from law enforcement authorities seeking information and investigative support regarding numerous terrorism-related suspects, activities, and events.

Introduction: Exploring the Landscape of California's Prominent Criminal Organizations

The tragic events of September 11, 2001, made it clear that the law enforcement community in California needed to face a number of new and unique challenges posed by the threat of terrorism in this state. In response to these new challenges and those already presented by criminal organizations, the California Department of Justice enhanced its investigative capabilities by creating the Criminal Intelligence Bureau.

The primary responsibility of this new bureau is to rapidly identify and vigorously investigate the activities of those criminal organizations operating in California. This report provides a brief overview of the more prominent organizations, a description of their recent developments, an analysis of their illegal enterprises, and some indications of what to expect in terms of future trends.

In an attempt to adequately address many of the overall challenges California law enforcement authorities face, this report includes some changes in comparison to its predecessors. One change is the inclusion of Mexican drug trafficking organizations. This variety of organized crime was added to the 1999 annual report but was excluded in 2000 and 2001. The decision to reintroduce the activities of these international drug traffickers into this report was based on the enormous impact their operations have on California and its drug problem. These activities play a crucial role in understanding how illicit narcotics have become a vital link between organized crime groups, gangs, and international terrorists.

Another new development in this year's report is the separation of prison and street gangs. In years past, prison gangs were included within the category of criminal street gangs. While these two types of gangs are still intertwined, the activities of a few prison gangs indicate they may become powerful criminal elements in their own right.

This report concludes with a description of the California Anti-Terrorism Information Center, and how it is designed to deal with the threat of terrorism.

Eurasian Organized Crime

Eurasian organized crime appears to be the fastest growing form of organized crime in the world. Law enforcement authorities use the label Eurasian organized crime (EOC) as an umbrella term to describe the criminal networks that originated from the 15 republics formerly known as the Soviet Union.¹ Authorities believe EOC has thousands of factions operating in 58 different countries. This has allowed EOC members to become particularly skilled in perpetrating crimes of a transnational nature. Here in California, EOC groups have a presence in San Francisco, Los Angeles, San Diego, and Fresno. Over the last several years, EOC members have proven themselves to be hardworking and reasonably ingenious when it comes to devising money-making schemes. Their crimes have included operating international automobile theft rings, prostitution, money laundering, numerous forms of fraud, and drug trafficking. Most recently, EOC groups in California have been connected to human trafficking, murder, kidnaping, extortion, and recycling fraud.

Background

The U.S. Immigration and Naturalization Service estimates that, during the 1970s and 1980s, approximately 200,000 people immigrated from the former Soviet Union to the United States in an effort to escape religious and political persecution. While the vast majority of these emigres were honest, hardworking citizens looking for a better life, it was discovered that intermingled within the newcomers was a criminal element. Authorities came to suspect that the USSR had emptied its prisons and exported its hardcore criminals to the United States, similar to the way Cuban dictator Fidel Castro purged his country's criminals in the "Mariel boat-lift" more than 20 years ago. As the newly arrived immigrants began to disperse across the United States, the

criminal element returned to its former lifestyle. The flow of Eurasian immigrants into the United States increased dramatically after the 1989 adoption of a Congressional Amendment that allowed up to 50,000 Eurasian refugees to enter the United States per year.

Contrary to popular belief, EOC does not always have the same structural characteristics as most organized crime groups. EOC groups have varying levels of organization and sophistication. The most organized of the EOC detachments are referred to as "Vory V Zakonye" or "Thieves in Law," which was in existence even before Russia turned to communism. This form of EOC typically has a boss, a strict hierarchical structure, and chain of command. Other EOC groups consist of loosely based criminal networks that form relationships for the purpose of mutual interest. These venture-specific networks consist of individuals who occupy certain positions or roles based on their experience, knowledge, and personal characteristics. For example, individuals may come together to establish an automobile-theft ring. Members may be recruited into the ring based on their ability to steal cars or their expertise in arranging for the car's sale on the black market in a foreign country. Once the enterprise is no longer lucrative, the network dismantles; and the criminals move on to form new networks for other money-making schemes.

There are more than 20 EOC groups operating in California that engage in a wide range of criminal activities; however, the core of their activities has always been fraud. Insurance fraud, such as staged auto accidents, has proven to be particularly lucrative and of minimum risk for the perpetrators. The rings establish working relationships with corrupt medical care providers or office administrators and attorneys. The EOC ring begins by arranging staged automobile accidents. The drivers and witnesses are well-rehearsed and provide a detailed story of the "events." After making a police report, the claimants file fraudulent insurance claims for legal and medical services. The

¹ These republics include Russia, Armenia, Azerbaijan, Belarus, Estonia, Georgia, Kazakhstan, Kyrgyzstan, Latvia, Lithuania, Moldova, Tajikistan, Turkmenistan, Ukraine, and Uzbekistan.

ring's participants stand to make thousands of dollars from the bogus auto collisions.

Another common scam perpetrated by EOC figures is Medi-Cal fraud. EOC members establish medical supply companies and clinics that are nothing more than shell businesses. The "providers" advertise free products and medical services and, after obtaining patients' medical information, submit claims for products and/or services that were never provided. EOC figures have recently added recycling and cigarette tax fraud to their growing repertoire of fraudulent activities.

While fraud has always been the backbone of EOC's criminal activities, the groups also engage in extortion/kidnaping, prostitution, narcotics trafficking, and vehicle theft. The extortion/kidnap rings are typically aimed at people from their own ethnic communities — primarily because they are afraid to go to law enforcement; and they fear for the safety of their relatives back home, many of whom are threatened with reprisals if the extortions and kidnapings are reported.

EOC members are also becoming more active in human trafficking. Their international network of contacts and expertise in counterfeiting and smuggling has enabled them to arrange for thousands of eastern European and Eurasian immigrants to be brought into California illegally. Through human-trafficking rings, EOC groups are able to smuggle women and children into the state. Once they arrive in California, many of the women are forced to work in the sex industry as prostitutes at escort services, strip clubs, and massage parlors. This has made human trafficking and prostitution a lucrative business for EOC; aside from collecting transportation fees from the emigres, the criminals stand to make several times that amount through the sexual services of the illegal immigrants.

EOC members have also become more active in trafficking of illegal drugs such as heroin; cocaine; marijuana; and, most recently, ecstasy. Growing evidence indicates EOC members have developed a strategic alliance with the Tijuana-based Arellano-Felix drug trafficking organization and the

Revolutionary Armed Forces of Colombia² for the exchange of weapons and drugs.

Recent Developments

In March 2002, a naturalized citizen from Russia was convicted of second-degree murder and sentenced to 25 years to life in prison for the August 2000 beating and shooting death of a Los Angeles madam. Authorities contend the assailant and his girlfriend visited the madam at her Los Angeles apartment regarding a transportation fee owed to the girlfriend. Months earlier, the girlfriend and several other Ukrainian women were smuggled into California through Mexico. Apparently, the madam — herself a prostitute from the Ukraine — threatened to sell the assailant's girlfriend to a pimp if she was not reimbursed for the fees of bringing her into the United States. Authorities believe the assailant beat and murdered the madam in her apartment.

Also in March 2002, authorities pulled four corpses from the New Melones Reservoir in Calaveras County. The bodies appeared to have been asphyxiated, weighted down, and dumped in the lake. All four of the individuals had been reported missing from the Los Angeles area and are believed to have fallen victim to an international kidnaping and extortion ring. It was later determined the kidnaping and murder of a real estate developer from Sherman Oaks, California, was also related to this case. His corpse was found floating in the lake during October 2001. Four individuals believed to be involved with EOC are in custody for committing these crimes. Another individual who is still at large is believed by authorities to have organized the wiring of ransom payments through banks in New York and the Middle East. Essentially, the ring's plan was to kidnap successful Russian and eastern European business people, extort money from their families, and then murder their captives.

² The Revolutionary Armed Forces of Colombia (FARC-EP) is a foreign terrorist organization that has become directly involved in the production and distribution of cocaine.

In a related case, six defendants were found guilty on charges of operating a Los Angeles-based Ukrainian immigrant smuggling ring in June. The alleged ring leader and his two partners — husband and wife — were found guilty of money laundering and smuggling for the purpose of prostitution. The three additional defendants in the case were found guilty of smuggling. Authorities believe the ring was responsible for bringing hundreds of Ukrainians into California, including the young woman mentioned in the “madam” case above. The investigation began after U.S. Border Patrol agents found a video recorder on a footpath along the U.S./Mexico border. Within the device was a videotape of a Russian-speaking family chronicling their journey. As the investigation unfolded, it was learned that men, women, and children were being recruited in Kiev and brought to Mexico on tourist visas. While staying in a villa in Rosarito Beach, the immigrants were sold American-style clothing and taught how to answer questions at border crossings. They were then smuggled across the border by car, train, boat, or foot. The immigrants paid anywhere from \$2,000 to \$10,000 for the transportation services. Once in Los Angeles, many of the young women who could not afford to pay the fees were forced into prostitution to compensate for their debts.

In August 2002, two Los Angeles men pled guilty to participating in a Eurasian kidnap-extortion ring aimed at an Armenian businessman. The victim had fled to the United States seeking political asylum after being coerced into cashing phony checks for the ring. After arriving in Los Angeles, members of the ring told him that he would face the same troubles he had in Armenia unless he cooperated. After he refused, the ring conspired with associates in Moscow to kidnap one of the victim’s relatives. They threatened to kill the relative unless the businessman paid a large sum of money. The victim then went to the authorities, and five suspects were arrested in October 2001. Of the two who pled guilty, one has been sentenced to 11 years in prison and the other to 8 years in prison. A third suspect who was convicted of conspiracy to commit extortion, extortion, and receiving the proceeds of extortion is awaiting sentencing.

In October 2002, Attorney General Bill Lockyer announced that special agents from his California Bureau of Investigation’s (CBI) Environmental Crimes Unit had dismantled a Los Angeles-area criminal ring that defrauded the state’s beverage container recycling program for more than \$3 million. Fifteen arrests were made after a ten-month investigation revealed that an EOC ring had been redeeming thousands of pounds of ineligible aluminum, plastic, and glass containers under the California Beverage Recycling program. The defendants were charged with forgery, conspiracy, grand theft, perjury, recycling fraud, and welfare fraud. In addition, the agents seized narcotics; three handguns; one assault weapon; and two vehicles.

The arrests and criminal charges came after the agents served search warrants at 20 locations in Southern California, including a number of California Certified Recycling Centers where beverage containers are redeemed for cash. The crime ring brought ineligible containers — primarily aluminum and plastic materials — into California from Arizona, Nevada, Oregon, and Mexico. They also purchased material that had already been redeemed (scrap) and resubmitted it for its California Redemption Value (CRV). Some of the individuals arrested were recycling center operators who were charged with knowingly claiming reimbursement from the state for ineligible containers. This activity also included submitting the same material more than once for its CRV. This is the third and largest recycling fraud enforcement action conducted by the CBI’s Environmental Crimes Unit in the last two years.

In December 2002, the Los Angeles Police Department and Los Angeles County District Attorney’s Office announced the arrest of six Russians — four are nationals and two are naturalized U.S. citizens — for operating a prostitution ring. The arrests followed a 24-month investigation dubbed “Operation White Lace.” The prostitution ring was the largest of its kind in Los Angeles history. The indictment charges the six ringleaders with conspiracy, pimping, pandering, and money laundering. They allegedly employed female Russian nationals who were smuggled into this country, and they earned an estimated \$5 million to

\$8 million during 22 months of illegal activities in the greater Los Angeles and Beverly Hills areas.

Analysis and Trends

- ' EOC figures in California are expected to continue engaging in any criminal activity that will turn a profit, with a particular affinity for those crimes that are of low risk and of a transnational nature. While medical, welfare, automobile, and immigration fraud have been their mainstay, the groups have proven themselves to be relatively ingenious when it comes to devising new money-making schemes — such as recycling fraud. It is expected by law enforcement authorities that these criminals will continue to venture into new territory — such as ecstasy smuggling and cyber-crime — as a way of generating more profits.
- ' As long as those individuals living in the former Soviet Union continue to experience economic hardship, then human trafficking, indentured servitude, and prostitution will continue to be a lucrative endeavor for EOC.
- ' The bodies found in the New Melones Reservoir have demonstrated to law enforcement authorities that EOC members have a dangerous proclivity for violence. Even after being paid extortion money, the perpetrators still brutally killed the kidnap victims.
- ' Perhaps one of the biggest concerns for law enforcement regarding EOC is its growing control over certain aspects of the economy in the former Soviet Union that enables the criminals to obtain military hardware — including possible weapons of mass destruction (WMD) — and then sell them on the black market. Authorities have indicated that terrorists associated with the al-Qaeda network had contacted EOC figures in an effort to obtain WMD.

Asian Organized Crime

Asian organized crime (AOC) figures continue to engage in a variety of criminal activities throughout California. Their enterprises have proven to be fluid, mobile, sophisticated, and adept at utilizing a national and international network of contacts. In regard to recent developments, the persistence and dedication of authorities in Northern California paid off when one of AOC's most notorious crime figures in California was finally convicted on racketeering charges after a lengthy extradition process from Hong Kong. In Southern California, authorities arrested 11 members of the Wah Ching group while other authorities have shut down more than a dozen chiropractic clinics operating as fronts for prostitution associated with these organized criminals.

Background

AOC has existed in the United States since the early 1900s and continues to play an active role in California's criminal underworld. There are several AOC groups operating in the state, particularly in the San Francisco, Los Angeles, Orange, and San Diego county regions. AOC groups engage in many of the traditional racketeering activities — such as extortion, loan sharking, money laundering, illegal gambling, alien smuggling, drug trafficking, and prostitution — while it has also broke new ground in more sophisticated crimes like currency and credit card counterfeiting, computer chip theft, and software piracy.

AOC groups often employ Asian street gangs to act as foot soldiers to carry out riskier activities such as murder, debt collection, extortion, kidnaping, automobile theft, and home-invasion robberies. This arrangement typically insulates the higher-ranking AOC members from the scrutiny of law enforcement and hinders many investigations. Like other brands of organized crime, Asian-related criminal enterprises have infiltrated legitimate businesses by investing in real estate, jewelry stores, restaurants, nightclubs, travel agencies, and the entertainment industry. While the activities and associations of AOC groups have historically been

drawn along racial and ethnic lines, there appears to be more collaboration among some of the organizations. The groups have also become organizationally flatter by adopting a looser network structure and a more fluid nature in an effort to capitalize on the growing global economy. This trend is especially clear in regard to those groups who are involved in narcotic and human trafficking.

Asian criminal enterprises can be organized into two categories — traditional and non-traditional.³ Traditional enterprises have a historical origin in Asia that can be traced back several hundred years and have initiation rituals that bind members together. A good example of traditional Asian criminal enterprises operating in California is the Chinese triads. The Wo Hop To, 14K, and United Bamboo are three such triads that are multinational in nature, with members and associates operating in California. The Wo Hop To is a Hong Kong-based triad that was particularly dominant in the San Francisco Bay Area. The group's activities have subsided since undergoing a federal investigation in the early 1990s. Another Hong Kong based-triad is the 14K. This group is believed by authorities to be particularly active in organizing human and heroin smuggling operations. The United Bamboo is a Taiwan-based triad whose affiliates are most active in the San Gabriel Valley and Los Angeles areas.

Non-traditional Asian criminal enterprises are groups that operate outside of Asia. For example, two non-traditional, Asian organized crime groups operating in California are the Wah Ching and the Jackson Street Boys. While these two groups may have strong ties to the triads and adopt some of their characteristics, they tend to operate independently from them. The Wah Ching was formed in the late 1960s as a street gang in San Francisco and eventually spread south to

³ Mahlmann, Ning-Ning (1999). Asian criminal enterprise program overview: A study of current FBI Asian criminal enterprise investigations in the United States. *FBI publication*. Excerpt available at <http://usinfo.state.gov/regional/ea/chinaaliens/ningning.htm>

Los Angeles. The group has developed into a sophisticated criminal organization with extensive regional, national, and international connections. The Jackson Street Boys also originated as a street gang in San Francisco and developed into a powerful organized crime entity whose leadership was derived from the Wo Hop To. Currently, this group controls much of the criminal activity in San Francisco's Chinatown.

Recent Developments

In January 2002, 11 Wah Ching members were arrested in Los Angeles on charges including conspiracy to commit assault with a dangerous weapon, murder in aid of racketeering, carrying and possessing a firearm during and in furtherance of a crime of violence, conspiracy to distribute marijuana, and distribution of methylenedioxymethamphetamine (ecstasy). The charges relate to the Wah Ching's efforts to further its criminal enterprises in the Southern California region.

Aside from the drug distribution activities, the charges also correspond to the murder of a fellow Wah Ching member in March 2001. The victim who was mistakenly identified as a member of a rival gang was killed during a drive-by shooting. The assailants initiated the attack to avenge a previous assault committed against several Wah Ching members by the rival gang earlier that year. In addition, the Wah Ching suspects were also allegedly planning to "shoot-up" a brothel in Alhambra, California, when the proprietor refused to pay \$3,000 in protection money. The arrests ended a two-year investigation dubbed "Operation Dragon Heads" conducted by the Federal Bureau of Investigation (FBI) and other state and local authorities.

During April 2002, a Hong Kong businessman was convicted by a federal jury in San Francisco for participating in a pattern of racketeering related to murder for hire, heroin distribution, extortion, and loan sharking. Originally indicted in October 1993, the government alleged the defendant — while living in Northern California — directed the organized crime activities of the Wo Hop To triad in San Francisco's Chinatown during the late 1980s

and 1990s. Prosecutors also alleged the defendant specifically immigrated to San Francisco to lead the Bay Area chapter of the Hong Kong-based crime syndicate. He and his criminal associates attempted to consolidate many of the Asian organized crime gangs in California and other parts of the United States. While acting as the crime boss, the defendant allegedly ordered a hit against a Boston-based (Massachusetts) Asian crime figure; attempted to organize a nationwide drug distribution network; and oversaw loan sharking and extortion operations in several cities associated with the umbrella organization. After news of the indictment was released, the defendant fled back to Hong Kong and was not extradited back to the United States until June 2000.

After an eight-week trial and three days of deliberation, the jury found the defendant guilty of violating the federal Racketeer Influenced and Corrupt Organizations (RICO) Act, murder for hire, heroin trafficking, extortion, and the arson of his residence. The defendant now faces up to 20 years in prison and \$250,000 in fines. The conviction was the result of a lengthy investigation conducted by the FBI, San Francisco Police Department, Oakland Police Department, and California Department of Justice.

In May 2002, law enforcement authorities shut down a chiropractic clinic in Anaheim that was being used as a front for prostitution. The clinic was advertising the sexual services of women as massage therapy. Law enforcement authorities in Orange County and Los Angeles also raided more than a dozen other chiropractic clinics that were reportedly maintaining similar operations. These clinics make attractive fronts because chiropractors are allowed to hire unlicensed assistants while massage parlors must employ licensed practitioners. It is believed by some authorities the prostitution rings are tied to Asian organized crime elements in the area and investigations continue.

Analysis and Trends

- ' AOC groups will likely continue to pursue criminal opportunities that offer a low risk of

detection but have a high-profit margin. Human smuggling and high-tech crimes are two such examples.

- ' AOC figures will continue to intermingle their criminal activities with legitimate business ventures — such as using chiropractic clinics as fronts for prostitution — to help deflect suspicion of such activities.

- ' AOC groups will probably continue to cooperate with other criminal entities in an effort to capitalize on a growing global economy.

Traditional Organized Crime

The only West Coast-based remnant of traditional organized crime (TOC) is the Southern California crime family that has 15 to 20 members within its ranks. Despite its aging leadership and relatively small stature, the group manages to remain mildly active in a few money-making schemes. The most significant threat TOC represents to California is from the East Coast where organized crime members and associates pursue criminal opportunities in this state.

Background

One of the oldest and most notorious species of organized crime in the United States is the American version of the Mafia or what is commonly referred to as La Cosa Nostra. Translated into English, La Cosa Nostra means “*this thing of ours*” and is a phrase that is used to describe a hierarchical criminal society that arranges itself along familial, ethnic, geographic, and conspiratorial lines. The Mafia — or La Cosa Nostra — is often referred to as traditional organized crime (TOC) because of its longevity and resilience within the criminal underworld. Members of TOC have engaged in a wide range of crimes including murder, extortion, drug trafficking, gambling, infiltration of legitimate businesses, labor racketeering, loan sharking, prostitution, pornography, tax evasion, and money laundering.

The roots of TOC in the United States are found in Europe, more specifically Italy and Sicily. Although it is difficult to pinpoint its exact origin because there are so many competing historical narratives, this variety of organized crime appears to have emerged in the United States between 1875 and 1920. Eventually, TOC figures were operating in almost every major city in the United States and rose to prominence bootlegging liquor during the prohibition era. By 1930, a war broke out between rival organizations for control of the New York area. This war ended with the unification of the warring factions and the establishment of the five-family structure in New York. A commission with representatives from all the major crime families in

the nation was also established to oversee the implementation of procedures and to settle any disputes between the families.

TOC experienced the height of its power during the 1960s, 1970s, and 1980s when it controlled numerous “rackets” across the country. Reports indicate there were once 24 TOC families operating nationwide. However, due in part to an aggressive law enforcement campaign, its power and influence have steadily declined; and, in many parts of the country, it is nearly extinct. With a membership of about 1,100 people nationwide and around 10,000 associates, TOC continues to be most active in the New York metropolitan area, Buffalo, Philadelphia, New England, Detroit, and Chicago.⁴

TOC’s activities in California were once concentrated primarily in San Francisco, San Jose, and Los Angeles. Currently, TOC activity in San Francisco and San Jose is dormant while the Southern California crime family is the only West Coast-based TOC element. The Southern California crime family has had a turbulent existence over the last several years and remains scarcely active, which is — in part — due to a crippling blow dealt by law enforcement authorities in 1998 when several members and associates were indicted under the federal Racketeer Influenced and Corrupt Organizations (RICO) Act. During this investigation, authorities determined members of the Southern California crime family and a Buffalo-based crime family conspired to murder a Las Vegas extortionist in an attempt to take over his rackets. The case spelled imminent doom for the organization. The incarceration of its leadership and the aging of several members have substantially weakened the organization.

On the other hand, East Coast crime figures have continued to infiltrate legitimate businesses — such as bars, nightclubs, restaurants,

⁴ Finckenauer, James O. (n.d). *La Cosa Nostra in the United States*. Available <http://www.ojp.usdoj.gov/nij/international/lcn.html>

and entertainment production companies — in California. These businesses are used for money laundering, profit skimming, consumer-fraud schemes, loan sharking, extortion, tax evasion, and the commission of a variety of other illegal acts. Members of TOC have also made several attempts to infiltrate the rapidly growing Indian gaming industry.

Recent Developments

In June, federal authorities arrested 17 members and associates of the Gambino crime family in New York. The 68-count federal indictment included charges of extortion, money laundering, and witness tampering. Included in the alleged crimes was an attempt to extort millions of dollars from a well-known film star. According to the indictment, a Hollywood film producer who was also the film star's former business partner conspired with members of the New York-based organized crime family to extort \$150,000 per film from the star. The scheme was believed to have begun in September 2000 and finally ended with the June arrests.

During October 2002, in a related case, authorities arrested a suspect who is believed to be responsible for threatening a *Los Angeles Times* reporter investigating the extortion plot for the newspaper. Apparently, the individual vandalized the reporter's car while it was parked near her home. The suspect is believed by law enforcement authorities to have attached a cardboard note to the window with the word "stop" written on it and left a dead fish with one long-stemmed rose in its mouth hidden under a roasting pan on the hood of the car. Law enforcement authorities believe the threats were meant to intimidate the reporter and prevent her from pursuing the extortion story. A second reporter who had written an article on the topic for *Vanity Fair* magazine told police that he, too, had been threatened in August 2002. He reported that a man in a car pulled alongside him while he was on his way home and shined a bright light into his car. The man then pointed a gun at the journalist and simply said, "Stop." This incident is still under investigation.

Analysis and Trends

- ' The influence and power of the Southern California crime family probably will continue to decline over the next several years because its inability to recruit new members will weaken its status within the criminal underworld.
- ' East Coast TOC figures will likely continue to see the West Coast as open territory for expanding their illegal activities, and they will continue to establish front businesses that can be used to launder illegal proceeds, skim profits, and operate illegal gambling.
- ' Because of the lucrative profits that can be garnered from gaming, TOC figures may pursue opportunities within the Indian gaming industry. Therefore, local, state, and federal law enforcement authorities and those within the industry must continue their efforts to prevent Indian gaming from becoming another lucrative enterprise for TOC.

Drug Trafficking Organizations

According to recent reports, the September 11, 2001, tragedies have not significantly changed the availability of — or demand for — illegal drugs in California.⁵ Drug trafficking organizations (DTOs) continue to supply and distribute a large portion of the illegal drugs found in the state. 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. Law enforcement has identified more than 100 DTOs operating in the Imperial/San Diego county region where these groups range from major international-level traffickers to small, localized operations. According to the San Diego/Imperial Narcotics Information Network, Mexican DTOs are responsible for the transportation, importation, and distribution of multi-ton quantities of illegal drugs into California. One of the most powerful Mexican DTOs in existence is the Tijuana-based Arellano-Felix Organization (AFO).

Background

Mexican DTOs have a long history of supplying drugs to the United States. They became a force in the drug-trafficking underworld when they began arranging for the transportation of cocaine from South America through Mexico into California. Traditionally, Mexican DTOs purchased the cocaine from Colombian DTOs that would organize its production. More recently, Colombian terrorist organizations — such as the Revolutionary Armed Forces of Colombia (FARC-EP), National Liberation Army (ELN), and the United Self-Defense Forces of Colombia (AUC) — have also become active in drug trafficking by partnering with Mexican DTOs. These terrorist organizations, including the AFO, raise funds through extortion and protection of laboratory operations and clandestine airstrips; they

encourage coca planting and discourage alternative crop development; they purchase, transport, and resell cocaine within Colombia; and they distribute the drug to international drug trafficking organizations.

Mexican DTOs also facilitate the cultivation of heroin and marijuana and the manufacturing of methamphetamine in Mexico. After the illicit products are prepared for shipment, they are smuggled into California by sea, air, and land.⁶ Southern California's 350-mile coastline — which includes busy seaports, unprotected coves, and easily accessible highways — makes maritime transportation advantageous for smuggling drugs into the state. Shipping containers, recreational water craft, and cruise ships are used for this purpose while air transportation is provided by air freight, parcel-delivery services, and single- and twin-engine aircraft. The most common smuggling technique is ground transportation. Large shipments are amassed at the U.S./Mexico border and brought into the state through any one of California's six ports of entry. Typically, the illegal substances are concealed in false compartments hidden in fuel tanks, seats, tires, mobile homes, vans, railcars, tractor trailers, and amidst legitimate cargo shipments in private and commercial vehicles. Once the shipments have entered the United States, traffickers use the state's intricate highway and interstate system to transport their illegal products to distribution centers where the product is then sold to mid-level distributors or directly to street gangs for retail sale.

Mexican DTOs have begun employing Mexican nationals to produce marijuana and methamphetamine within California's borders. The illegal immigrants are either recruited from seasonal migrant workforces or sent to the United States by Mexican DTOs. The marijuana growers typically camp near their plots and manage them until harvest

⁵ Executive Office of the President, Office of National Drug Control Policy (2002, April). *Pulse check: Trends in drug abuse, July-December 2001 reporting period*. Washington, D.C.: NCJ 193398.

⁶ National Drug Intelligence Center, Central California District, *Drug Threat Assessment*, May 2001.

is completed. Large-scale outdoor cultivation sites (in excess of 1,000 plants) have been found scattered throughout Humboldt, Mendocino, and Trinity counties. Law enforcement authorities have also seized large outdoor grows in Calaveras, Fresno, Madera, Santa Clara, Tehama, and Tulare counties.

The Mexican nationals are also hired to operate methamphetamine “super labs” within the state. These labs are often situated in the rural, sparsely populated regions of California. The farmlands and forest areas provide a relatively safe haven for the drug’s production, which produces an abundance of toxic waste and noxious gases. The super labs utilize the pseudoephedrine reduction method, which requires large quantities of the government-regulated chemical. A recent Drug Enforcement Administration report indicates this precursor chemical is being supplied to the Mexican traffickers by Middle Eastern traffickers who are suspected of having ties to terrorist organizations⁷. By exploiting the illegal immigrants, the Mexican DTOs limit their own liability and reduce their overhead. Once the illegal profits are obtained, they are then smuggled back into Mexico or laundered here in the United States.⁸

Recent Developments

In February 2002, a traffic stop in Mazatlan, Mexico, led to a shootout between officers from the Sonora State Police (Mexico) and a group of men impersonating members of the Mexico Attorney General’s Office. The assailants were armed with high-caliber weapons and are suspected of being a hit team aiming to assassinate a rival drug cartel leader. The gun battle left one police officer and two gunmen dead. It was eventually determined one

of the gunmen was Ramón Arellano Félix, the AFO’s chief enforcer.

Also in February 2002, a joint operation between United States and Mexican authorities discovered a 1,509-foot long underground tunnel that ran from a ranch house in Ejido Chula Vista (located in the Tecate municipality of Mexico) to a farmhouse in Tierra del Sol (in San Diego County, California). The wood-framed tunnel that traveled under the metal fence separating the two countries measured approximately 4-feet in diameter and was equipped with electricity and a ventilation system. A flatbed railcar powered by six automotive batteries was used to transport cargo on a track that ran the length of the tunnel. The joint operation led to the arrest of three individuals and the confiscation of 551 pounds of marijuana. Authorities suspect the tunnel had been in operation for at least two to three years and was used by the AFO to smuggle illegal drugs, weapons, and possibly illegal aliens into the United States.

In March 2002, Mexican authorities arrested AFO drug cartel leader — Benjamin Arellano Félix — at a residence in Puebla, Mexico. Eight months after his capture, a Mexican judge dismissed three of the six charges against him — citing a lack of evidence. Among the charges dismissed were weapons violations and his alleged involvement in the 1993 assassination of a Catholic cardinal at the Guadalajara airport. Arellano still faces charges of drug trafficking, criminal association, and organized crime activities; and U.S. officials are expected to send an extradition package to Mexico highlighting his involvement in drug trafficking, money laundering, and aiding and abetting crimes of violence.

During June 2002, law enforcement authorities dismantled 4 AFO drug trafficking cells at 31 sites in Los Angeles, Riverside, and San Diego counties. Dubbed “Operation Vice Grip,” the investigation netted 39 suspects ranging from high-level distributors to street-level pushers; \$360,000 worth of cocaine, marijuana, and heroin; 9 handguns; and 8 assault rifles. The Los Angeles-based cells are believed by authorities to be responsible for

⁷ Drug Enforcement Administration (2002, April). Pseudoephedrine trafficking: The rise of the Middle Eastern pseudoephedrine broker. *Drug Intelligence Brief: Update*.

⁸ U.S. Department of Justice, National Drug Intelligence Center (2001, December). *National drug threat assessment 2002*. Product No. 2002-Q0317-001.

distributing drugs to Boston, New York, and Minneapolis.

to decrease future amounts of illegal drugs smuggled through the southwest corridor.

Data obtained from the U.S. Customs Service (USCS) indicates there has been a decrease in drug seizures along the Southern California ports of entry⁹. USCS officials made 2,571 marijuana, cocaine, and heroin seizures in 2002. This was a decrease from the previous 4 years (1998: 4,803; 1999: 4,364; 2000: 3,698; and 2001: 3,640). (See Table 1 on page 18.)

Analysis and Trends

- ' Drug trafficking organizations will continue to face pressure from authorities both inside Mexico and from the United States because of law enforcement's increased operations to deter narcotics and human smuggling. Both countries will continue to demonstrate their commitment at coordinating investigative efforts and working to eliminate large scale drug trafficking organizations.
- ' Although the AFO has been seriously weakened by the recent arrest and death of its leadership, the group still maintains considerable control over the drug trafficking market in Baja, California. The AFO is now believed by authorities to be headed by Eduardo Arellano Felix, but it is unknown if he will be strong enough to thwart rival cartels' efforts to take over the Tijuana-area narcotics trafficking territory. The AFO's new leadership may have to make some concessions with other cartels in order to maintain its share of the narcotics market. Nonetheless, narco-trafficking in the trans-border region is expected by authorities to continue despite multinational interdiction efforts.
- ' The increased security measures implemented by authorities to prevent terrorists or their materials from entering this country should help

⁹ Includes the ports of San Diego (airport/seaport), San Ysidro/Otay Mesa passenger operations, Otay Mesa cargo facility, Tecate, Calexico (East & West), and the Andrade ports of entry.

Table 1

Southern California U.S. Customs Management Center Seizure Activity										
Commodity	Fiscal Year 1998		Fiscal Year 1999		Fiscal Year 2000		Fiscal Year 2001		Fiscal Year 2002	
	Number	Pounds	Number	Pounds	Number	Pounds	Number	Pounds	Number	Pounds
Marijuana	4,607	355,292	4,155	354,168	3,495	359,483	3,461	381,889	2,359	262,479
Cocaine	143	5,760	161	7,795	162	8,296	148	6,465	183	7,213
Heroin	53	106	48	211	41	157	31	188	29	182
Total	4,803	361,158	4,364	362,174	3,698	367,936	3,640	388,542	2,571	269,874

U.S. Customs seizure data over the last four federal fiscal years.

Outlaw Motorcycle Gangs

Over the past year, outlaw motorcycle gangs (OMGs) have continued their involvement in a variety of criminal activities while demonstrating their propensity for indiscriminate violence. The most alarming development has been the eruption of a bloody turf war between rival OMGs to become the ruling motorcycle gang. The year's pinnacle event in this war was a shootout in Harrah's Hotel and Casino in Laughlin, Nevada, that endangered the lives of numerous innocent bystanders and left three gang members dead. (See Box 1.) This recent escalation in outlaw motorcycle gang-related violence has, once again, thrust these groups into the public spotlight and reaffirmed law enforcement's belief that these gang members pose a serious threat to Californians.

Battle Between Rival OMGs in Hotel Casino Leaves Three Dead

At approximately 2:15 a.m. on Saturday, April 27, 2002, a gun and knife fight erupted between members of two rival OMGs — the Hells Angels and the Mongols — inside Harrah's Hotel and Casino in Laughlin, Nevada. It is believed by authorities the confrontation began in the bar and quickly spread to the casino floor. The gang members were in town for the annual Laughlin River Run, an event that attracts up to 80,000 motorcycle enthusiasts. As a result of the fight, 3 people were killed; and at least 12 people were injured. Two of the individuals killed were members of the Hells Angels, and one was a member of the Mongols; all three were Californians. Later that morning, another member of the Hells Angels was found dead lying next to his motorcycle in a ravine along Interstate 40 near Ludlow, California. It appeared this victim was shot in the back while riding home from Laughlin. Although it is not for certain, authorities believe his death was related to the confrontation earlier that morning.

Box 1

Background

There are approximately 47 OMGs in California with an estimated membership of 1,500 people. With the greatest number of members, the Hells Angels and Mongols are the two most prominent OMGs in the state. The Hells Angels has 20 chapters in areas

throughout California, with a membership between 250 and 300 members. Aside from its chapters in the United States, the group also has chapters and affiliations in Canada, South America, Europe, Australia, and South Africa. The Hells Angels is the quintessential outlaw motorcycle gang and the prototype by which all other OMGs imitate.

The Mongols have 43 chapters and/or affiliations in California that are predominantly located in the Southern California region. They also claim to have one chapter in Colorado, four in Nevada, four in Oklahoma, and an unspecified number in Mexico. Law enforcement authorities estimate that there are between 200 and 350 Mongols in the California chapters — making them the dominant outlaw motorcycle gang in the southern region of the state.

Over the last several years, the Vagos has also become a predominant outlaw motorcycle gang in California. Getting its start during the early 1960s in the San Bernardino area, this gang has chapters across the western United States, Mexico, and the South Pacific — with a membership between 200 and 300 in California.

OMGs engage in a variety of criminal enterprises; the most lucrative of which is the manufacturing and trafficking of illegal drugs. OMGs are particularly active in the production, distribution, and sale of methamphetamine and marijuana although they also traffic several other forms of illegal substances. Historically, OMGs were the primary suppliers of methamphetamine in the United States; however, Mexican drug trafficking organizations entered the illicit market in 1995 and now dominate the trade. Nevertheless, OMGs have been able to maintain a limited share in the market by operating low-volume, clandestine labs across the western United States. The Drug Enforcement Administration indicates OMGs in British Columbia, Canada, are responsible for the production of a high-grade form of marijuana called BC Bud. This form of marijuana has a THC level between 15 to 25 percent and is produced through the use of hydroponic-cultivation techniques. Authorities indicate BC Bud cultivation has become

a billion-dollar-a-year industry and can garner up to \$6,000 per pound in California.

OMGs also operate legitimate businesses that are used as fronts for their illegal activities. For example, their escort services have been used for the solicitation of prostitution, and motorcycle repair shops have been used by vehicle theft rings. Proceeds earned from their illegal activities have been laundered through the business or other ventures, such as the purchase of private or commercial properties. In addition to those criminal activities already mentioned, OMGs have engaged in assault, credit card fraud, drive-by shootings, forging government documents, insurance and welfare fraud, loan sharking, murder, robbery, and witness intimidation.

Recent Developments

In March 2002, the president of the Ventura chapter of the Hells Angels pled guilty to conspiring to sell drugs and no contest to filing a false tax return. According to authorities, he ran an illegal drug ring involving the theft of prescription narcotics from an Air Force base and then selling them to teenagers at local high school campuses. His ex-wife and son also pled guilty to felony counts for their involvement in the illegal drug ring.

During June 2002, authorities from local, state and federal law enforcement agencies fanned out across Los Angeles, Orange, Riverside, and San Bernardino counties to arrest 12 members of the Vagos motorcycle gang for trafficking illegal drugs and weapons. Several of those arrested were officers in the gang's hierarchy. The arrests ended a two-year investigation into the criminal activities of the organization. Authorities seized 85 firearms and an unspecified quantity of illegal narcotics. Although not apprehended in the four-county sweep, a warrant was issued for the arrest of one Vagos member for selling an AK-47 assault rifle to undercover officers. The man surrendered to authorities after learning of the warrant and pled guilty to the charges in July. The Orange County District Attorney's Office has described this case as a watershed event because it is the first time in the

state's history that a member of a motorcycle club has admitted to being part of a criminal street gang. This admission aided prosecutor's efforts to establish a pattern of criminal activity within the Vagos, and it allows for stiffer penalties for those members who commit felonies because it counts as a "strike" under the state's three-strikes law.

Also in June 2002, a man purported to be the secretary-treasurer of the Mongols' El Sereno chapter was sentenced to three years and four months in prison for the possession of illegal weapons. His son-in-law was given six months in jail for possession of a weapon. In the May 2000 raid of the suspects' Alhambra home, law enforcement authorities seized a pound of marijuana; a dozen firearms, including two illegal assault rifles; thousands of rounds of ammunition; a silencer; and a bulletproof vest.

On the prevention end, law enforcement authorities intensified their presence and coordination at various biker events in an effort to deter additional violence as a result of the Laughlin, Nevada, incident. Two of the more celebrated events were the Redwood Run in Garberville and the Hollister Independence Rally. Attracting close to 7,000 bikers to the event, the Redwood Run is the smaller of the two rallies. Celebrating its fifty-fifth year, the Hollister Independence Rally is the premier biker event in California and attracts 70,000 to 80,000 motorcycle enthusiasts. Law enforcement authorities bolstered their efforts at both events; and, aside from a few minor offenses, neither event experienced any major violence because of the strong police presence that played a substantial role in diminishing any violence potential between the warring factions.

Analysis and Trends

- ' Retaliatory violence between the Hells Angels and Mongols is likely to occur because of ongoing tensions between the two gangs.
- ' The turf war between the Hells Angels and the Mongols, which has traditionally been confined to the Southern California region and Arizona, could spread to other parts of this state as the

Mongols attempt to broaden their territorial control in Northern California.

- ' Recruiting drives are likely to remain aggressive as these rivalries continue. The contention there is strength in numbers holds true for OMGs that are competing for territory and the "spoils" that come with it.

- ' New recruits will continue to be drawn from some of the smaller OMGs. Once the smaller crew has proven their loyalty, they are absorbed into the larger organization. These affiliates will be used to further obtain illicit drugs and precursor chemicals for distribution and sale.

Prison Gangs

Once considered to be only a problem within the penal system, prison gangs¹⁰ have gradually managed to extend their influence far beyond the correctional setting. Despite their incarceration, members of these gangs have used violence and intimidation to control numerous criminal enterprises within prison while working to consolidate their power outside of their respective penal institutions. As a result, law enforcement authorities have come to realize some gang activity that happens on the street is sometimes dictated in prison. Over the last year, gang rivalries have remained a source of continued violence; a few older gangs are in the process of being revitalized; and several gangs are facing federal racketeering charges.

Background

Prison gangs in this state began organizing in the 1960s and 1970s for the purposes of uniting inmates for self-protection and monopolizing the criminal enterprises within the prison setting. Capitalizing on the existing tensions between inmates, the gangs typically recruited members along racial and ethnic lines. As the gangs began to grow in size and influence, they established command and control structures as a way of formalizing their presence in the penal system and promoting their objectives. Competing interests soon caused rivalries to emerge, which subsequently led to increased violence in the institutions. The prison gang population swelled in the 1980s, partly as a result of street gang violence putting many young criminals behind bars. Also around this time, prison gangs began to extend their influence into the community by establishing alliances with some street gangs.

Within prison, the gangs engage in extortion, illegal gambling, racketeering, robbery, contraband smuggling, assaults on fellow inmates and correctional staff, and drug trafficking. On the

streets, prison gangs have organized armed robberies, auto theft rings, drug sales, and developed a reputation for using indiscriminate violence and murder in an effort to further their criminal enterprises. There are six major prison gangs in California: Mexican Mafia (EME), Nuestra Familia (NF), Black Guerilla Family (BGF), 415 Kumi Nation, Aryan Brotherhood (AB), and Nazi Low Riders (NLR).

The EME is the oldest and largest prison gang in California. This gang has more than 1,000 members and criminal associates. In forming the organization, their intent was to become the “gang of gangs”; and they attempted to rule some of the correctional institutions for several years. In 1993, the EME issued a decree that all Hispanic street gangs would pay a “tax” or tribute for selling narcotics in exchange for protection by the EME; and those who refused to pay were targeted for death. The EME still attempts, at times, to enforce that decree while, at the same time, working with mid-level drug distributors as well as Mexican and South American DTOs to profit from the wholesale end of the drug trade. The EME claims the AB as its ally while the NF and BGF are its enemies.

The NF has almost 200 members and criminal associates and was established in order to protect rural Mexican-American inmates of the north from urban Mexican-American inmates of the south who made up the EME. In the early 1980s, a federal task force was formed to pursue the NF under the federal Racketeer Influenced and Corrupt Organizations (RICO) Act, and the result was an indictment and conviction of several individuals from the gang’s command structure. In the aftermath of the convictions, the NF created a subgroup called the Nuestra Raza, which currently enforces the interests of the NF whose members are isolated in security housing units. However, there are some indications the ranks of the Nuestra Raza may be absorbed into the NF. Following in the path of the EME, the NF has established a taxation system among Hispanic street gangs that profit from the narcotics trade in Northern California.

¹⁰ A prison gang is defined as any criminal gang pursuant to Section 3000 of the State of California Code of Regulations that has its origins in a correctional setting.

The BGF was founded in San Quentin State Prison during 1966, and it currently has an estimated 200 members and criminal associates. The BGF is considered to be more political than other prison-based groups because some of its members have promoted a Marxist-Leninist-Maoist doctrine and revolutionary black nationalism. The BGF experienced a decline in membership during the 1990s but is currently in the process of conducting a recruiting drive to rebuild its membership. BGF members align with the 415 Kumi Nation while in prison; however, the two gangs — along with various street gangs — have been battling for control of narcotics trafficking in the Oakland area.

The 415 Kumi Nation¹¹ was founded in Folsom State Prison during the mid-1980s and has since emerged as a splinter faction of the BGF. Since many of the members were from the San Francisco Bay Area, they adopted the telephone area code 415 as its geographical indicator. “Kumi” means 10 (the sum of 415) in the east African language of Swahili. The gang currently has approximately 150 members and associates. Endeavoring to establish their organization as a legitimate enterprise, high-ranking members of 415 Kumi Nation have sought to gain political support from government officials by portraying the gang as a “not-for-profit” organization, with a goal of establishing a support system for incarcerated inmates. This support system includes organizing drug rehabilitation programs — both in and out of prison. The gang has also sought, albeit unsuccessfully, federal grant funds under this guise of legitimacy.

Members of 415 Kumi Nation have established rap recording studios that are believed by some authorities to serve as fronts for illegal activities.

¹¹ Technically, 415 Kumi Nation is classified as a disruptive group, which is defined as any criminal gang operating in the correctional setting other than a prison gang. It has not been declared a prison gang by the California Department of Corrections because it does not currently meet the stringent criteria for such a classification. The organization has been included in this report because of its growing power and influence within the California prison system.

The vast majority of 415 Kumi Nation’s membership is in Northern California correctional facilities and communities in the San Francisco, Alameda, and Contra Costa counties. The 415 Kumi Nation, like the BGF, is becoming more active after a lull in criminal activities.

The AB was formed in San Quentin State Prison during the 1960s and openly adheres to a white supremacist ideology as often illustrated in its members’ rhetoric and tattoos. For this reason, members of the AB and other white prison gangs are frequently courted by white supremacist criminal extremist groups such as the Aryan Nations that often depicts them as “heroes” and “prisoners of war” in their publications.

The AB has approximately 70 members, with 200 criminal associates. There are two factions of the AB — one for inmates in federal custody and one for inmates in the California penal system. In 1980, the federal faction formed a three-man “commission” to oversee the AB’s members and a council in 1993 to manage the gang’s day-to-day activities in the federal system. The AB formed its state commission and council in 1982, which has not changed much since then. In addition to its alliance with the EME, the AB is friendly to other white gangs — such as the Hells Angels and the Nazi Low Riders (NLR).

Similar to the relationship between the NF and the Nuestra Raza, the AB has had a connection to the NLR. NLR members were groomed by the AB to act on its behalf after AB members were isolated in security housing units. However, in 1999, the NLR was officially classified by California Department of Corrections authorities as a prison gang causing its membership to also be housed in the security housing units, thus diminishing the NLR’s utility to the AB.

The NLR has approximately 500 members and criminal associates. Most recently, the NLR has been thrown into a state of turmoil after a grand jury indicted several of its leaders on federal racketeering charges during early 2002. As a result, authorities have seen a dramatic decrease in the recruitment of NLR members and their criminal activity — both in

prison and on the streets. Recent reports indicate the street gang known as Public Enemy Number One may be taking over the representation of the AB's interests within the prison system.

Recent Developments

Earlier this year, 4 defendants pled guilty to charges related to a 25-count federal grand jury indictment against 13 members and associates of the NF for violating the federal RICO Act. The indictment was announced in April 2001 ending a three-year, undercover investigation named "Operation Black Widow." The defendants stand accused of orchestrating 15 murders, conspiracy, money laundering, drug trafficking, racketeering, and witness tampering. Five of the defendants are believed by authorities to be high-ranking leaders within the NF while others are lower-ranking members and criminal associates. Two such associates were also indicted for conspiring with the NF leaders to sell drugs and use the profits to produce a controversial rap CD. The lyrics centered on uniting northern Hispanic street gangs and encouraging them to commit acts of violence against their southern gang rivals.

The case began in 1997 when information was developed regarding a series of gang-related killings in Sonoma County. It was eventually determined the gang's leaders had ordered NF soldiers to establish "regiments" in the communities of Northern California once they were paroled. After forming ranks with other NF parolees and members of Nortenos street gangs, they were to begin building a drug distribution empire. One regiment was named the Wolfpack. Taking direction through secret communication from the Pelican Bay State Prison, the gang went on a crime spree that included drug transactions, home-invasion robberies of other drug dealers, auto thefts, and assassinations. The proceeds of their crimes were put into the NF's bank accounts. The Wolfpack was eventually stopped when its members were apprehended in a botched robbery of a bowling alley. In the end, the NF was linked to seven murders in the Santa Rosa community. Authorities indicate lower-level members have already begun climbing the ranks of

the organization's command structure and plotting to pick up where their superiors left off.

On February 14, 2002, the U.S. Attorney for the Central District of California announced that a federal grand jury in Los Angeles had indicted 12 members and criminal associates of the NLR on federal racketeering charges. The defendants stand accused of controlling white inmates within California's prison system through murder, intimidation, and drug trafficking. The 17-count indictment charges the defendants with violating the federal RICO Act by engaging in a variety of crimes such as conspiring to distribute drugs in prison, extortion, witness tampering, witness retaliation, robbery, attempted murder, and murder. Eight of the defendants face a life sentence in federal prison without the possibility of parole. Two of the defendants are being charged with committing violent crimes in the aid of racketeering and face up to 20 years in federal prison.

In March 2002, a husband and wife were convicted of involuntary manslaughter after their two Presa Canarios — a particularly large and powerful breed of dog — mauled to death a person in January 2001. The victim was viciously attacked outside her Pacific Heights apartment as she attempted to open her front door. The defendants in this case, also the victim's neighbors, were believed by authorities to have been working with two members of the AB housed at Pelican Bay State Prison to raise attack dogs that would guard illicit methamphetamine labs. It is also believed by authorities the defendants went into business, which they named Dog O' War, after they became friendly with members of the AB during a case in which the attorneys represented a Pelican Bay guard accused of conspiring with the gang to help arrange beatings and murders. It was revealed during the trial the defendants helped relay messages for the members of the AB and helped locate its enemies. The female suspect in the case has since been sentenced to four years in prison while the husband awaits sentencing.

In October 2002, the U.S. Attorney for the Central District of California announced that a federal grand

jury in Los Angeles indicted 40 members and criminal associates of the AB on federal racketeering charges. The 10-count indictment alleged AB members committed 16 murders and 16 attempted murders in addition to conspiracy to commit murder and the solicitation of murder. These crimes were committed on behalf of the AB for the purpose of promoting the gang and controlling drug trafficking, gambling, and extortion within the California and federal prison systems. Violations of the federal RICO Act include conspiracy to commit six violent crimes (murder) in aid of racketeering and two other murders that were allegedly committed in the U.S. federal penitentiary at Lompoc, California. While 2 suspects remain at large, 8 of the defendants were arrested and 30 were already in custody on unrelated charges. Twenty-three of the defendants are eligible for the death penalty while 17 could be sentenced to life in prison without the possibility of parole.

Analysis and Trends

- ' The BGF and 415 Kumi Nation's recent resurgence could inevitably result in violence among various prison gangs in an effort to recruit and bolster their membership. Furthermore, their struggle over the drug trade could lead to more violence.
- ' The NLR is likely to continue declining in membership and possibly merge into the ranks of the AB. Public Enemy Number One will probably continue to take over the NLR's gang-related enforcement responsibilities.
- ' Prison gangs will continue to work toward establishing some legitimate ventures for the purpose of promoting their criminal enterprises. The NF and 415 Kumi Nation's attempted involvement in the recording industry is just one example of such a venture.

Street Gangs

Gang-related crimes are, once again, on the rise in some parts of the state. Since 1992 — according to figures collected by the California Department of Justice — gang-related homicide trends have moved in the same general manner as those of total willful homicides throughout California; however, the percentage of gang-related homicides in this total has increased since 2000. Gang-related homicides reached a high of 880 in 1994 before gradually falling to 402 in 1999. Since 1999, these numbers have begun to rise — with no foreseeable deceleration. However, the total number of gang-related homicides for 2002 will not be completely tabulated until mid-2003.

Considered by many people to be the epicenter of street gang activity, the city of Los Angeles has reported an increase in 2002 gang-related homicides, attempted homicides, felony assaults, robberies, shots fired at an inhabited dwellings, kidnappings, rapes, arsons, witness intimidations, and car jackings in comparison to the previous year.¹² The rising tide of gang-related crime has prompted some communities to develop new action plans. In December 2002, the mayor and police chief in Los Angeles announced the city would begin attacking street gangs much the same way law enforcement brought down traditional organized crime figures on the East Coast by using the federal Racketeer Influenced and Corrupt Organizations (RICO) Act and Internal Revenue Service to their full capacity. Earlier this year, Fresno authorities announced the city would triple its anti-gang forces. Despite some initial indications that gang-related crimes are increasing, law enforcement has also had significant success in addressing the state's gang problem.

Background

According to the California Department of Justice, there could be as many as 300,000 gang members in

the state. While the gangs may first have formed for self-preservation and protection, street gangs are now focused on running criminal enterprises in the communities where they reside, thus subjugating the inhabitants to their rule. Having gone through second, third, and — in some cases — fourth generations, many of the street gangs have solidified identifiable codes of conduct, styles of dress, traditions, and rivalries. Street gangs tend to be territorial in nature; oftentimes, their name reflects their geographical location by incorporating a street name or residential designator.

By far, the most lucrative criminal enterprise for street gangs has been the retail distribution of illicit narcotics although they also engage in a plethora of other criminal endeavors. Over the last several years, many street gangs have expanded from the urban environment to the rural areas of California and other states. Some street gangs have also begun to display a significant level of sophistication, with some of the characteristics common to organized crime. For example, a few African-American and Hispanic street gangs have begun to utilize the music industry to launder drug profits. Street gangs in California typically arrange themselves along racial and ethnic lines — with the four most prominent groups being Hispanic, African American, Asian, and Caucasian.

Hispanic street gangs make up the largest percentage of the state's gang membership. These gangs are generally loosely organized and do not necessarily have individuals in recognized positions of leadership. In some of the larger gangs, individuals tend to hang out in cliques; and, sometimes, an individual may not even know everyone in the gang. Hispanic prison gangs have a powerful influence on Hispanic street gangs. The prison gangs have divided California into two geographical areas — north and south — with the dividing line somewhere around Fresno and Bakersfield. While certain street gangs may compete with one another on the street, once in prison, they typically unite as Surenos (Spanish for southerners) to battle with the Nortenos (Spanish for

¹² Figures are available at http://lapd.org/general_information/crime_statistics/gang_stats/2002_gang_stats/02_10_sum.htm

northerners). Aside from a few rogue Hispanic street gangs, the Southern California gangs are aligned with the Mexican Mafia and pay them a taxation fee for selling narcotics on the street. The Nuestra Familia has developed the same type of tributary system with northern Hispanic street gangs.

African-American street gangs account for the second largest percentage of active street gang members in the state. The two most notorious African-American street gangs are the Crips and Bloods, which were founded in Los Angeles during the 1960s but did not rise to prominence until the 1980s with the advent of crack cocaine. These gangs have fragmented into numerous factions; many of which have adversarial relationships with one another. African-American street gangs have been known to engage in an assortment of criminal offenses such as weapons trafficking, selling stolen vehicles, narcotics trafficking, robbery, vandalism, car jacking, assault, witness intimidation, drive-by shooting, and murder. These gangs have also paved the way for laundering money through the rap industry. Most recently, a vicious street war has broken out among some of the various African-American street gangs in Oakland, California — along with the Black Guerilla Family and 415 Kumi Nation prison gangs — over narcotics trafficking.

Asian street gangs are the third largest percentage of active gang members in the state comprised mainly of Vietnamese, Laotian, Cambodian, and Hmong memberships. Asian street gangs tend to be organizationally fluid and mobile; however, some gangs are beginning to develop a hierarchical structure in an attempt to make themselves more criminally competitive with other street gangs. In addition to their reputation for using extreme violence, Asian street gangs are known for engaging in home-invasion robbery, burglary, automobile theft, drug trafficking, extortion, rape, and murder. They have also become more active in low-risk, white-collar criminal activity like counterfeiting currency, computer software, and travelers and payroll checks. Asian street gangs have also built relationships with elements within Asian organized crime — such as the Wah Ching, Wo Hop To, and Jackson Street Boyz — and are often employed by

these organized crime groups as “foot soldiers” to collect extortion money, execute violence, and guard brothels and illegal gambling operations.

White street gangs account for the smallest portion of the active gang membership in the state. These gangs are generally divided into two types — those that are politically-oriented, and those that are utilitarian-oriented. Politically oriented street gangs — like some Neo-Nazi Skinhead groups — tend to be centered on promoting their philosophy of white supremacy and purging the country of those people they perceive as inferior. While members commit acts of vandalism, assault, theft, and murder, their crimes are often motivated by bias or hate. This type of gang received considerable public attention in the 1980s and 1990s when they began affiliating with members of white supremacist criminal extremist organizations such as the White Aryan Resistance, Aryan Nations, and World Church of the Creator. However, within the last several years, utilitarian white street gangs have become more predominant. On the surface, these gangs espouse white supremacist beliefs although they focus on engaging in the more mainstream gang undertakings such as the sale of narcotics, burglary, robbery, witness intimidation, and other crimes designed to build power, influence, and respect among the gang population on the streets and in the prison system.

One utilitarian white street gang that has recently garnered the attention of law enforcement is Public Enemy Number One (PENI). This gang is believed by authorities to have formed its ranks in the mid-1980s in Long Beach, California. The founding members were drawn together by their white supremacist ideals and a common interest in the punk rock band Rudimentary PENI. Eventually, the group relocated to Orange County where it continues to base some of its criminal activities that have spread throughout other parts of California. Within the prison system, PENI is believed by authorities to have aligned itself with the Aryan Brotherhood (AB).

Recent Developments

In May 2002, three defendants associated with the 18th Street gang — a Hispanic gang — were convicted of murder and violating the federal Racketeer Influenced and Corrupt Organizations (RICO) Act. The conviction marks the first federal racketeering case against a street gang in Southern California. Twenty-four 18th Street gang members and criminal associates have been convicted on federal charges following a grand jury indictment dating back to July 2000. The indictment chronicles the extensive criminal activities of an 18th Street gang clique known as the Colombia Lil' Cynos (CLCS), a particularly violent gang known to operate in the MacArthur Park area (west of downtown Los Angeles). The indictment targeted top CLCS leaders in addition to its street-level operatives and alleged the CLCS was responsible for a series of murders and attempted murders in an effort to advance its business of controlling drug distribution in parts of MacArthur Park and in the residential area northeast of the park by requiring narcotics dealers to pay a percentage of their drug proceeds to them. Commonly referred to as "rent" or "taxes," the payments allowed drug dealers to conduct narcotic sales in the CLCS "controlled" area. The CLCS may have collected as much as \$250,000 a month in "rent" from the drug traffickers in its territory. The CLCS also collected trafficking proceeds on behalf of the Mexican Mafia, and one of the three individuals convicted in May 2002 was a member of the prison gang. The leaders in this narcotics operation frequently invested the money earned from the criminal enterprise in real estate and small businesses.

In July 2002, a reputed member of PENI was released from the Orange County Jail after authorities inadvertently accepted \$500,000 in counterfeit cashiers' checks for his bail. The checks were not found to be bogus until 18 days after being deposited in a bank. The gang member was one of two defendants in an April 1999 attempted murder case. The murder was ordered from prison and motivated by the belief the victim had been giving information about the gang to authorities.

In August 2002, four suspects were arrested in Tijuana after a botched kidnaping attempt, shootout, and chase through the city's streets. They were believed to have been stealing drugs from fellow drug dealers and abducting people for ransom. They have also been linked to at least four murders. Mexican authorities seized forged police credentials, police apparel, five handguns, three assault rifles, and ammunition from the suspects. Authorities have not yet ascertained if the stolen narcotics were being sold in the United States, but the suspects reported that they were working for a former Logan Heights gang member from San Diego who had become a key enforcer for the Arellano Félix Organization (AFO), a major narcotics smuggling operation. The AFO enforcer was indicted by a U.S. federal court in 1997 along with ten other Logan Heights street gang members for carrying out assassinations under orders from the drug cartel although he has never been captured.

In October 2002, the leader of the Santana Block Crips — a Compton-based criminal street gang that distributed large quantities of cocaine to narcotics dealers in Texas, Illinois, Ohio, and other states — pled guilty to federal charges he led a drug conspiracy. He awaits sentencing and faces a mandatory minimum sentence of 20 years and a possible life sentence without parole. Three additional defendants who were scheduled to go to trial with the gang leader pled guilty to narcotics charges and faces mandatory minimum sentences of ten years. In the weeks prior to the leader's plea, nine members and criminal associates of the Santana Block Crips also pled guilty to drug charges. The two-year investigation came to fruition in September 2002 when authorities arrested 20 members and criminal associates of the gang and 3 cocaine wholesalers who imported the drug from Mexico. During the raid, authorities seized 33 kilos of cocaine; 40 pounds of marijuana; 27 firearms; \$250,000 in cash; and 7 customized automobiles valued at more than \$500,000.

Also in October 2002, the U.S. Attorney for the Middle District of Tennessee announced that it would be seeking the death penalty against three defendants charged with seven murders, the

shooting of a 3-year-old girl, and a variety of crimes related to drug trafficking. The defendants are accused of being members of a Los Angeles-based street gang called the Rollin' 90s Crips — also known as Rollin' 90s Neighborhood Crips or the Bangside 90s — who expanded their drug trafficking operations into the communities of Memphis, Nashville, and Oklahoma City. In addition to seven murders, the defendants are accused of committing robbery; kidnaping; torture; and numerous firearms offenses in furtherance of a criminal enterprise that distributed more than 150 kilograms of cocaine in various cities throughout the country. The alleged leader of the gang faction is among the three defendants also accused of providing firearms to a juvenile; using juveniles to transport drugs cross-country; and engaging in money laundering, which included transferring drug proceeds via U.S. Postal Money Orders, Western Union transfers, bus shipments, and couriers. This investigation has led to the federal prosecution of more than 40 defendants for gang-related drug trafficking, money laundering, firearms, and violent offenses. The remaining defendants are set to go to trial in May 2003.

According to figures collected by the California Department of Justice, gang-related homicides are, once again, on the rise. In the early 1990s, California experienced a surge in gang-related violence that resulted in an ever-increasing homicide rate. The bloodshed peaked in 1994, with the state recording 880 victims of gang-related homicide. In the following years, the trend reversed and California enjoyed a steady decline. In 1999, the number stood at 402 — less than half of those recorded for 1994. However, in 2000, the state began to see another increase in these homicides. The final count at the end of that year was 506, representing a 25.9 percent increase over the previous year; and, in 2001, a more pronounced rise occurred as 647 people fell victim to gang violence indicating a 27.9 percent increase over the 2000 figure. To put these numbers into perspective, the total number (6,452) of gang-related homicide victims (See *Chart 1* on page 31.) between 1992 and 2001 is equivalent to a city population nearly the size of Emeryville, California (Census 2000 – Pop. 6882).

Available data suggests the number of gang-related homicides generally moves in concert with the total number of willful homicides. While there is a connection between this trend, there is also a constant variation in the percentage of gang-related homicides ranging from 18.6 to 29.4 percent (See *Chart 2* on page 31.). From 1992 through 2001, the number of gang-related homicides among all willful homicides averaged 22.3 percent. In 1999, when the overall number of homicides was at their lowest level during the 10-year period, the percentage fell to 20. However in the two years since, the homicide rate again advanced on an incline; and the percentage of those attributed to gangs rose to 29.4 percent. In essence, under “normal” conditions, approximately one out of every five homicides in California was linked to gang violence; but it took only two years (2000 and 2001) for this number to climb to the point where nearly one out of every three to four homicides could be attributed to gang violence.

There is no simple explanation for the fluctuation in gang homicide trends; however, there are certain factors that are believed by authorities to contribute to the variation in these figures. One such factor is illegal drugs. In 1992, street gangs quickly learned that selling drugs such as “crack” cocaine was one of the fastest and most lucrative routes to “success” on the street. Gang-turf battles that once centered on self-perceived neighborhood boundaries gave way to new and often more vicious disputes over territory in which to sell drugs. Street gang dealers soon began carrying large amounts of cash, drugs, and weapons for protection; and disputes, once settled with fists and knives, now ended in gun-related homicide.

Another factor may be an increasing percentage of gang-related homicides being committed by younger members of the gang. There appears to be several reasons for this trend. When joining a gang, a new member must often play a role in the more dangerous activities of the gang in order to gain acceptance and status. Oftentimes, this role may include committing a homicide.

The economy in California is also a likely factor in guiding gang-related homicide trends. While the general homicide rate is not known to experience significant influence from outside economic conditions, gang-related homicide may be a notable exception. During the period from 1992 to 2001, gang-related homicides in California appeared to have had a correlation with the changing economic trends. The unemployment rate in the state followed a similar path as that of the gang-related homicide rate. Most gang members are native to economically depressed areas. The jobs that tend to be available in and around these sectors are generally low paying and require little skill. While choices are available to people at all socioeconomic levels, some individuals choose paths that go astray of the law. Given the choice between a minimum wage job with an uncertain future or the riches promised by local gang members — such as those associated with selling narcotics — some individuals have chosen the latter.

Analysis and Trends

- ' Over the last year, some street gangs have continued to demonstrate their increasing degree of sophistication by becoming involved in various multijurisdictional criminal operations. They will likely continue to expand their criminal enterprises into nearby communities and states, and it may only be a matter of time before some street gangs become transnational.
- ' Law enforcement authorities will need to continue utilizing the federal RICO Act as an effective tool for investigating and prosecuting gang members. Many of these gang members are evolving into organized criminal activities; and statutes, such as the federal RICO Act, are needed to dismantle their activities.
- ' Hispanic street gangs, particularly those in the San Diego region, will likely continue their relationship with major Mexican drug cartels such as the AFO.
- ' Aside from their involvement in traditional criminal enterprises — like drug trafficking, robbery, and auto theft — street gangs will likely venture into low-risk, white-collar crimes such as fraud, counterfeiting, and identity theft that decrease the probability of being detected and arrested.
- ' Street gang members will likely continue investing in businesses, such as the music industry, to launder illegal profits and promote violence against rival gang members.
- ' Street gang members will probably continue committing violent crimes, thus taking advantage of the redirection of many law enforcement authorities following the September 11, 2001, incident.
- ' Although gang-related homicide figures for 2002 will not be available until mid-2003, initial data suggests the trend will continue on an upward swing.
- ' It appears that a number of gang truces established during the early 1990s have virtually dissolved over the last few years. Such disbandment could be a factor contributing to the recent increase of gang-related homicides.
- ' A downturn in California's economy may intensify the street gang problem because of a reduction in employment and the loss of some potential funding for crime prevention programs.

Chart 1
Number of Gang-Related Homicides -- 1992-2001

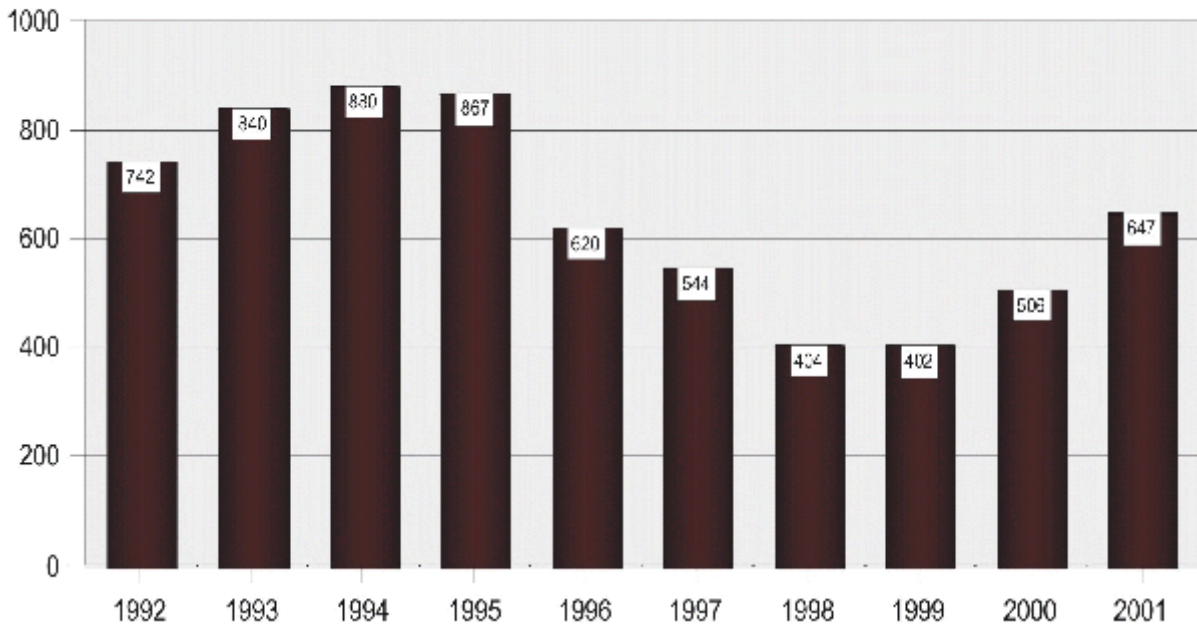
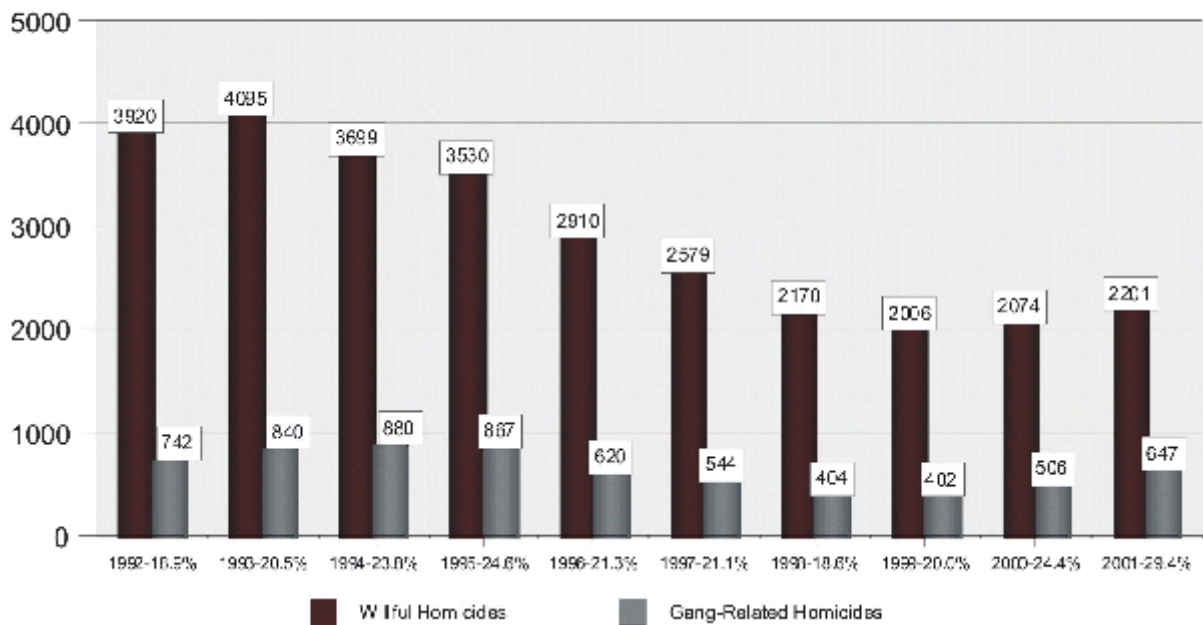


Chart 2
Gang-Related Homicides Vs. Total Willful Homicides -- 1992-2001



Criminal Extremists

During 2002, criminal extremists have continued to represent a significant threat to the safety and security of California's residents. White supremacists and anti-government militants maintained an active role within the state's criminal extremist community. Recently, two white supremacists were arrested in California for possessing the makings of an explosive device. A number of anti-government criminal extremists are currently under investigation for issuing fraudulent drivers' licenses and vehicle insurance. Although the Jewish Defense League (JDL) — another group that has been involved in criminal extremist activity in California — has been relatively quiet over the last several years, two members were recently arrested for conspiring to detonate bombs in Los Angeles.

Anarchists continue to initiate and participate in violent protests related to large government, anti-capitalism, anti-racism, and anti-corporate globalization. Recently, a few of these groups expanded their targets and are now advocating and initiating violent attacks against anyone they perceive as an obstacle to achieving their goals. The activities of "special-interest" groups — such as the Animal Liberation Front, Earth Liberation Front, and anti-genetic groups — have been relatively limited in comparison to previous years; however, they have continued to engage in acts of destruction in other states and advocate abandoning their nonviolent philosophy in exchange for a more militant stance.

Background

White supremacist criminal extremist groups often adhere to the principles of racial supremacy and embrace anti-government, anti-regulatory beliefs. Generally, members of these groups engage in activities protected by constitutional guarantees of free speech and assembly; however, some group members have engaged in criminal acts on behalf of their ideals. Groups such as the Aryan Nations, Ku Klux Klan, National Alliance, White Aryan Resistance, and World Church of the Creator

represent the five major white supremacist organizations that impact California. Four of them have recently experienced internal turmoil and leadership struggles that may cause splinter groups to emerge. Although efforts have been made by some extremist groups to reduce openly racist rhetoric in order to appeal to a broader segment of the population and to focus increased attention on anti-government sentiment, virulent racism remains an integral component of these groups' core orientations. Some white supremacists have recently advocated forming a temporary alliance with Islamic militants for the sole purpose of toppling the U.S. government. In years past, members of these racist groups have engaged in a multitude of criminal activities — such as assault, vandalism, robbery, weapons violations, and murder — that are typically directed at minorities.

Anti-government criminal extremists are individuals who belong to groups such as militias, patriots, constitutionalists, sovereigns, Freemen, and "common law" adherents — some of whom are willing to commit crimes in support of their cause. These individuals began forming their ranks in the mid-1990s with the passage of gun-control legislation, fears of increased United Nations involvement in domestic governmental affairs, and several confrontations between members of their groups and law enforcement. Many of these anti-government criminal extremists do not adhere to local, state, or federal laws and have become intent on establishing their own "government" by forming common law-based court systems. These adherents frequently challenge the governments' authority to impose taxes, govern, and maintain order. Some extremists have even forged their own types of identification, insurance, money, and documents to separate themselves from the current form of government. Many devout anti-government criminal extremists stockpile assault rifles and explosives, conduct paramilitary training, and some have threatened and assaulted government employees. In addition, they have filed bogus legal actions against law enforcement officers, members of the courts, municipal officials, and other citizens.

Although criminal extremists from the JDL have been relatively quiet over the last several years, the group received considerable attention when, in December 2001, two of its members were taken into custody for conspiring to bomb a mosque in Culver City; the Muslim Public Affairs Council in Los Angeles; and the offices of Darrell Issa, a first-term U.S. Congressman of Arab descent. It may seem peculiar that the JDL would be included with white supremacist and anti-government criminal extremists; however, as the Anti-Defamation League points out, the JDL has a history of preaching a radical form of Jewish nationalism that reflects racism, violence, and political extremism. The group was founded in 1968 by Rabbi Meir Kahane — a Rabbi from Brooklyn, New York — for the purpose of protecting Jews “by whatever means necessary.” In 1990, Rabbi Kahane was assassinated by an Arab extremist in New York. The JDL has a long history of initiating acts of criminal extremism in the United States, and members have engaged in acts of assault and vandalism and have bombed numerous political targets.

The individuals who make up anarchist groups in California are adamantly anti-government and typically engage in violent protests related to anti-capitalism, anti-racism, and anti-corporate globalization. In addition, they are known to take up the cause of animal rights, the environment, and anti-geneticism. Anarchists generally profess a revolutionary, socialist doctrine and view themselves as protectors of the people against the perceived dehumanization caused by capitalism and imperialism. They aim to bring about change in the United States, and they believe this change can only be realized through revolution rather than through the established political process. While protesting is not a crime, these individuals often wear ski masks, dress in all-black attire, commonly refer to themselves as Black Bloc, and use the events as opportunities to commit acts of destruction and violence.

Anarchists have initiated acts of vandalism and destruction by themselves and in conjunction with members of the Animal Liberation Front and the

Earth Liberation Front, two other criminal extremist groups, outside of the demonstration milieu. Anarchist groups tend to be loosely knit clusters of individuals who are bound together by common ideas, attitudes, and values. These individuals frequently correspond, recruit members, and organize activities over the Internet because it provides them with a significant degree of anonymity. Many of its members maintain an international presence and travel all over North America and Europe to participate in protests and demonstrations. The 2000 Democratic National Convention in Los Angeles and the 2001 Biotech Conference in San Diego are examples of two such protests that led to violence and civil unrest.

Special-interest criminal extremists seek to resolve specific issues through acts of crime rather than affect widespread political or social change. These groups use acts of destruction and violence in an attempt to force the general public to change their attitudes about issues considered important to the extremists’ cause. One such organization is the Animal Liberation Front (ALF), which is a clandestine animal rights organization consisting of independent cells that operate throughout North America and Europe. Members traditionally commit arson and vandalism in an effort to stop medical research on animals and the production of animals for food and clothing. Authorities believe ALF’s first criminal act in the United States occurred during 1987 when it was suspected of setting fire to the Animal Diagnostics Laboratory at the University of California, Davis. The laboratory was destroyed and 20 university vehicles were damaged. In all, the fire caused \$4.5 million in damage. Since then, ALF has continued to target universities in addition to restaurants, department stores, research laboratories, and agribusinesses. Despite the destructive nature of ALF’s operations, its philosophy has always discouraged acts that harm “any animal, human and nonhuman.”

Law enforcement authorities suspect some ALF members are also involved in another clandestine criminal extremist organization called the Earth Liberation Front (ELF). It, too, is a group consisting of independent cells that operates throughout North America and Europe. The ELF grew out of the environmental movement that began in England during

the 1980s. The ELF advocates “monkey wrenching,” a euphemism for acts of sabotage and property destruction against industries and businesses perceived by ELF members and sympathizers as damaging the natural environment. “Monkey wrenching” includes tree spiking, arson, and the sabotage of logging and construction equipment. Authorities believe that — together — the ALF and ELF may have caused more than \$800,000 worth of damage in California in 2001. Although California has experienced somewhat of a lull in ALF and ELF activity during 2002, its members have continued their operations in the Pacific Northwest and on the East Coast. In the mid-1990s, the ELF began calling for direct action to be taken against businesses and research institutes associated with biotechnology. Additional anti-biotech groups have emerged that target genetic research facilities and products. These groups have claimed responsibility for destroying genetically engineered crops of fruit, vegetables, wheat, rice, tobacco, and tree saplings. The groups have destroyed equipment and left graffiti stating, “No genetic engineering. We are watching you.”

Recent Developments

In January 2002, two longtime animal and environmental rights activists were sentenced to prison for possessing components of incendiary devices. One of the defendants received 14 months in prison, with 3 years of supervised release; and the other received 24 months in prison, with 3 years supervised release. Both of the individuals were arrested in January 2001 after law enforcement authorities foiled their plot to blow up dairy trucks in Capitola, California. The defendants were found assembling 1-gallon Molotov cocktails just past midnight in a parking lot near the Capitola City Hall. Both individuals had previously been arrested for crimes committed during animal rights demonstrations.

In April 2002, an anarchist was arrested in Long Beach, California, for possession of an explosive device. The device, which was found in the suspect’s vehicle, consisted of a 1-gallon milk jug filled with gasoline; a gas-soaked sponge; and

two non-extinguishing candles to be used as a time delay. Law enforcement authorities believe the individual was en route to a Moose Lodge where white supremacists were planning a commemoration of Hitler’s birthday.

In July 2002, the California Department of Insurance and El Dorado County Sheriff’s Department seized documents from the home office of two organizations operated by several anti-government criminal extremists. Based in Garden Valley, California, the organizations sold roughly 3,500 memberships to automobile drivers throughout the country who were issued a fraudulent certificate of financial responsibility, which claimed the driver was protected in the event of an automobile accident and eliminated the need for insurance. The investigation is still ongoing.

In September 2002, a federal judge sentenced two militia members to prison for plotting to blow up a propane tank near Sacramento, California. Arrested in 1999, one of the suspects allegedly believed the explosion would lead to a citizen uprising and result in the overthrow of the U.S. government. One of the defendants received 24 years and 5 months in prison while the other received 22 years in prison.

Also in September 2002, the ELF released a communique claiming responsibility for an August 11, 2002, arson attack on the U.S. Forest Service’s Northeast Research Station in Irvine, Pennsylvania, that caused more than \$700,000 worth of damage. Included in the communique, the ELF stated, “. . . segments of this global revolutionary movement are no longer limiting their revolutionary potential by adhering to a flawed, inconsistent ‘non-violent’ ideology. While innocent life will never be harmed in any action we undertake, where it is necessary, we will no longer hesitate to pick up the gun to implement justice, and provide the needed protection for our planet that decades of legal battles, pleading, protest, and economic sabotage have failed so drastically to achieve.” These comments have raised concern among law enforcement authorities because it is the first time the ELF has advocated such violence.

In October 2002, suspected antiwar activists vandalized the offices of a U.S. military recruiting station in San Jose, California; set fire to two military vehicles parked in the lot; and spray painted “Pre-emptive strike” in large letters on one of the building walls. Some authorities believe the arson attack and corresponding graffiti was in response to this country’s possible forthcoming strike against Iraq. Although the motive and culprit(s) behind the attack are still unclear, the Federal Bureau of Investigation is investigating the attack as an act of domestic terrorism. Citing the success of this attack, a popular anarchist news service has called for additional attacks against the U.S. military apparatus and others who may profit from a war with Iraq such as major oil companies and media outlets. The anarchist news service goes on to state, “. . . [t]his is a call for an explicit and direct attack upon the war machine. This call is soliciting damages. This is a call for resistance, not merely demonstration or advocacy, or scripted acts of ‘civil disobedience’ where all the participants politely go to jail.”

In November 2002, the Jewish Defense League chairman — in jail for conspiring to place bombs in Los Angeles — cut his throat with a razor and fell or jumped from his cell block off an 18-foot drop. He was rushed to the hospital where he was placed on life support and declared brain dead by doctors. He was eventually removed from life support after it was determined he would not recover.

Also in November 2002, three individuals with ties to the white supremacist movement were charged with various crimes by a joint task force of local and state authorities. One of the suspects is an alleged member of the Aryan Nations who came to the attention of authorities when he rented a hall to celebrate Adolf Hitler’s birthday in April 2002. The stipulations of a previous conviction for assault forbid him from associating with individuals in the white supremacist movement, attending its functions, or possessing its paraphernalia. He was charged with 3 felony counts of falsifying documents; 1 felony count of perjury; and 1 count of possessing a firearm, with a prior conviction for

which he received 120 days in jail and 3 years searchable probation. The other two individuals were charged with possessing bomb-making materials and a gang enhancement charging they promoted membership in a criminal extremist organization. Authorities believe these two individuals may have been planning an unspecified terrorist attack.

Analysis and Trends

- ‘ Law enforcement authorities will continue to see anarchists at major events such as those reminiscent of the Democratic National Convention in Los Angeles and BioTech Conference in San Diego. Given the anarchists’ devout anti-government doctrine, they will probably use these types of events as an opportunity to initiate acts of violence and destruction.
- ‘ The recent arrest of an anarchist with an explosive device is an indication some anarchists may be working to initiate acts of violence outside the protest and demonstration setting.
- ‘ White supremacists are likely to continue pursuing their racial agenda by preying upon minorities. The recent internal struggles experienced by some of the white supremacist groups may also lead splinter groups to emerge. When new groups arise, they sometimes use violence to gain credibility and establish themselves in the movement.
- ‘ A few of the more hardcore members of anti-government criminal extremist groups will probably continue their paramilitary training, stockpiling of weapons, and harassment of government officials by possibly filing bogus liens and lawsuits against them in an effort to further the anti-government movement.
- ‘ As the top agricultural state in the nation and the leader in biotechnology research, California will continue to be a target-rich environment for criminal extremists who see animal rights, environmental, and anti-genetic issues as cause for criminal action.

- ' The crossover of members between ELF and ALF is likely to continue as it provides both groups with a larger pool from which to draw activists willing to commit crimes that further the groups' goals. The degree of crossover may serve to increase the number of attacks committed by the groups in coming months.

- ' Anarchists and members of ALF and ELF are likely to continue utilizing the Internet to organize criminal activities, recruit new members, relay communiques, and formulate a worldwide network of contacts because it provides a significant degree of anonymity. They will also continue to use the cellular structure for the same reason.

- ' As evidenced in recent rhetoric, the ELF has abandoned its non-violent ideology and adopted a more militant philosophy. If its members act upon this development, then it may be just a matter of time before someone is injured or killed.

International Terrorism

Since the tragic events of September 11, 2001, the past year has been marked by a significant increase in focus on the possible threat of international terrorism in California. Law enforcement authorities are of the opinion this state has several attractive targets. Some individuals associated with terrorism have conducted both legal and illegal activities in California for the purpose of raising money to support their terrorist attacks. Al-Qaeda, HAMAS, and Mujahedin-e Khalq are three groups that have had — or continue to have — connections to California.

Al-Qaeda

Despite recent setbacks at the hands of coalition military forces and law enforcement authorities, the al-Qaeda terrorist network has continued to prove it can still launch deadly terrorist attacks against innocent civilians. A previous attempt against the Los Angeles International Airport and a videotape seized from al-Qaeda operatives in Spain indicates California targets may be on the group's agenda. In addition, al-Qaeda members and associates have proven their ability to weave their way into the fabric of our society and utilize our resources for their own means. For these reasons, al-Qaeda remains a viable threat to the inhabitants of California.

Background

Al-Qaeda, which means “the base” in Arabic, is an international terrorist network that seeks to establish a pan-Islamic Caliphate throughout the world. Al-Qaeda works to achieve this goal by uniting allied Islamic extremist groups to overthrow regimes it deems as “non-Islamic” and to purge Muslim countries of Western influence. Often depicted as the focal point of the West, the United States is seen as the primary enemy of Islam. Al-Qaeda grew out of the Maktab al-Khidamat, an international recruiting office established by Osama bin Laden and a leader of the Palestinian Muslim Brotherhood in

1979 to enlist Muslims from all over the world to fight the Soviets in the invasion of Afghanistan. Financed by bin Laden, the volunteers were trained in guerilla warfare, sabotage, and covert operations. The organization is believed by authorities to have recruited and trained thousands of foreign mujahedeen — or holy warriors — from more than 50 different countries. After the Soviets were expelled from Afghanistan in the late 1980s, Osama bin Laden wanted to extend the jihad — or holy war — beyond Afghanistan, and he formed al-Qaeda in 1988. Traditionally, al-Qaeda's core membership has consisted primarily of Afghan war veterans; although, it also recruited and trained numerous militant Sunni Muslim extremists from all over the world. It is believed by authorities these individuals have formed cells in numerous countries around the globe. In February 1998, bin Laden announced the formation of an umbrella organization called The World Islamic Front for Jihad Against the Jews and Crusaders and declared that it was the individual duty of all Muslims to kill U.S. citizens — civilians and military — and their allies.

Al-Qaeda is believed by authorities to be financed through a variety of means. Bin Laden comes from a billionaire family and is said to have used money from his own inheritance to fund terrorist training and operations. In addition, the organization uses money earned from businesses; solicits donations from supporters; siphons funds from donations to Muslim charities; and may also operate illegal enterprises such as protection schemes, credit-card fraud, and drug smuggling. Videos and documents seized by military forces and law enforcement authorities have revealed al-Qaeda has trained its members in a variety of guerrilla-type tactics, including the use of small arms and explosives. Perhaps the most frightening piece of information gleaned from the video footage is the group actively pursuing the development of weapons of mass destruction. This allegation is supported by documents indicating Osama bin Laden had developed a comprehensive plan to develop nuclear weapons and attempted to acquire such components from Eurasian organized

crime figures in the republics formerly known as the Soviet Union.

Al-Qaeda has been responsible for numerous attacks and attempted attacks against U.S. interests. The group claims to have shot down U.S. helicopters and killed U.S. servicemen in Mogadishu, Somalia, during Operation Restore Hope in October 1993. There is strong evidence al-Qaeda was behind the first attack on the World Trade Center in 1993. Al-Qaeda also organized the bombings of the U.S. embassies in Nairobi, Kenya, and Dar es Salaam, Tanzania, in August 1998. Those attacks claimed the lives of 301 individuals and injured more than 5,000 others. The organization also directed the October 2000 attack on the U.S.S. Cole in the port of Aden, Yemen, that killed 17 and injured 39 U.S. Navy sailors. Obviously, al-Qaeda's most publicized attack was the thousands of people it killed when hijackers crashed commercial airliners into the World Trade Center, the Pentagon, and the Pennsylvania countryside on September 11, 2001. Among their foiled attacks is an attempt to assassinate former President Clinton during a visit to the Philippines in early 1995, to destroy a dozen U.S. Trans-Pacific airliners in 1995, and to explode a bomb at the Los Angeles International Airport during the millennium celebrations.

There is no doubt al-Qaeda's capabilities have been seriously diminished because of the American-led assault against them; nevertheless, they have still managed to plan and execute terrorist attacks since September 11, 2001. In April 2002, a man linked to al-Qaeda drove a truck full of fuel into a synagogue in Djerba, Tunisia. This suicide bomber killed 18 people in the attack, most of whom were German tourists. The Indonesian affiliate of al-Qaeda, known as Jemaah Islamiyah, was behind a foiled plot to bomb several U.S. embassies in Southeast Asia on the first anniversary of the September 11, 2001, attacks. The group was responsible for killing nearly 200 people in October when it planted a bomb outside 2 popular nightclubs frequented by Westerners in Bali. In November 2002, British authorities arrested three suspected al-Qaeda

terrorists who were allegedly planning to release poison gas during rush hour on a subway train in London.

Although al-Qaeda has not successfully attacked a target within California's borders, it has had an indirect connection to this state for several years. Most notably, members and affiliates of the group have been known to be in California at various times. One such individual was a key al-Qaeda figure who was involved in the planning, organization, and preparation of al-Qaeda attacks on U.S. forces in Mogadishu, Somalia, during October 1993 and the bombings of the U.S. embassies in Nairobi, Kenya, and Dar es Salaam, Tanzania, during August 1998. For his involvement in this attack, he was indicted for conspiracy to kill U.S. nationals and to destroy U.S. property abroad, perjury, and making false statements to authorities. He was convicted in May 2001 and is currently serving a life sentence in Colorado.

Another al-Qaeda terrorist with ties to California was an Egyptian-born, naturalized U.S. citizen who served in the U.S. military with the elite Army Special Forces before settling down in Santa Clara, California, during the late 1980s. Because of his military expertise, he became a prominent figure within the al-Qaeda organization; and he is believed by authorities to have trained many al-Qaeda operatives in guerrilla warfare, small unit tactics, and covert operations. This individual is also believed by authorities to have been actively smuggling aliens, primarily al-Qaeda operatives, into California via Mexico and Canada. In 1998, he was arrested in Afghanistan for his involvement in the U.S. embassy bombings in Kenya and Tanzania; and, in October 2000, he pled guilty to conspiracy to kill U.S. nationals and employees of the government in the course of their official duties, murder, kidnapping, and destruction of U.S. property.

Al-Qaeda also enlisted the services of an Egyptian-born, naturalized citizen who resided in Santa Clara, San Jose, and Sacramento. This individual is believed by authorities to have distributed money and provided logistical support, such as the procurement of fraudulent passports, to al-Qaeda operatives throughout the world. He is also believed by

authorities to have helped in the planning of the first World Trade Center bombing in 1993; the plot to bomb several American airliners in 1995; and the September 11, 2001, attacks.

An investigation into the al-Qaeda plot to kill tourists at a luxury hotel during the millennium celebrations in Amman, Jordan, revealed two of the conspirators had links to California. The first of whom was a Palestinian-born, naturalized citizen who resided in Southern California during the mid to late 1990s where he worked in the computer technology industry. He is suspected by authorities of providing forged documents and other logistic resources to al-Qaeda operatives. Although he was charged with conspiracy and manufacturing an explosive device relating to the Jordan plot, he was released after cooperating with authorities. The second conspirator in the case was a San Jose native who attended classes at the California State University, Sacramento (CSUS). The state Security Court in Jordan charged him with possessing weapons and explosives, being a member of al-Qaeda, and conspiracy to carry out terrorist attacks against American and Israeli targets for which he was sentenced to death. A Jordanian civil appeals court has since overturned his conviction and requested the Jordanian military State Security Court to retry him.

Finally, three of the al-Qaeda terrorists who commandeered American Airlines, Flight 77, and crashed it into the Pentagon had been residing in San Diego, California, where they were employed at a local gas station. One of the individuals is believed by authorities to have traveled to Oakland where he enrolled in English classes and scouted flight schools, although he did not pursue instruction there.

Recent Developments

In July 2002, authorities in Spain arrested four suspects believed to have links to al-Qaeda. Among the documents seized in their home were videotapes that depicted several U.S. landmarks. Among the California landmarks were the Golden Gate Bridge, Disneyland, and Universal

Studios. Images of Chicago's Sears Tower, the Statue of Liberty, the Brooklyn Bridge, the interior and exterior of a New York airport, and the World Trade Center were also depicted on the videotapes. It is believed by authorities the videos were made in 1997 by one of the suspects during a trip to the United States.

In August 2002, a Northern California resident was deported back to Pakistan on immigration violations. Reports indicate he was questioned in regard to his relationship with one of the al-Qaeda operatives who was arrested for plotting to bomb 11 U.S. airliners in 1995. The deportee had lived with the co-conspirator while attending various flight schools throughout the United States. Among other criminal activities, the deportee had admitted being involved in the transportation of methamphetamine and marijuana in Northern California.

In October 2002, federal authorities began questioning a CSUS graduate for his involvement in the plot to bomb Australian, British, Israeli, and U.S. embassies in Southeast Asia. The suspect was originally arrested in December 2001 as he attempted to cross the border from Thailand into Malaysia where authorities believe he may have been trying to return from Afghanistan. Malaysian authorities discovered the suspect had purchased 4 tons of ammonium nitrate under the guise it would be used for experimental purposes at his laboratory. His CSUS degree was in the biological sciences, with a minor in chemistry. It is believed by authorities the material was to be used in the embassy attacks. The man's wife was also arrested; she too was a CSUS graduate but has since been released. The couple is believed by authorities to have provided accommodations to two of the California-based hijackers in addition to the man also believed by authorities to be the twentieth hijacker in the September 11, 2001, attacks during their visit to Kuala Lumpur. Authorities have also reported that the suspect provided the twentieth hijacker with a letter of business credentials falsely stating that he was employed by a Malaysian company co-owned by the suspect's wife. The twentieth hijacker used this letter to assist in his enrollment with a flight school in Minnesota.

During the investigation into the September 11, 2001, attacks, four students who were attending classes at a San Diego college were taken into custody as material witnesses for their association with the three hijackers of Flight 77 that was crashed into the Pentagon. Deportation proceedings for two of the students began in late 2002. They are suspected by authorities of providing logistical and financial support to the terrorists in addition to committing immigration violations. The third student discontinued his enrollment at the college he was attending, subsequently voiding his visa. He returned to Saudi Arabia around the same time an order was issued for his arrest involving immigration violations. The fourth student was released and allowed to stay in California.

In November 2002, U.S. Attorney General John Ashcroft announced the indictment of two Pakistani nationals and one U.S. citizen from Southern California for conspiring to distribute heroin and hashish and to provide material support to al-Qaeda. Filed in San Diego, the indictment charges the defendants with planning to exchange 1,320 pounds of heroin and 5 metric tons of hashish for cash and four Stinger anti-aircraft missiles. The defendants began negotiating the exchange with undercover federal agents in San Diego several months earlier. The defendants were taken into custody after meeting with the undercover officers in Hong Kong to arrange the sale. In one of the secretly recorded meetings with undercover agents, the defendants stated that, once they acquired the missiles, they intended to sell them to al-Qaeda. If convicted on all charges, the defendants face a maximum penalty of 2 life sentences plus 15 years imprisonment and fines of \$8.25 million each.

HAMAS

HAMAS is an international terrorist organization that aims to destroy the state of Israel and establish an Islamic Palestinian state. HAMAS was designated as a terrorist organization by the U.S. Department of State in 1995 pursuant to Executive Order 12947 and also in 1996 pursuant to the U.S.

government's Antiterrorism Act. It has sponsored numerous terrorist attacks in an effort to achieve these goals, including its most notorious tactic — the suicide bomber. HAMAS' primary link to California has been in the form of fund-raising. The Holy Land Foundation for Relief and Development (HLFRD) was founded in Southern California and eventually came to be HAMAS' primary fund-raising charity in the United States. Most recently, the charity's assets have been frozen by federal law enforcement authorities; but the organization is in the process of refuting allegations that it is connected to HAMAS and is attempting to reclaim its funds.

Background

HAMAS is the Arabic acronym for the Islamic Resistance Movement (Harakat al-Muqawamah al-Islamiyya) and was formed in the Gaza Strip during December 1987. The organization was a militant outgrowth of the Muslim Brotherhood, which dates back to 1928. The ultimate goal of HAMAS is the total destruction of the state of Israel and the formation of an Islamic Palestinian state in its place. HAMAS believes it is the personal religious duty of all Muslims to take up the armed struggle and to help liberate all of Palestine “ . . . from the Mediterranean Sea to the Jordan River.” For this reason, HAMAS has become the primary rival to Yasser Arafat's Palestinian Liberation Organization, which HAMAS feels conceded land to Israel that rightfully belongs to the Palestinian people.

HAMAS is concentrated primarily in the Gaza Strip and a few areas of the West Bank; and, as the U.S. Department of State explains, it uses both political and violent means to achieve its goals. It is made up of several branches including administrative, charity, political, and military branches. While the military branches work clandestinely, the charity and political branches work in an overt capacity through schools, mosques, and social service institutions to recruit members, raise money, organize activities, and distribute propaganda. The organization's trademark has become the suicide bombing, but it also sponsors assassinations and kidnappings of Israeli civilians and military personnel. HAMAS confines its attacks to Israel and the occupied territories. Although a

HAMAS suicide bomber did recently kill Americans in Israel, at the time of this report, it contends it does not purposely target U.S. interests or citizens.

HAMAS' most notable presence in California has been in the form of a charitable organization known as the HLFRD. The organization got its start in Southern California during January 1989 when a group of individuals filed articles of incorporation with the California Secretary of State to form the Occupied Land Fund (OLF). The OLF was also registered as a non-profit benefit corporation with the California Department of Justice's Registry of Charitable Trusts that same year. In 1992, the tax-exempt charity relocated its headquarters to Richardson, Texas, and renamed itself the HLFRD. While it maintained an office in San Diego, California, the organization also opened branches in Patterson, New Jersey, and Bridgeview, Illinois. It was also known to have sent fund-raising representatives all over the United States, West Bank, and Gaza.

Many of the HLFRD's key officers and directors were also members and/or associates of HAMAS. The charity paid the travel expenses for many of the high-ranking leaders of HAMAS to travel to the United States for fund-raising campaigns. Speeches during these campaigns openly spewed anti-Israeli rhetoric and advocated violence against the Jewish state. In the early 1990s, the HLFRD received several large donations from Mousa Mohamed Abou Marzook, a high-ranking leader within HAMAS' political bureau. In 1994, Marzook designated the HLFRD as the primary fund-raising entity for HAMAS in the United States. It was HAMAS' belief that HLFRD could work in the United States to raise funds, propagate their political goals, affect public opinion, and influence the U.S. government. The HLFRD has also developed links to other non-profit organizations known to be connected with other Middle Eastern terrorist organizations.

The U.S. Department of State indicates the HLFRD has raised millions of dollars for HAMAS over the last several years. In the year 2000, the

HLFRD reported that it raised more than \$13 million during that year. The organization has supported HAMAS through direct-fund transfers to its offices in the West Bank and Gaza, to its Islamic charity committees, and to other charitable organizations that are a part of HAMAS or controlled by HAMAS members. The HLFRD contends its funds go to needy Palestinians; however, federal authorities have indicated the money is also used to support HAMAS-run schools and religious institutions that incite violence against Israelis, indoctrinate young people into the organization's ideals, and encourage children to become suicide bombers. HLFRD funds are also distributed to the parents and families of suicide bombers as a small compensation for their sacrifice. This form of compensation helps provide HAMAS with a constant flow of suicide volunteers by appealing to many poverty-stricken Palestinians who feel compelled to take up the cause of jihad with the knowledge their families will be financially secure after their death.

Acting under the authority of Executive Order 13224, Blocking Terrorist Property, the federal government froze the HLFRD's financial assets in this country on December 4, 2001. In a simultaneous raid, federal agents from the U.S. Department of the Treasury's Office of Foreign Assets Control (OFAC) closed down the HLFRD's headquarters in Richardson, Texas, — along with its satellite office in Bridgeview, Illinois; Patterson, New Jersey; and San Diego, California — seized all relevant business records, and froze more than a million dollars in assets. The HLFRD adamantly denies its funds support HAMAS, and it is in the process of refuting the allegations in U.S. District Court.

Recent Developments

In August 2002, a U.S. District Court judge for the District of Columbia upheld the OFAC's listing of the HLFRD as a specially designated terrorist (SDT) and specially designated global terrorist organization (SGDT) by rejecting the organization's efforts to reclaim its assets through the courts. The HLFRD filed its initial suit against U.S. Attorney General John Ashcroft, U.S. Treasury Secretary Paul O'Neill, and U.S. Secretary of State Colin Powell in March

2002. It claimed the asset-blocking order violated the (1) Administrative Procedure Act (APA); (2) due process provided in the Fifth Amendment; (3) the “Takings Clause” of the Fifth Amendment; (4) the Fourth Amendment; (5) the right to freedom of speech and association provided in the First Amendment; and (6) the Religious Freedom Restoration Act (RFRA)¹³.

In regard to the APA violation, the HLFRD contended the OFAC exceeded its statutory authority under the International Emergency Economic Powers Act because HAMAS does not have a legally enforceable interest in the charity’s property; the blocking order violated the statute’s humanitarian aid exception; and the government’s actions were without substantial evidence. The court dismissed these claims contending OFAC carried out its mandate by interpreting the term “interest” to mean any interest whatsoever, direct or indirect; the OFAC did not exceed its statutory authority by prohibiting the HLFRD from making monetary contributions as opposed to donations such as food, clothing or medicine; and there was ample evidence the HLFRD was acting on behalf of HAMAS. The HLFRD had asserted the government’s case was flawed because it was built on the contact that the charitable organization had with HAMAS prior to its official designation as a foreign terrorist organization in 1995. The judge believed there was reasonable evidence to conclude the HLFRD continued to act on behalf of HAMAS after it received its designation since the charity was still being led by the same individuals and giving money to an international terrorist organization.

In regard to the claims under the U.S. Constitution, the HLFRD contended its rights to due process were violated because the OFAC failed to provide the charity with notice that it was being designated as an SDT and SDGT and failed to grant the charity a hearing to dispute the claims. The court

decided the government was justified since it made the designation during a national emergency, which does not require a notice or hearing. The court also dismissed the HLFRD’s claims the eight months in which its assets have been blocked constituted a “Taking.” The court believed it was premature to make this conclusion, but it did find the government’s failure to obtain a warrant to gain proper entry into the charity’s buildings and seize its property did violate its right to unreasonable search and seizure under the Fourth Amendment. The court also indicated the government’s actions did justify incidental limitations on the First Amendment freedoms. Finally, in regard to the RFRA, the court denied the HLFRD’s contention the government’s actions substantially burdened the charity, its employees, and donors’ religious freedom. The HLFRD continues to deny any affiliation with HAMAS and stated that they will appeal the decision.

In December 2002, federal agents in the Dallas area arrested four individuals on suspicion of providing funds to known terrorist organizations. One of the men — a chairperson of the HLFRD and former California resident — is suspected by authorities of operating additional charities that funnel money to HAMAS.

Mujahedin-e Khalq

Headquartered in Iraq, the Mujahedin-e Khalq Organization (MEK) is the largest and most active group opposed to the Islamic Republic of Iran. Despite efforts to transform its public image to win the U.S. government’s favor, the group continues to be designated as an international terrorist organization by the U.S. Department of State. The group’s previous association with an immigration fraud ring and dishonest fund-raising practices supports the conclusion that MEK operatives have penetrated California’s borders and will use any means — legal or illegal — to further its efforts to overthrow the Iranian government. Furthermore, the group’s intimate relationship with the Iraqi government warrants law enforcement’s continued attention.

¹³ Zagaris, Bruce (2002, October). U.S. court denies Holy Land Foundation’s challenge to U.S. government’s asset seizure. *International Enforcement Law Reporter*, vol. 18, issue 10.

Background

MEK — also known as the Sazeman Mujahedin-e Khalq, People’s Mujahedin Organization of Iran, Muslim Iranian Student Society, and People’s Holy Warriors — was founded in the 1960s by a group of college-educated Iranian Marxists. Espousing an ideological mix of Islam and Marxism, the group perceived their nation’s ruler — the late Shah Mohammad Reza Pahlavi — to be overly susceptible to Western influence. Their goal was to counter this influence through acts of violence and bring Iran in line with their philosophical and political beliefs. Motivated by their hatred for the United States, the MEK killed U.S. military personnel and civilians who had been working on defense projects in Iran during the 1970s. It also supported the 1979 takeover of the U.S. embassy in Tehran, which held 52 Americans hostage for 444 days. Even after assisting in the Islamic Revolution, the radical views of the MEK caused the post-revolutionary Shiite Islamist regime led by the late Ayatollah Khomeini to expel the group in 1981. The MEK relocated to France where it began supporting Iraq in its eight-year war with Iran. By 1987, the group moved its base of operations to Iraq where it remains today.

With financial and logistical support from Iraqi leader Saddam Hussein, the MEK has been able to launch a worldwide campaign advocating the violent overthrow of the Islamic Republic of Iran. Their activities have included the distribution of propaganda, street demonstrations, and terrorist attacks on Iranian targets in the Middle East, North America, Europe, and the Pacific Rim. The MEK has several thousand fighters throughout Iraq; the majority of which are organized into the MEK’s military wing known as the National Liberation Army and armed with tanks, infantry fighting vehicles, and artillery. Since arriving in Iraq, the group has conducted internal security operations in support of the Iraqi government. In 1991, the MEK was dispatched by Hussein to northern and southern Iraq to suppress the Shia and Kurdish uprisings. Throughout 2000 and 2001, the MEK launched mortar attacks and hit-and-run raids on Iranian military installations, law enforcement

outposts, and government buildings near the Iran-Iraq border. In addition to its support from Iraq, the group has an extensive overseas support structure that includes several front organizations charged with soliciting contributions from expatriate Iranian communities in Europe, Canada, and the United States.

The presence of the MEK in California was confirmed in March 1999 when authorities dismantled a Los Angeles-based immigration and visa fraud ring, which enabled members of the group to enter the United States illegally. Fifteen individuals were arrested in Southern California and Nevada ending an investigation — dubbed Operation Eastern Approach — conducted by the U.S. Department of State’s Diplomatic Security Service, the Federal Bureau of Investigation (FBI), the Immigration and Naturalization Service, and the Los Angeles Police Department. Six Encino, California, businesses and a network of international contacts were used to help clients from the Middle East and Europe file fraudulent documents in support of visa applications. The documents included forged bank records, wedding announcements, marriage certificates, business and property records, employment records, military records, identification documents, and school transcripts. The ring leader, a San Fernando Valley man, also helped individuals file fraudulent asylum applications that included fictitious stories of persecution to be used in interviews. The ring assisted in the illegal entry of more than 300 individuals into the United States from 1996 through 1999 and an estimated 22,000 individuals since 1983. Court records indicate the leader of the ring was aware they were helping affiliates of the MEK gain illegal entry into the United States. After pleading guilty to the charges against him in October 1999, he became the first individual in this country to be convicted under the 18 U.S.C. § 2339B statute that makes it illegal to provide material assistance to a designated foreign terrorist organization.

In June 1999, the MEK challenged its designation as a terrorist organization in the U.S. Court of Appeals for the District of Columbia. The court ruled the system by which the U.S. Department of State assigns such a label was “contrary to a constitutional

right” — in this case, due process — since the group was not given an opportunity to rebut the allegations. The appellate court ordered the U.S. Department of State to conduct a hearing to re-evaluate the terrorist designation, and it was subsequently reaffirmed by U.S. Secretary of State Colin Powell in 2001.

Recent Developments

On June 21, 2002, a Central California Federal District Court judge dismissed charges against seven individuals for providing financial support to the MEK. The defendants who were suspected of being members of the MEK were arrested by the FBI during February 2001 for soliciting funds for a terrorist organization under the auspices of a humanitarian organization called the Committee for Human Rights in Iran (CHR). The CHR was registered as a nonprofit organization with the California Attorney General’s Registry of Charitable Trusts. The U.S. Justice Department accused the seven individuals of collecting between \$5,000 to \$10,000 per day in charitable donations at the Los Angeles International Airport after showing photographs of starving children in Iran to travelers. According to the FBI, the money was spent on weapons — such as mortars and rocket-propelled grenades — for the MEK. The suspected criminal activities of the CHR were investigated by the FBI, the U.S. Department of State, and the California Department of Justice. Federal agents have since established an audit trail that ostensibly showed that large portions of funds raised by the CHR were transferred to members and associates of the MEK. In this dismissal, the judge stated that the process by which the U.S. Department of State determines and classifies a group as “foreign terrorist organization” does not provide the group a chance to defend itself by notifying its members of the impending designation. More specifically, the judge declared that the system deprives members of due process based on a challenge they could never defend, thereby precluding criminal charges being brought against persons supporting the organization. Furthermore, the judge explained that the appellate court had no authority to order the U.S. Department of State to

hold the before-mentioned hearing. However, the judge did acknowledge that CHR members knowingly diverted funds raised for a humanitarian charitable cause to the MEK; nevertheless, the charges were dismissed because the group’s status as a “foreign terrorist organization” was called into question.

Analysis and Trends

- ‘ The presence of al-Qaeda operatives and their associates in this state indicates there may still be an undetermined number of these terrorists within California’s borders.
- ‘ Al-Qaeda will likely continue to use criminal enterprises — such as drug trafficking, alien smuggling, and establishing front businesses — to help fund its efforts of trying to topple the West.
- ‘ Al-Qaeda’s most recent attacks on the synagogue in Tunisia and nightclubs in Bali may indicate its focus has shifted from high-profile targets — like the World Trade Center and the Pentagon — to “softer” targets — like bars and houses of worship.
- ‘ Al-Qaeda’s return to the World Trade Center on September 11, 2001, has demonstrated its persistence. The failed attack on the Los Angeles Airport during the millennium may impel members of the group to target this facility again.
- ‘ The mere presence of the HLFrd in California and the considerable degree of success it had soliciting money indicates HAMAS may have sympathizers — and possibly members — in this state. California will likely continue to be a popular and lucrative target for these types of charitable trust groups that funnel financial support to foreign terrorist groups.
- ‘ The amount of funds solicited by the HLFrd in California exemplifies the great value the state is to HAMAS. Any terrorist attack sponsored by HAMAS in this state would adversely affect HAMAS’ ability to solicit such funds in the future

and would essentially undermine its fund-raising abilities.

- ' The federal government has effectively shut down HLFRD operations in the United States. However, those funds that could have been solicited and received by the HLFRD could conceivably be collected by other “charitable” organizations under a new name and inevitably continue to find their way to HAMAS.
- ' Operation Eastern Approach demonstrated a direct link between alien smuggling and terrorism. The MEK will probably continue to utilize this relationship as a means of illegally entering the United States for the purpose of furthering its efforts to overthrow the Iranian government.
- ' The court decision involving the CHR’s fund-raising efforts at the Los Angeles International Airport was a step forward in the group’s goal of legitimizing its activities in the United States. Hence, the group will likely continue to use front organizations — like the CHR — to raise money for launching terrorist operations.
- ' If the ruling of the Central California District Court is upheld, then it could potentially have a major impact on the way in which law enforcement agencies investigate the criminal activities of those affiliated with groups that are designated as terrorist organizations.

CATIC Overview

On September 11, 2001, the United States suffered the deadliest terrorist attack in modern history. While law enforcement authorities in California had already begun to actively assess and improve terrorism-related prevention and intervention strategies since they began encountering acts of domestic terrorism years earlier, the September 11 attack demonstrated significant measures were needed to be implemented immediately to thwart any such attack on California's soil. In responding to this urgent demand, California needed to harness the skill and experience of all its law enforcement personnel in an effort to provide prompt, thorough, coherent, and reliable information on which to base critical decisions to protect the public.

With that goal in mind, California law enforcement authorities quickly developed an array of intelligence gathering, analysis, and dissemination systems to assess, prevent, and respond to terrorist threats. Information pertaining to a threat of terrorist activity is now collected and placed in a centralized clearinghouse of data for instantaneous review and analysis. That data is made available and directly accessible for the very first time to every law enforcement authority who needs it, and it is proving to be a critical source of information for those agencies charged with protecting the people of this state.

Providing this service to law enforcement required a sophisticated data system that included well-trained and capable intelligence specialists, an extensive technological infrastructure, and strong safeguards to protect constitutionally guaranteed civil liberties.¹⁴ It also required the cooperation, collaboration, and commitment of every law enforcement agency in California in order to make

available the skills and observations of the state's nearly 100,000 peace officers. Hence, on September 25, 2001, the California Anti-Terrorism Information Center (CATIC) was created.

Under the leadership and direction of Governor Gray Davis, Attorney General Bill Lockyer, Chief Deputy Attorney General Steve Coony, and Division of Law Enforcement Director Patrick N. Lunney, CATIC provides law enforcement authorities with timely and vigorous investigative and intelligence support in the state's overall effort to reduce the threat of terrorism. CATIC has three key operational components that play a vital role in protecting the state from terrorism.

' The first component is the Situation Unit. Its primary mission is to collect, collate, and index terrorist-related information into the secure RISSNET database. The unit acts as the primary point of contact for inquiries from law enforcement authorities throughout the state. By accessing the database, public information database systems, and the California Department of Justice's criminal information systems, the unit's analysts provide immediate tactical investigative support to law enforcement. The Situation Unit re-broadcasts advisories, bulletins, and alerts regarding pertinent terrorist-related information to agencies in California. Another important function of the Situation Unit is the coordination of information among CATIC's allied agencies that include:

- ' California Highway Patrol
- ' Office of Emergency Services
- ' U.S. Coast Guard
- ' California National Guard
- ' California Department of Corrections
- ' Federal Bureau of Investigation
- ' Immigration and Naturalization Service
- ' California Department of Motor Vehicles
- ' Defense Intelligence Agency
- ' Office of Criminal Justice Planning
- ' Department of Fish and Game

¹⁴ All intelligence data developed through CATIC complies with both the stringent Code of Federal Regulations, Section 28, Part 23, and the California Attorney General's *Criminal Intelligence File Guidelines*. All of these guidelines and restrictions protect federal and state constitutional rights and civil liberties.

- ' Department of Insurance
- ' Bureau of Alcohol, Tobacco, and Firearms
- ' Department of Alcohol Beverage Control

In addition to acting as liaison between CATIC and their home agencies, these allied agency representatives ensure each inquiry into CATIC receives a coordinated investigative response and that CATIC's law enforcement partners are provided with the most reliable, up-to-date information available.

- ' The second key component is the Group Analysis Unit, which is responsible for identifying the extent to which groups or individuals involved in terrorism are impacting this state. Staff is skilled in assessing the international terrorist and domestic criminal extremist groups mentioned in this report; analyzing information specific to these groups; and identifying the groups' methods of operation, trends, patterns, and violence potential. The results of these assessments and analyses are then provided via investigative leads, tactical articles, strategic bulletins, special reports, and briefings to law enforcement authorities for follow-up investigation and the prevention of further crime and violence.
- ' The third component of CATIC is a set of regional task forces strategically located throughout the state. The eight task forces are located in Sacramento, Redding, San Francisco, Fresno, Los Angeles, Orange, Riverside, and San Diego. They are supervised by a special agent supervisor and staffed with special agents and analysts from the California Department of Justice. Each task force includes a California Highway Patrol officer and members from local law enforcement agencies and, in some cases, other state and federal departments. The task forces have been established to integrate with local, state, and federal agencies for the purpose of promoting the timely collection and distribution of terrorist-related information. The task forces utilize all available means to

meet these goals, including — but not limited to — the development and maintenance of informants and extensive criminal surveillance operations, interviewing witnesses and suspects, and conducting undercover operations on criminal activities.

Since CATIC's founding on September 25, 2001, all three of these key components have been diligently working to address the terrorist threats impacting this state. CATIC staff has responded to more than 3,600 inquiries from law enforcement authorities seeking information and investigative support regarding terrorism-related suspects, activities, and events. Oftentimes, these inquiries lead to the issuance of advisories, reports, briefings, and bulletins or the opening of investigations.

During 2002, the Situation Unit and the Group Analysis Unit wrote and issued 243 *Advisories*, 210 *Midday Reports*, 74 *Midday Intelligence Briefings*, and 47 *Intelligence Bulletins*.

- ' *Advisories* are brief descriptions of a local issue that provide timely information of a specific nature and address matters pertaining to officer safety and threats against the public.
- ' *Midday Reports* provide law enforcement authorities with timely and valuable international, national, and statewide intelligence and information in the ongoing effort to combat terrorism. The information is a collection of terrorism-related summaries from various media sources and includes law enforcement sensitive information relative to terrorism data gathered from military, federal, state, and local government agencies.
- ' *Midday Intelligence Briefings* further the dialog between the private sector and law enforcement agencies throughout California. These briefings consist of "open-source" terrorism information from local, state, federal, and international media and law enforcement sources.

- ' *Intelligence Bulletins* are in-depth reports regarding current and specific criminal-related issues. These bulletins equip law enforcement authorities with detailed information that assist them in identifying and investigating members of terrorist-related organizations.

The CATIC Task Forces opened 687 and closed 421 investigations during 2002. These investigations can be divided into four major categories: narcotics related; theft, fraud, money laundering related; threat related; and weapons, explosives, and biological weapons related.

- ' The narcotics-related investigations involved the smuggling, trafficking, possession, and sale of cocaine, pseudoephedrine pills, methamphetamine, opium, marijuana, and other controlled substances. In some of these cases, it has been determined that proceeds earned from these illegal activities may have been sent to countries that host international terrorist organizations. It is also believed by authorities that some of these profits may have been used to purchase weapons and explosives.
- ' The theft-, fraud-, and money laundering-related investigations involved automobile theft, software counterfeiting, insurance fraud, worker's compensation fraud, and immigration and visa fraud. It is suspected by authorities that some of the profits earned from these illegal activities may be funding terrorist organizations in addition to enabling some individuals related to terrorism to illegally enter the United States.
- ' The threat-related cases involved the investigation of death, bomb, and anthrax threats that were made via the telephone, mail, e-mail or in person. Although the majority of these threats turned out to be hoaxes, all threats receive careful attention.
- ' The weapons-, explosives-, and biological weapons-related cases involved the identification and investigation of individuals plotting to strike a target in California with a

device designed to inflict mass casualties. During these investigations, the task forces seized explosives, components for making explosive devices, munitions, and improvised explosive devices.

A CATIC *Reference Manual* has been hand delivered to every sheriff and chief of police in the state; and it includes a detailed description of CATIC, the Situation and Group Analysis units, task forces, and the investigative tools available to law enforcement authorities. It also includes an *Operations Manual* that describes how authorities can best utilize CATIC's resources. CATIC tri-folds and calling cards were also distributed for every police officer and sheriffs' deputy in the state. The tri-fold describes law enforcement's role in reporting suspicious activity, and the calling card provides telephone numbers for each CATIC task force.

Most recently, CATIC started a campaign to enlist an "Agency Representative Contact" from every law enforcement agency in the state to help coordinate the timely exchange of information. In addition to establishing direct relationships with law enforcement authorities, CATIC staff has also given more than 400 presentations explaining the program's roles and responsibilities to nearly 4,000 people representing law enforcement groups, civic organizations, military associations, medical personnel, emergency providers, and private companies.

CATIC — in conjunction with the California National guard — also embarked on a project to identify and rank order the state's most critical assets in terms of potential terrorist targets. The goal of the project was to increase awareness of these targets among appropriate entities for the ultimate purpose of decreasing the likelihood or severity of a high-consequence terrorist attack. It was the first effort of its kind in California to conduct individual assessments of all major targets across the realm of all critical assets.

The scope of the project encompassed the entire state of California and all potential high-

consequence targets within its borders. The analysis focused not only on infrastructure but also targets of economic, political, and social importance. The concept of methodology for the project was to utilize a proven, quantifiable means of target evaluation that considered a variety of factors for each target. The project was not specifically a study in vulnerability nor criticality but a more broad-based approach that accounted for a variety of factors, which terrorists may consider when choosing their targets. This attack-based methodology attempted to view targets through the terrorists' eyes. For the purposes of the study, the terrorists in question were not modeled on any specific group but loosely based upon a model of international terrorism. This knowledge of likely targets provides a basis for determining which assets may need the greatest attention when attempting to mitigate the state's vulnerability to attack.

The project identified, individually assessed, and rank ordered more than 600 of the state's most likely targets. The results of the project will be shared with appropriate government agencies and industry officials with the goal of increasing awareness and decreasing vulnerability to terrorist attacks within California.

Future efforts of the project will include the development of a Critical Asset Team focusing on realtime analysis of potential threats and pre-incident indicators related to California's infrastructure. The team will work in partnership with public and private entities to collect and disseminate information regarding these threats, continue to update and refine the initial target list, and produce regular bulletins and advisories to maintain awareness and to provide early warning against potential threats.

CATIC also implemented its commitment to training by conducting *Chief Executive Seminars* for police chiefs, sheriffs, and their immediate subordinates. This 16-hour, Peace Officers' Standards and Training (POST)-certified course is designed exclusively for law enforcement executives whose agencies are involved in creating

or enhancing existing intelligence capabilities. The course curriculum covers such topics as an analysis of the criminal groups active in California, the intelligence process that harnesses law enforcement's coordinated response to identifying and interdicting those criminal groups, and legal considerations that are available to assist in that response.

CATIC representatives also participated in the development of a videotape produced by the California POST Television Network on the intelligence process designed to help law enforcement authorities throughout the state. This videotape streamlines the methods for identifying pre-incident indicators that could be precursors to organized crime, gang, criminal extremist, or terrorist activity. It provides the authorities with a procedure for utilizing the latest investigative- and intelligence-related resources available to aid in the reduction of crime and violence throughout California.

Conclusion

California continues to be plagued by a variety of organized crime groups, gangs, criminal extremists, and international terrorist organizations. Within the last year, Eurasian organized crime groups continued to demonstrate their flexibility and ingenuity with various money-making schemes. Along with Asian organized crime groups, Eurasian organized crime groups have effectively used their transnational resources to profit from human trafficking, indentured servitude, and prostitution. Outlaw motorcycle gang members appear to have entered into a violent turf war; and, despite setbacks, Mexican drug trafficking organizations continue to supply large amounts of illicit drugs to California. Prison gang members continue to consolidate their power over parts of the retail end of the illicit drug market; and it looks like some street gang-related crime and violence are, once again, on the rise.

There have been noteworthy developments in regard to criminal extremists and international terrorism. A few criminal extremists are beginning to advocate violent attacks on those entities that have a vested interest in a war with Iraq; and other criminal extremists continue to advocate violence in the promotion of racist, anti-government, or religious and nationalist agendas. Special-interest criminal extremists from the Earth Liberation Front have begun advocating the abandonment of its non-violent ideology in favor of adopting a more militant stance. The videotapes confiscated in Spain may provide support for the conclusion that members of al-Qaeda have been, and may still be, plotting to attack targets in California. HAMAS continues to reinvigorate its primary fund-raising entity, and the activities of the Mujahedin-e Khalq Organization in California demonstrate a nexus between alien smuggling and terrorism. Furthermore, it appears that international terrorists and their associates are engaging in many of the same types of criminal enterprises as some of the more established criminal organizations in an effort to raise funds for their operations overseas.

When assessing the activities of criminal organizations in California as a whole, it appears

that the strict hierarchical structure epitomized by traditional organized crime is being substituted for the more fluid and flexible nature of the network organizational design. Although there are different variations of this strategy, it is characterized by people who gather into small, clandestine, self-contained units or cells to perpetrate illegal activities. The cells may have organizers but do not necessarily adhere to a chain of command, and they are loosely connected to one another. People may be recruited into these cells based on a particular skill or the ability to provide a certain resource. They are also recruited based on familial relationships, ethnic or national origins, or a common experience. These attributes limit the group's risk of detection and susceptibility to arrest.

Over the last few years, many criminal enterprises have become particularly adept at utilizing this type of network structure. They operate transnational prostitution, human smuggling, drug trafficking, and kidnap and extortion rings. Some criminal extremist groups have exploited the anonymous nature of the Internet to recruit new members, establish a network of followers, identify potential targets, disseminate tactical information, organize activities, and claim responsibility for attacks.

The most poignant illustration of the network structure's effectiveness took place on September 11, 2001, when some loosely connected cells of al-Qaeda operatives hiding deep within this country's borders launched a deadly attack against the United States. This pattern of threats will continue to pose significant challenges for law enforcement authorities tasked with identifying and disrupting more of these operatives before they strike again. The California Department of Justice's newly created Criminal Intelligence Bureau — with its California Anti-Terrorism Information Center — will respond to these threats by promoting cooperative, investigatory efforts through multi-agency consortiums and intelligence sharing that focuses on early detection, prevention, and interdiction of the operatives for the safety and security of all Californians.