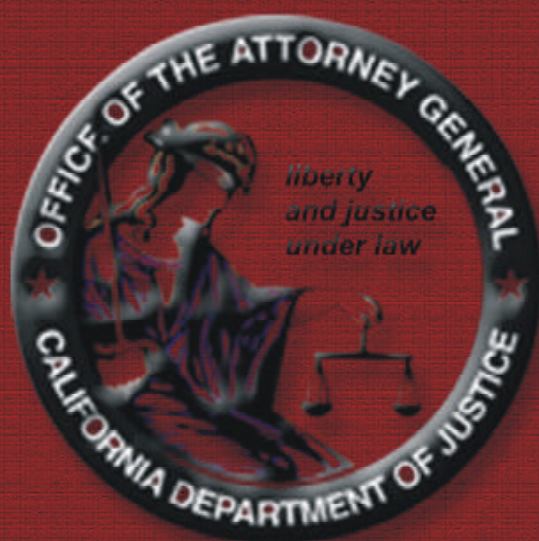


CALIFORNIA DEPARTMENT OF JUSTICE
DIVISION OF LAW ENFORCEMENT / CRIMINAL INTELLIGENCE BUREAU

ORGANIZED CRIME IN CALIFORNIA
ANNUAL REPORT
TO THE
CALIFORNIA LEGISLATURE
2003



ORGANIZED CRIME IN CALIFORNIA
Annual Report
to the
Legislature
2003



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BILL LOCKYER, ATTORNEY GENERAL**

Message from the Attorney General

This *Organized Crime in California Annual Report to the Legislature* summarizes the activities of organized crime groups, gangs, criminal extremists, and terrorists operating within the state throughout 2003. It also identifies trends and provides analysis for each category.

The individuals and organizations discussed in prior reports continued to conduct illegal activities in California during the last year, and some are becoming more violent. Some are also becoming more flexible, sophisticated, and creative in their methods to escape detection and pursue their illegal activities. A few criminal groups are working together to increase their power, as well as their financial status. For example, various organized crime groups are working with street gangs — as well as other organized crime groups — to carry out some of the more risky criminal activities. The same example holds true between a few prison gangs and street gangs.

Because of the events of September 11, 2001, law enforcement agencies redirected resources to counter-terrorism efforts in order to prevent another terrorist attack. Although fighting terrorism has become a top priority, law enforcement authorities continue to combat the activities of the more traditional organized crime groups, street and prison gangs, and environmental criminal extremists.

The information in this report comes from a joint effort by the California Department of Justice's Criminal Intelligence Bureau and its California Anti-Terrorism Information Center, along with other law enforcement authorities. It documents the many successes in combating criminal activities in California. However, in order to successfully interrupt the activities of the criminal organizations in this state, law enforcement authorities must continue to share information across jurisdictional lines to ensure the timely transfer of critical data. We must also continue to endorse the community-oriented policing concept and consider crime prevention as a key tool that provides law enforcement authorities the means to help effectively perform their mission.

BILL LOCKYER, Attorney General
Office of the Attorney General

Table of Contents

Executive Summary	1-3
Eurasian Organized Crime	4-6
Background	4-5
Recent Developments	5-6
Analysis and Trends	6
Traditional Organized Crime	7-8
Background	7
Recent Developments	7-8
Analysis and Trends	8
Drug Trafficking Organizations	9-10
Background	9
Recent Developments	9-10
Analysis and Trends	10
Outlaw Motorcycle Gangs	11-14
Background	11-13
Recent Developments	13
Analysis and Trends	13-14
Prison Gangs	15-17
Background	15-16
Recent Developments	16
Analysis and Trends	16-17
Street Gangs	18-22
Background	18-20
Recent Developments	20-21
Analysis and Trends	21
Chart 1 - Gang-Related Homicides - 1993-2002	22
Chart 2 - Gang-Related vs. Willful Homicides - 1993-2002	22
Criminal Extremists	23-26
Background	23-24
Recent Developments	24-25
Analysis and Trends	25-26
International Terrorism	27-31
Al-Qaeda	27-29
Background	28
Recent Developments	28-29
HAMAS	29-31
Background	29-30
Recent Developments	30-31
Analysis and Trends	31
Conclusion	32

Executive Summary

The *Organized Crime in California Annual Report to the Legislature 2003* is submitted in compliance with Government Code Section 15028. The Department's Criminal Intelligence Bureau (CIB) is charged with identifying and investigating criminal organizations in California and analyzing the impact the organizations have on public safety. This report describes the organized criminal groups conducting illegal activities within the state and provides a brief discussion of those activities.

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

- Eurasian organized crime (EOC) continues to be one of the fastest growing criminal enterprises in California. EOC groups in California engage in auto theft, extortion, prostitution, human trafficking, kidnaping, money laundering, drug trafficking, and murder. Their focus is largely on white-collar crime including identity theft; credit card, immigration, insurance, and Medi-Cal fraud; and cigarette tax evasion. Recent developments included the dismantling of a multi-state auto-theft ring in Northern California; the arrest of several individuals suspected of operating a credit card fraud ring in Southern California; the arrest of other individuals in Southern California accused of manufacturing fictitious identifications of people; the filing of charges against owners and employees of a fictitious pharmacy in Glendale, California, who fraudulently billed Medi-Cal for more than \$500,000 and then laundered the money; and the arrest of another Glendale resident who is suspected by authorities of being involved in a multi-thousand dollar Gift Card resale scam.
- The presence of the West Coast-based remnant of traditional organized crime (TOC) continues to diminish in California due to law enforcement's aggressive investigations and resulting convictions. The most recent development regarding TOC affecting California was the conviction in Brooklyn, New York, of a Gambino crime family captain and a soldier who were found guilty in an extortion plot against a well-known Hollywood actor.
- California is still one of the most active drug smuggling and drug production areas in the United States. Mexican drug trafficking organizations (DTOs) are responsible for much of the illegal drugs being smuggled into and sold in California. One of the most powerful and violent DTOs is the Tijuana-based Arellano-Felix organization, which is responsible for bringing illegal drugs — such as cocaine, methamphetamine, heroin, and marijuana — into the state. During the past year, authorities discovered several tunnels connecting Mexico to California, which indicates drug traffickers continue to seek deceptive methods of smuggling their illegal products into the United States. Also, during the past year, several major narco-trafficking cells were dismantled or had their operations severely disrupted by law enforcement's arrest and imprisonment or the killing by rival gangs of their leaders.
- In California, there are approximately 47 outlaw motorcycle gangs (OMGs) in existence — with an estimated 1,500 members. The Hells Angels and the Mongols are the top two OMG organizations, with the largest number of members in the state. Illegal drug trafficking is believed by authorities to be the number one income source for both gangs. Significant events during the past year included the convictions of four Hells Angels members on charges of second-degree burglary, with the addition of a gang enhancement.

After a two-year investigation, 55 Hells Angels OMG members and criminal associates in 5 states were arrested on racketeering and firearms charges.

- Prison gangs continue to maintain control over some of California's street gangs. Despite their incarceration, prison gang members still influence and direct the activities of some gangs on the streets. In prison, gang members engage in a variety of illegal activities including assaults on fellow inmates and correctional staff; extortion; robbery; illegal gambling; racketeering; and the smuggling of contraband, such as weapons and narcotics. On the streets, they organize armed robberies, auto-theft rings, drug sales, and murder to further their criminal enterprises. During the past year, law enforcement authorities had some success in reducing the number of crimes committed by these gangs. Six members of the Aryan Brotherhood were sentenced in federal court on charges relating to violations of the federal Racketeer Influenced and Corrupt Organizations Act and two members of the Nuestra Familia were sentenced to prison for the murder of another Nuestra Familia associate and for selling drugs to aid the gang.
- 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 been associated with crimes such as fraud and identity theft. Recent developments included the arrest of the leader of the Black Dragons, along with 22 members of this street gang. Charges included conspiracy, attempted murder, solicitation of murder, assault with a deadly weapon, felony vandalism, extortion, and prostitution. A leader of the Ventura Skinhead Dogs was ordered to stand trial for the killing of a teenage girl he believed provided law enforcement authorities with information on his past criminal activities. In addition to first-degree murder, the suspect was also charged with special circumstances of kidnaping and murder committed during a robbery. These charges make him eligible for the death penalty. Two members of the Surenos street gang were convicted in the fatal shooting of a 10-year-old boy as he slept in his bed. The gang members had a grudge with the victim's 16-year-old brother who was a member of a rival Hispanic gang, the Fresno Bulldogs. The older brother was believed by authorities to be the intended victim of the shooting. Also during 2003, local law enforcement authorities filed injunctions against several gangs. These injunctions prohibit gang members from congregating within a specific geographical area; associating with each other; possessing drugs, alcohol, and weapons; and using electronic devices such as pagers, cell phones, scanners, and two-way radios.
- White supremacist groups have historically engaged in a multitude of criminal activities — such as assault, vandalism, robbery, weapons violations, and murder — and typically direct their crimes at members of minority communities. During the last year, an individual with ties to a white supremacist group was found guilty of possessing chemicals that would facilitate the manufacture of explosives while another individual was convicted of possessing a dangerous weapon.
- Anti-government criminal extremists stockpile illegal assault rifles and explosives, conduct paramilitary training, and have threatened and assaulted government employees. An arrest occurred in Southern California when law enforcement authorities discovered illegal weapons, pipe bombs, six barrels of jet fuel, assorted incendiary devices, anti-government literature, and a large sum of money in the storage locker of an individual being investigated for auto-theft charges.

- Special-interest criminal extremists — such as the Animal Liberation Front (ALF) and the Earth Liberation Front (ELF) — operate throughout North America and Europe and typically use acts of destruction, violence, and intimidation. Developments throughout 2003 regarding this type of criminal extremism have included two incidents in Chico, California. One involved the placing of plastic milk containers filled with a flammable liquid at a fast-food restaurant and the other involved vandalizing another location of the same fast-food restaurant chain. The ALF claimed responsibility for both incidents. There were several other incidents involving damage to buildings including a meat-processing plant, a medical service provider, a boutique selling furs, and a biotechnology firm. Vehicles were also the targets of these criminal extremists. The ELF claimed responsibility for vandalizing trucks and sports utility vehicles (SUVs) in Santa Cruz, California. The ELF also claimed responsibility for vandalizing trucks with spray paint as well as setting fire to a construction site in Chico, California. In West Covina, California, arsonists destroyed several SUVs and a warehouse at an auto dealership. Simultaneously, SUVs at nearby dealerships in Arcadia, Duarte, and Monrovia, California, were also vandalized. During the last year, the ELF also claimed responsibility for the arson of an apartment building and three homes under construction in San Diego, California, which caused more than \$51 million in damages.
- While al-Qaeda has suffered substantial organizational setbacks, it continues to launch terrorist attacks throughout parts of the world and represents a serious threat to this country. Although al-Qaeda has not successfully attacked a target within California's borders, it has had an indirect connection to this state. The three al-Qaeda terrorists who commandeered American Airlines, Flight 77, and crashed it into the Pentagon during September 2001 had been residing in San Diego, California.
- HAMAS' primary connection to California has been in the form of fund raising. The Holy Land Foundation for Relief and Development (HLFRD), whose predecessor was originally founded in Southern California under a different name, was one of HAMAS' primary fund-raising charities. In 2001, the federal government froze the HLFRD's assets; however, the group appealed the decision. In 2003, the U.S. Court of Appeals for the District of Columbia Circuit upheld the U.S. District Court for the District of Columbia's summary judgment in favor of the U.S. attorney general. The appellate court stated that the HLFRD could be classified by the U.S. Department of State as a Specially Designated Terrorist group because of "ample evidence" revealing an affiliation with the terrorist group HAMAS.

Eurasian Organized Crime

Most of the people who engage in organized crime in the former Soviet Union are not typically ethnic Russians but are from regions where the people spoke the Russian language and were dominated by Russia for generations. While some of the criminal groups originated in Russia, others were from Central Asia (Uzbekistan, Kazakhstan), the Caucasus (Georgian, Azerbaijan, Chechen, and Dagestan), and Ukraine regions. Consequently, organized crime groups from the former Soviet Union are often referred to as Eurasian organized crime (EOC) and Eastern European organized crime.

There are numerous EOC groups operating throughout California that continue to be a significant problem for law enforcement authorities. EOC groups are not structured like traditional organized crime groups. They have structures that are often referred to as liquid or floating, and they form networks and shift alliances to meet particular needs. It is this flexibility that allows them to easily adapt to lucrative schemes throughout the state.

Background

According to the U.S. Citizenship and Immigration Services, during the 1970s and 1980s, approximately 200,000 former Soviet Union citizens immigrated to the United States to escape religious and political persecution. Additionally, it is suspected that the KGB emptied its prisons of hardcore criminals and exported them to this country — much like Cuban dictator Fidel Castro did during the “Mariel boat-lift.” Many former Soviet Union emigres who came to the United States settled in an area of New York known as Brighton Beach. As of this date, Brighton Beach is currently home to up to 30,000 Eurasian emigres — with another estimated 50,000 living in the immediate New York

metropolitan area. Brighton Beach is considered by law enforcement authorities to be the hub for EOC in the United States.

Recognizing how life was in the former Soviet Union is important in order to understand the lucrative criminal endeavors EOC groups pursue in the United States. The Soviet system did not function for the people’s everyday needs. Its primary focus was to improve technology to become a strong military power. Therefore, in order to survive, people had to rely on the black market for everyday needs such as food, clothing, and other consumer goods. EOC groups controlled the black market so the people relied on these groups and had to cheat the government in order to survive. The majority of former Soviet Union immigrants left this way of thinking behind to start a new life in the United States. Others — the violent criminal element — viewed America as a place to make endless money. EOC members are masters at cheating the government and do not view their activities as criminal until they get caught. This is why many EOC members become involved in fraud, such as Medi-Cal or welfare fraud. The threat and use of violence are characteristic of EOC group members and are used to send a message and gain control of criminal markets. EOC members use violence extensively in contract murders, kidnaping, arson, and against extortion victims. Violent EOC members are becoming more attracted to fraud by the low risk and rapid method of making a lot of money.

In the past, EOC members have engaged in various criminal pursuits including auto theft, extortion, prostitution, human trafficking, money laundering, and murder.

Now, their focus is largely on white-collar crime including identity theft; frauds concerning credit cards; immigration,

insurance, and Medi-Cal fraud; and cigarette tax evasion.

However, EOC groups still continue to be involved in auto theft, and it appears that many of the vehicles stolen by these groups are shipped to foreign countries such as Mexico and Russia. According to investigators, they are seeing a migration of EOC groups from Southern California to Northern California because there is less criminal competition within the auto theft environment in Northern California; and there are also numerous auto auction centers located in the northern part of the state.

There are several Eurasian criminal networks involved in the theft and manufacturing of counterfeit credit cards in major cities throughout California. One such criminal cell was organized into several levels including a leader, street-level mail thieves, people who obtained the background information for credit activation (typically employed at a bank or car dealership because of the access to credit information), and buyers with good English-speaking skills. This criminal network's territory included affluent neighborhoods in the Northern California counties of Marin, San Mateo, Santa Clara, and Santa Cruz.

EOC thieves also target fitness gyms for credit card theft. The thieves buy one-day memberships and break into lockers while gym members are exercising. The thieves typically steal one credit card from a wallet. In some cases, a plastic card (similar to a hotel room key) replaced the stolen credit card to avoid detection. The credit card thieves then went on buying sprees or, in some cases, used the credit cards before the rightful owner realized the card was missing and reported it stolen.

Insurance fraud — specifically, staged auto accidents — has proven to yield high profits for EOC members. Staged auto accident rings consist of corrupt lawyers, doctors,

office administrators, individuals who participate in the staged accidents, and "cappers." "Cappers" are individuals who are used by professionals within the legal or medical industry to illegally increase the number of insurance claims processed. The claimants usually receive \$200 to \$1,000 per staged collision while the corrupt lawyers, medical professionals, and office administrators reap the larger criminal proceeds of the fraudulent claims.

Recent Developments

A multi-state auto-theft ring involving Eurasian organized crime suspects was dismantled last year by Northern California law enforcement authorities. Some of the recovered vehicles were stolen from the East Coast, and the vehicle identification numbers (VIN) were replaced with cloned VINs from Canada. California authorities believe there is networking among the Eurasian criminal groups statewide because many of the stolen vehicles began appearing in Southern California.

In 2003, Northern California officers arrested several Eurasian suspects for using stolen credit cards at a gas station. Officers stopped the vehicle and discovered scanners, printers, and computers used to manufacture fictitious identifications. Driver license templates were discovered on the computer equipment; and one of the suspects arrested had \$16,000 in cash. Two of the suspects were from Southern California, and it appears this criminal cell was operating throughout the state. It is not uncommon for an EOC network to stop its criminal activity in one area and move to another jurisdiction if they feel the members are being investigated by law enforcement authorities. In fact, they have become so adaptable that some now operate from hotel rooms or vehicles.

Medi-Cal fraud also appears to be a mainstay EOC activity. In June 2003, the California Attorney General's Office filed

felony criminal charges against three owners and employees of a fictitious pharmacy in Glendale, California. Also charged in this operation were four doctors who fraudulently billed Medi-Cal for more than \$500,000 and laundered the money by investing in a pseudo-caviar production company. A wholesaler to the pharmacy provided investigators with records that indicated the pharmacy only purchased \$37,550 in medications. Yet, the pharmacy — a front for the criminal operation — billed more than \$500,000 to Medi-Cal. Charges against the suspects included grand theft, Medi-Cal fraud, identity theft, and money laundering.

EOC criminals are also becoming more involved in cigarette counterfeiting and related tax fraud. An Eurasian criminal cell was investigated when Southern California law enforcement officials learned cigarettes were being fraudulently sold from a residence. More than 1,400 cartons of counterfeit cigarettes were confiscated from the suspects. The cartons were stamped for "export only," and several packages had Armenian writing on them.

In 2003, a Glendale, California, resident was arrested after being pulled over on a traffic stop. The officer discovered approximately \$20,000 worth of Gift Cards for stores such as Nieman Marcus, Home Depot, and Wal*Mart in his possession. Theft of Gift Cards for resale is a crime EOC members have committed in the past. In addition to Gift Card theft, EOC members steal expensive eyeglass frames — such as Cartier — that cost from \$700 to \$1,500 and resell them. The last burglary reported in Southern California totaled a loss of \$40,000.

Analysis and Trends

- EOC groups will likely continue to engage in cigarette tax evasion schemes. They may also conduct

burglaries of businesses to steal cigarettes for resale.

- EOC groups will likely continue to commit fraud or to take advantage of government-sponsored programs. EOC groups generally have an inside person to facilitate the criminal activity. EOC identifies and utilizes weaknesses involving regulations and policies regarding immigration and entitlement programs to illegally extract money from the programs.
- EOC groups are adept at determining the type of merchandise that is easy to resell, and this activity is likely to continue. Recent information indicates EOC is returning to the theft of thousands of dollars worth of store Gift Cards and the theft of high-end eyeglass frames from optometrists. These items are then resold by EOC group members.
- EOC groups will likely continue to operate multiple layer operations. Generally, any criminal activity in which EOC is involved, investigators will find multiple layers of ill-gotten gains. For example, EOC members bring in illegal aliens (collecting a smuggling fee from them), assist them in receiving welfare and other benefits (receiving a percentage of the government money), and then employ them in criminal activity that benefits the EOC trafficker.
- EOC will likely continue to use shell companies, mail drops, and residential addresses to establish the appearance of legitimacy for newly immigrated illegal aliens. The illegal immigrants often use the provided address to commit immigration fraud. EOC members also often use the addresses for money laundering operations and receipt of government assistance documents.

Traditional Organized Crime

The only example of traditional organized crime (TOC) in the United States is the La Cosa Nostra (LCN), commonly referred to as the "American Mafia." The LCN, literally translated into English as "this thing of ours," is a nationwide enterprise of organized criminals governed by both a strong internal hierarchal structure and a central motivation to generate profit. Today, LCN members are involved in a broad spectrum of illegal activities including murder, drug trafficking, gambling, labor racketeering, extortion, infiltration of legitimate businesses, loan sharking, pornography, prostitution, tax fraud, and financial market manipulations. The Southern California crime family, which consists of 15 to 20 members does not maintain exclusive hold over their territory in California and Nevada. This has left California and Nevada open to other organized crime groups including members and associates from several different Eastern TOC families who would like to expand their criminal opportunities into the golden state.

Background

Since the late 1920s, California has been perceived as open territory for just about anyone in TOC from the East Coast. Organized crime families from New York, Massachusetts, Ohio, Pennsylvania, Missouri, New Jersey, and Illinois have all maintained associates in California. Today, the majority of TOC members in California are emerging from New York families and are cooperating together in criminal endeavors. In addition, TOC families in California maintain close ties with Eurasian organized crime groups, outlaw motorcycle gangs, and various other criminal organizations.

Southern California has always been an attractive location for TOC families because

of the profitable entertainment industry and its close proximity to Las Vegas, Nevada. TOC remains in Las Vegas and is visible through their control of loan sharking, escort services, and other rackets. Currently, the Southern California crime family is very small due to the aging of its members and aggressive surveillance, investigations, and convictions by law enforcement.

While the Southern California crime family continues to be scrutinized by law enforcement authorities, organized crime figures from East Coast LCN families pose a threat. Those East Coast crime figures continue their attempts to penetrate legitimate businesses and commit illegal activities in California.

Recent Developments

In March 2003, a Brooklyn, New York, jury found a Gambino Family captain and a Gambino Family soldier guilty of an extortion plot against a well-known actor from California whom law enforcement officials referred to as the "Hollywood connection." The actor was pressed into testifying at the trial by prosecutors although he did not report the incident to the police. This extortion charge stemmed from the suspects' demand that the actor pay \$150,000 per film to the Gambino Family. He explained his reluctance to testify saying, "You can't make movies in the witness protection program."

During the above case, a private investigator in Southern California was arrested for suspicion of threatening a news reporter who was writing about the case by placing a dead fish with a rose in its mouth on the reporter's car. When police raided the investigator's home, they found a cache of illegal weapons and C-4 explosives. He

is currently serving a prison sentence of up to 33 months for the weapons violations.

Analysis and Trends

- Unless there is an infusion of new membership in the Southern California crime family, its already diminished role in California will likely continue to weaken if not disappear.
- TOC activity in California is open to East Coast organized crime figures who continue to move between Las Vegas, Los Angeles, and San Diego — with interests in loan sharking, offshore sports betting, and bookmaking.
- Infiltration of legitimate businesses will likely continue as a means for TOC to launder money. Parts of the entertainment industry, food service industry, and nightclubs have been common vehicles for that purpose.

Drug Trafficking Organizations

According to the San Diego/Imperial Narcotics Information Network, drug trafficking organizations (DTOs) based in Mexico continue to conduct smuggling operations into California despite law enforcement efforts on both sides of the border to confront the problem. Law enforcement authorities have identified more than 100 DTOs operating in California ranging from major international-level traffickers to small, localized operations. The Arellano Felix Organization (AFO) — also known as the Arellano Felix Cartel and the Tijuana Cartel — once one of the most powerful and violent drug trafficking organizations in Mexico now has several rivals including the Zambada Garcia drug organization.

Background

According to the U.S. Drug Enforcement Administration, drugs — such as cocaine, heroin, methamphetamine, and marijuana — continue to be smuggled into California from Mexico. A May 2002 *Drug Threat Assessment* update by the National Drug Intelligence Center (NDIC) states that California is one of the most active drug smuggling and drug production areas in the United States. Its proximity to both Mexico and the Pacific Ocean are conducive to drug trafficking — particularly the movement of large quantities of cocaine, methamphetamine, heroin, marijuana, and other dangerous drugs to drug markets within and outside California.

Mexican DTOs, such as the AFO, are responsible for most of the drugs smuggled into and sold in California. Methamphetamine is the primary drug threat followed by cocaine, heroin, and marijuana. Mexican DTOS control the distribution of methamphetamine in California. Some are operating “super labs” in California that convert mass amounts of

pseudoephedrine (a precursor chemical used in the production of methamphetamine) into methamphetamine.

Cocaine ranks second to methamphetamine as a significant drug threat in California. Mexican DTOs typically obtain cocaine from DTOs in Colombia and Peru — as well as from terrorist/insurgent groups such as the Revolutionary Armed Forces of Colombia — and then smuggle it into California for distribution.

According to the NDIC's threat assessment, Mexican black tar heroin — smuggled and sold by Mexican DTOs — is the most prevalent type of heroin available in California and is increasing in availability and purity.

The San Diego Narcotics Information Network reports that incidents involving Mexican nationals smuggling Colombian-produced heroin have been on the rise. One incident involved white heroin — possibly produced in Colombia — entering the United States through San Ysidro, California. Such activity appears to be geared toward supplying the East Coast market and, so far, has not had a significant impact on the Mexican brown and black tar heroin trafficking in California.

Recent Developments

During 2003, the discovery of several tunnels connecting Mexico to California indicates drug traffickers are continuing to seek alternative, subterfuge methods of smuggling their illegal products into the United States. In April 2003, U.S. Border Patrol agents discovered an operational cross-border tunnel located near the pedestrian border crossing in San Ysidro, California. In June 2003, Mexican authorities discovered an abandoned and

unfinished tunnel near the border town of Tecate, Mexico; and, in September 2003, Baja California State Prevention Police agents found the Mexican entrance of a tunnel under construction located inside the offices of an automobile air-conditioning repair shop. This tunnel was to connect the cities of Mexicali, Baja California, and Calexico, California.

violence associated with the activities of the Mexican DTOs may also increase.

In July 2003, 11 AFO members were indicted by a grand jury in Southern California on charges of conspiracy to launder narcotic proceeds and commit violent acts of intimidation. Through the use of fear, extortion, torture, and murder, AFO members hoped to silence individuals — such as informants, rival narcotic traffickers, Mexican law enforcement authorities, and the Mexican media — they felt threatened their organization. The AFO continues to recruit members from the San Diego, California, area.

Analysis and Trends

- Since great emphasis is being placed on screening people and vehicles upon entering the United States from Mexico, traffickers are looking for alternate routes, such as tunnels, to smuggle narcotics into the country. Law enforcement authorities report an increase in illegal narcotics trafficking in San Diego County as well as Imperial County. There has also been an increase in air smuggling activity along the southwest border.
- Although it is still a major drug trafficking organization, the AFO has been weakened by the arrests and deaths of its leaders.
- The NDIC reports that violence associated with the drug trade has become a major concern for authorities. Due to the increased availability of cocaine and methamphetamine, the

Outlaw Motorcycle Gangs

Outlaw motorcycle gangs (OMG), once perceived as a collection of troublemakers and social misfits, have evolved into sophisticated criminal organizations. They have become credible within the criminal landscape through their participation in a variety of criminal enterprises, proclivity for violence, and connection to elements within organized crime, prison gangs, street gangs, and drug cartels. For the past 50 years, OMGs have posed a serious threat to society. The more notorious OMGs present themselves as enthusiasts who share a common interest in riding motorcycles. However, numerous incidents in the past prove they use violence, intimidation, and criminal activities to increase the club's assets. Their use of fortified clubhouses; arsenals, including automatic weapons; counterintelligence efforts; and organized criminal activities indicate these biker groups are more than just social motorcycle associations. The larger OMGs are well-structured and highly organized.

Due to heightened tension between several OMGs, membership within the gangs will increase as will the support of puppet clubs. Larger numbers allow the gang greater strength when fighting in territorial competitions. The lucrative assets of the international drug trade have been the premise for the increase in OMG violence. In addition to drug trafficking, OMGs profit through other criminal enterprises such as weapons trafficking, burglary, extortion, money laundering, and prostitution. California can expect to remain at risk — at least for the immediate future — from the violence surrounding the escalating OMG tension.

Background

Individual OMGs appear to be very close-knit groups whose membership is selected.

Unlike other gangs or social organizations in which anyone with similar interests can join, OMGs are far more selective. Membership requires introduction to gang members, an initiation period of several months, and a final vote of acceptance. No one may attend gang meetings other than full members, and gang business is not discussed with non-members. A code of silence is strictly enforced among members of the gang.

All OMGs can be identified from their official uniform referred to as their "colors" or "patch." "Colors" refer to the gang's official emblem, which is worn on the back of their jackets. It includes the gang's name on the top rocker, the gang's emblem in the center with the letters "MC," (motorcycle club) and the location of the gang on the bottom rocker. A gang's "colors" is considered sacred by gang members and can only be worn by members. A person going through an initiation period may only wear the bottom rocker indicating the territory of control in which the gang operates and the letters "MC." Non-members who wear a gang's "colors" could receive a severe beating, and some have been killed.

In California, there are approximately 47 OMGs in existence — with an estimated 1,500 members. The Hells Angels and Mongols are the two OMG organizations with the largest number of members in the state.

The Hells Angels was formed in Fontana, California, in 1948. Since then, they have grown into the largest OMG in the world. They have chapters located in the United States, Canada, Germany, Sweden, and numerous other countries. There are 20 Hells Angels chapters in California, with an estimated 300 members. The 20 chapters — including the Nomads, which is not linked to a specific location — are

located in Shasta, Sonoma, Sacramento, San Jose, Merced, Monterey, Fresno, San Fernando Valley, San Bernardino, Daly City, Oakland, Richmond, San Francisco, Vallejo, Ventura, Orange County, San Diego, Santa Barbara, and Santa Cruz. The Santa Barbara and Santa Cruz chapters are the newest in California and were formed after April 2002.

The Hells Angels has evolved into one of the most predominant OMGs in the United States. Historically, the Hells Angels has profited from numerous lucrative criminal activities. Its members have been involved in drug trafficking, prostitution, stolen vehicles, fraud, weapons trade, and money laundering — as well as legitimate business interests. The organization has used its profits to maintain a legal defense fund in order to defend itself as an organization and its members from prosecution. Funds are also generated through fund-raising events conducted by the Hells Angels in conjunction with other affiliated OMGs.

Unlike the Hells Angels, the Mongols OMG is essentially concentrated in the Southern California region. The Mongols formed in the early 1970s, with its first chapter in the San Fernando Valley. They established themselves as both a national and an international organization by founding chapters in Oklahoma, Georgia, Colorado, and Mexico. According to the Mongols website on the Internet, there are 53 chapters throughout the United States — 45 of which are located in California. Due to the frequent change in members and the disbanding of chapters, it is difficult to verify the number of chapters that are in existence. There are approximately 25 chapters known to law enforcement in California, with membership numbers ranging from 200 to 350. The two newest chapters observed by law enforcement are the Oakland and Palm Springs chapters.

Like the Hells Angels, the Mongols are also known to be involved in manufacturing and distributing narcotics. Some club members have been charged with various offenses ranging from firearm violations to murder.

Both the Hells Angels and the Mongols consider themselves to be “one-percenters (1%),” a term coined from a statement made many years ago by motorcycle enthusiasts. The statement claims that only one percent of those who ride motorcycles are involved in criminal activities. The Hells Angels and the Mongols have proudly adopted the term and wear the “1%” emblem on their clothing.

Drug trafficking is believed by law enforcement authorities to be the number one income producer for OMGs, especially the Hells Angels. Today, the Hells Angels is considered by authorities to be one of the largest drug distribution organizations in the United States. The Hells Angels has been known to traffic methamphetamine, amphetamine, cocaine, marijuana, hashish, LSD, heroin, PCP, ecstasy, methaqualone, seconal, steroids, STP, MDA, mescaline, and other drugs. Members of other OMGs are required to obtain approval from the Hells Angels in order to distribute drugs in Hells Angels-controlled territory, and they are usually required to pay a “street tax.” Members of OMGs continue to be involved in the importation and distribution of cocaine, the production and distribution of methamphetamine, the cultivation and exportation of high-grade marijuana — as well as the illegal distribution of prescription drugs.

Historically, the Hells Angels created an organization comprised of middle-aged men. The members tend to stay in their club for longer periods than members of other OMGs. Because of this, many chapters are experiencing the need to induct younger, “untested” members to continue their business and to maintain the strength of their clubs. Newer members are

being recruited from other OMGs and from white street gangs. Law enforcement is encountering the increasing presence of younger men in the various chapters. Some of the newer members have been used to technologically upgrade the ways in which the club operates their legitimate — as well as illegitimate — businesses. The wave of newer generation members is more aggressive and impatient. These traits could greatly increase the potential for a violent “biker war.”

The Mongols’ infrastructure indicates their members are younger and more “thug-like” than the more established Hells Angels. The Mongols are considered one of Southern California’s most violent and criminally active OMGs. They have been known to recruit prison inmates who receive their patches immediately after their release from prison.

Recent Developments

The growth of OMGs over the years — along with their widening criminal endeavors — has made them the subject of numerous criminal investigations by law enforcement. They have been the topic of many front-page newspaper articles because of their violent confrontations and their involvement in all types of illegal activities.

In March 2001, the Fresno Hells Angels approached the Exiles Motorcycle Club — a military biker club in Hanford, California — and advised them that their club no longer existed. Some members of the Exiles became members of the Hells Angels; however, there were some that decided to elect new leadership instead of disbanding. When members of the Fresno Hells Angels found out about this, they went back to the Exiles clubhouse and severely beat up two Exiles members. In July 2001, law enforcement authorities began *Operation Falling Angel*, which yielded the arrests of a dozen Fresno Hells Angels members and

associates on charges of kidnaping and assault.

During October 2003 — as a result of *Operation Falling Angel* — four Fresno Hells Angels members were convicted on charges of second-degree burglary, with a California Penal Code (PC) Section 186.22 (California Street Terrorism Enforcement and Prevention Act) enhancement. With the PC Section 186.22 convictions, prosecutors throughout the state now have a precedence describing the Hells Angels as a criminal street gang as opposed to a “club.” Among those convicted of the street gang enhancement is the vice president of the Fresno chapter who was in a position of leadership at the time of the assault.

In September 2003, a former member of the Hells Angels was shot and killed at a bar in El Cajon, California. The suspects in this shooting were described as members of the Hells Angels rival gang, the Mongols. Through the combined efforts of several law enforcement agencies, two Mongols members were arrested in October 2003 on suspicion of murder.

In December 2003, the law enforcement efforts to disrupt the Hells Angels organization once again proved successful. After a two-year undercover investigation into alleged violations of gun and drug laws, 55 members and criminal associates were arrested in California, Arizona, Washington, Nevada, and Alaska. The suspects have been indicted on federal racketeering and firearms charges stemming from the deadly brawl with the Mongols inside the Harrah’s Casino in Laughlin, Nevada, during 2002.

Analysis and Trends

- In order to control regions of California, it is likely that both the Hells Angels and the Mongols will continue to recruit new members and gain strength in numbers. Tension between the Hells Angels and

the Mongols will likely continue to escalate.

- California may see an increase in the use of surrogate or "puppet" clubs. The larger clubs may implement the use of their support clubs to carry out their activities. These smaller clubs are becoming more violent in order to make a name for themselves and prove their worth to the appropriate club.
- Because of the "war" between the Hells Angels and the Mongols, it is expected there could be an upgrowth of new chapters of both the Hells Angels and the Mongols in California. California may encounter a significant expansion from both the Hells Angels and the Mongols.
- OMGs are increasingly utilizing technology to help run their criminal enterprises. They are using computers, communication devices, and surveillance equipment to help stay one step ahead of law enforcement authorities.

Prison Gangs

Prison gangs continue to influence many of the gangs on California streets. In spite of being incarcerated, these prison gangs are able to maintain control of many of the street gangs and direct their activities. Criminal street gang members are sometimes recognized as "foot soldiers" to the larger prison gangs and are contracted out to engage in violent profitable criminal operations. Law enforcement authorities realize that some of the gang activity occurring on the streets is often dictated from gangs inside prison.

Background

Prison gangs began organizing in the 1960s and 1970s for the purposes of uniting inmates for self-protection and monopolizing the criminal enterprises within the prison system. Taking advantage of tensions already existing between inmates, prison gangs recruit members along racial and ethnic lines. As the gangs began to grow and acquire more leverage, rivalries began to emerge that led to increased violence in the institutions.

In prison, the gangs engage in a variety of illegal activities including assaults on fellow inmates and correctional staff, extortion, drug trafficking, robbery, illegal gambling, racketeering, and contraband smuggling. On the streets, prison gangs have organized armed robberies, auto-theft rings, drug sales, and murder to further their criminal enterprises. There are five major prison gangs operating in California correctional facilities: Mexican Mafia (EME), Nuestra Familia (NF), Black Guerilla Family (BGF), Aryan Brotherhood (AB), and Nazi Low Riders (NLR).

The EME is the oldest and largest prison gang in California. It was formed in the late 1950s in the Deuel Vocational Institute. Members are mostly Hispanic; and their

main criminal activities include the sale of narcotics, murder, extortion, assault, and weapons violations. They have ordered Hispanic street gangs in Southern California to pay a "tax" for selling narcotics in exchange for protection — with those that refuse to pay being targeted for death. They use particularly gruesome killings as a means of discipline and gaining respect. The EME considers members of the AB to be their allies while the NF and BGF are their enemies.

The NF originated in Soledad Prison in California in the mid-1960s to protect younger, northern Mexican-American inmates from the southern Mexican-American inmates who belonged to the EME. The NF is the chief rival of the EME, and violent turf wars between the two gangs continue to exist as Southern California gang members migrate north. Members of the NF have a lifelong "blood-in, blood-out" requirement for membership with the gang, meaning that blood be shed to join the gang and that death of the member was the only way to leave the gang. Like the EME, the NF has also established a taxation system among Hispanic street gangs that profit from the narcotics trade in Northern California.

The BGF was founded in 1966 in San Quentin State Prison. It requires a life pledge of loyalty to the gang. They experienced a decline in membership during the 1990s, but they are currently conducting a recruiting drive to build up their membership. BGF's enemies include AB and the EME.

The AB, formed in San Quentin State Prison in 1967, continues to be the most influential white gang in the prison system. The AB was established to provide protection to white individuals from emerging African-American and Hispanic

gangs. The AB demonstrates intense hatred toward African-Americans, Jews, homosexuals, and other minority groups. The motivation of AB members is fueled by the white supremacy philosophy, which encourages the commission of violent hate crimes. They have been known to engage in a wide range of criminal activity including murder, assault, extortion, drug operations, prostitution, and violence in prisons. The AB maintains ties to the Aryan Nations, a white supremacy group that advocates racial violence across the United States. The AB has been known to associate with the EME and other white organizations such as the Hells Angels. Their main enemies are members of the BGF.

The NLR was officially classified by California Department of Corrections (CDC) authorities as a prison gang in 1999. It is believed to have originated in the early 1970s at California Youth Authority's Preston facility because AB members needed a presence in California prisons once the AB was isolated from other prisoners in the CDC's Pelican Bay's Security Housing Unit (SHU). Once the NLR was classified as a prison gang, members were also placed in the SHU, which diminished their ability to help the AB. The NLR operates both inside prison and on the streets. Many of the crimes committed on the streets are done at the direction of, and for the benefit of, NLR members who remain in prison.

Recent Developments

In January 2003, the California Department of Corrections observed a resurgence of the BGF throughout the California prison system. The BGF has been observed recruiting mainly from African-American street gangs such as 415 Kumi Nation, the Black Gangster Disciples, and the Crips and Bloods.

In March 2003, an NLR member engaged the Ukiah Police Department in a shootout

at a local Wal*Mart in Ukiah, California. The shootout was a result of a fraud scam gone awry with the NLR member and his girlfriend. The NLR member who suffered fatal gun shot wounds had three knives and ammunition on his person as well as five pipe bombs in his vehicle.

In April 2003, six members of the AB were sentenced in federal court on charges relating to violations of the Racketeer Influenced and Corrupt Organizations Act. The convictions are the result of an investigation involving federal, state, and local law enforcement agencies. The sentences ranged from 7 to 14 years and will be served in federal prison after state prison commitments have been fulfilled.

During July 2003 in Salinas, California, two NF associate gang members were sentenced for the murder of another NF associate and for selling drugs to aid the gang. The associate gang member responsible for the shooting was sentenced to 25 years to life in state prison. Murder charges against the second associate gang member were dropped, but that person was sentenced to 18 years in state prison for selling drugs and aiding the gang in its criminal activities. A third suspect, an NF gang member, was also found guilty for involvement in the murder but has not yet been sentenced. While this shooting may not be unusual in the gang community, it does show the degree of violence to which gang members will go to resolve their differences.

Analysis and Trends

- Despite recent indictments, the AB will likely continue its criminal activities both in and out of custody. As the gang struggles to recuperate from the consequences of these indictments, it may begin recruiting from other white supremacist groups.

- In spite of their incarceration, prison gangs — such as the AB and the EME — will likely continue to have influence over some of the white and Hispanic street gangs and may still be capable of directing their street activities.
- As gang membership continues to evolve, more rivalries may develop — leading to increased violence in the institutions.
- The resurgence of the BGF could result in violence among various prison gangs in an effort to recruit and bolster its membership. Their struggle over the drug trade may also lead to more violence.

Street Gangs

Throughout 2003, street gangs continued their involvement in violent crimes such as kidnaping, residential and business robberies, trafficking of weapons and illegal narcotics, drive-by shootings, and murders. Many gang-related incidents were motivated by monetary gain; however, an increasing number of incidents were the result of turf battles, gang retaliations, and witness intimidations.

Gang-related crime continues to escalate in California. In the early 1990s, the number of gang-related homicides steadily increased — reaching a peak in 1994 with 880 gang-related homicides. In the mid-1990s, gang-related homicides experienced a decreasing trend that lasted five years. This downward trend ended in 1999, with 402 gang-related homicides being reported. Since 2000, gang-related homicides have — once again — been on the rise.

Background

Gangs were initially formed for self-preservation and protection; however, they are now more focused on running criminal enterprises in the communities where they often reside. One of the most lucrative criminal enterprises for street gangs has been the sale and distribution of illegal narcotics; however, they also engage in a variety of other criminal activities ranging from violent acts — such as murder and assault — to white-collar crimes — such as credit card fraud and identity theft.

The criminal street gangs in California are divided along racial and ethnic lines comprised of Hispanic, African-American, Asian, and white members.

Hispanic street gangs appear to make up the largest percentage of the state's gang membership. Members are recruited at a young age and migrate from populated

inner-city neighborhoods into many rural parts of California.

Some Hispanic gangs that operate on the streets of California are controlled by incarcerated Hispanic prison gang members. Many of the gangs in Northern California are controlled by the Nuestra Familia prison gang, and the gangs from Southern California are controlled by the Mexican Mafia prison gang. Members of Hispanic street gangs who pay a "tax" on profits from their criminal activities often find protection from their respective gangs.

Some of the San Diego-based Hispanic street gangs in Southern California have established connections with the Tijuana-based Arellano-Felix Organization drug cartel, one of the most violent and powerful drug trafficking organizations operating from Mexico. The gangs receive large sums of money for their activities in drug trafficking, protection, and violent attacks against rival narcotic traffickers on behalf of the cartel.

African-American street gangs account for the second largest percentage of active street gang members in the state. Two of the more notorious African-American street gangs are the Crips and Bloods, which were both founded in Los Angeles during the 1960s but did not rise to prominence until the 1980s.

In Northern California, African-American gangs tend not to be affiliated with the Southern California Bloods or Crips; however, they pose similar threats in cities such as East Palo Alto, San Francisco, Richmond, Oakland, Hayward, and San Jose. African-American gangs tend to be very territorial and are motivated to protect their neighborhood from rival gangs. They have committed numerous gang-related crimes in California including

murder, drive-by shootings, illegal narcotics distribution and transportation, bank and jewelry store robberies, burglaries, grand-theft, extortion, and several other crimes to support their membership.

African-American gangs continue to engage in violent criminal activities throughout the state. They make no effort to distinguish between rival gang members and innocent bystanders when committing a violent crime. Their use of violent assault weapons — including AK-47 assault rifles and Mac-10s — has escalated. They do not fear violent confrontations and will use deadly force, even if it requires shooting a police officer.

Asian street gangs make up the third largest percentage of active gang members in California and are comprised mainly of Vietnamese, Laotian, Cambodian, and Hmong members. Asian street gangs tend to be organizationally fluid and mobile; however, some gangs are beginning to develop a hierarchical structure in an attempt to be more criminally competitive with other street gangs.

Most crimes committed by Asian gangs have the tendency to be marked with extreme violence. Home-invasion robberies are one of the more brutal crimes that Asian gangs have been committing over the last decade. Many of the crimes committed by Asian gangs are against members of the Asian community and go unreported due to the victims' fear of retaliation by the gang members.

Asian gang members belonging to gangs — such as the Asian Boys, the Mongolian Boys Society, the Tiny Rascals, and the Black Dragons — have committed murder, rape, assault with a deadly weapon, burglaries, grand-theft, drug trafficking, and extortion. They have also been convicted of white-collar crimes such as counterfeiting currency, computer software, and traveler's and payroll checks.

Asian gang members are often recruited by Asian organized crime members who contract violent activities out to the gangs to avoid attention being drawn to the organization.

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 philosophically oriented and those that are utilitarian oriented. Philosophically oriented street gangs — like some Neo-Nazi Skinhead groups — tend to focus on promoting their philosophy of white supremacy, and their crimes are usually motivated by bias or hate of people they perceive as inferior. Utilitarian white street gangs have become the more predominant type of white street gang in California over the last decade. While these gangs also support white supremacy, they focus more on the mainstream gang activities such as the sale of illegal 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.

Public Enemy Number One (PEN1), a utilitarian white street gang, is one of the most powerful and fastest growing white street gangs in California. This gang formed its ranks during the mid-1980s in Long Beach, California and, eventually, moved to Orange County where it continues to base some of its criminal activities that have spread throughout other parts of California. The motives of most PEN1 members are monetary profit, gang retaliation, gang intimidation, and narcotics related. Some of the typical crimes committed by PEN1 members include — but are not limited to — burglaries; robberies; possession of dangerous weapons; receiving stolen property; and assaults, including assaults against law enforcement authorities. Most PEN1 gang members in California have been arrested more than once, and nearly

75 percent of the gang members have been incarcerated in one of California's state correctional facilities — with some members serving more than one term.

Recent Developments

In July 2003, the alleged leader of the Black Dragons — an Asian street gang — was charged with conspiracy, attempted murder, and solicitation of murder. Twenty-two other reputed members were also arrested on various charges including murder, attempted murder, assault with a deadly weapon, felony vandalism, extortion, and prostitution. The arrests followed a three-year investigation by the Federal Bureau of Investigation and more than a dozen Southern California law enforcement agencies. Several high-ranking members of the gang — including the leader as well as the second in command — were taken into custody. Their bails were set at amounts ranging from \$1 million to \$4 million. The small but violent street gang had operated in California's San Gabriel Valley since the mid-1980s.

Also in July 2003, Orange County, California, law enforcement authorities broke up an identity theft ring in which several individuals stole more than \$2 million from the bank accounts of Orange County residents. A former Asian gang member was the leader of the ring in which members assumed identities of victims and withdrew cash from out-of-state banks. After a six-month investigation, 23 people were arrested. All were from Los Angeles and Orange counties and ranged in age from 19 to 53.

In August 2003, a Skinhead (Ventura Skinhead Dogs) gang leader was ordered to stand trial for the 1998 killing of a teenage girl he believed had provided law enforcement authorities with information on his past criminal activities. The suspect and two other gang associates drugged and stabbed the victim at a hotel in Ventura,

California; placed her body in a garbage can; filled the garbage can with cement; and dumped her body in Los Angeles. In addition to first-degree murder, the suspect is charged with special circumstances of kidnaping and murder committed during a robbery. These charges make him eligible for the death penalty. One of those suspects has already been found guilty and was sentenced to 58 years to life in prison. Another suspect was convicted in 2001 but has since been granted a new trial.

During October 2003, in Fresno, California, two members of Surenos street gang were convicted for the murder of a 10-year-old boy as he slept. The gang members were found guilty of first-degree murder and committing the crime for the benefit of a street gang. They were sentenced to life in prison and will be eligible for parole after serving 50 years. The Surenos gang members had a grudge with the victim's 16-year-old brother, a member of a rival Hispanic gang — the Fresno Bulldogs. The older brother was the intended victim of the shooting.

In 2003, local law enforcement authorities filed injunctions against the following gangs: Bounty Hunter Bloods in Los Angeles, Rolling 60s also in Los Angeles, and Chankla Bulldogs in Fresno. These injunctions prohibit gang members from congregating within a specific geographical area; associating with each other; having possession of drugs, alcohol, and weapons; and using electronic devices such as pagers, cell phones, scanners, and two-way radios.

Since 1982, California courts have granted more than 30 gang injunctions against local street gangs that law enforcement authorities have declared to be a public nuisance. Once served, gang members who violate the injunction can be arrested for criminal and/or civil contempt. Each count of criminal contempt carries a fine, up to three years probation, and maximum of

six months in jail while a count of civil contempt can carry a \$1,000 fine or five days in jail.

Although the total numbers have yet to be tabulated for 2003, the number of gang-related homicides through 2002 continue to rise. (See Chart 1 on page 22.) In the early 1990s, the number of gang-related homicides steadily increased. In the mid-1990s, gang-related homicides decreased for five years. This downward trend ended in 1999. Since 2000, gang-related homicides have — once again — increased.

Gang-related homicides are only a portion of the total number of willful homicides committed during the year. (See Chart 2, also on page 22.) The number of gang-related homicides generally moves in tandem with the number of willful homicides; however, for the last four years, the proportion of gang-related homicides to willful homicides has steadily increased from a low in 1998 of 18.6 percent to 30.5 percent — nearly 1 out of 3 — in 2002.

Analysis and Trends

- While still committing traditional types of crimes, such as drug trafficking and assault, street gangs will likely continue to gravitate toward — and become more involved in — white-collar crimes. This type of activity — which includes fraud, counterfeiting, and identity theft — may attract more gang members due to the huge profits and lighter penalties in comparison to penalties for narcotics-related and violent offenses.
- Street gangs will likely continue to expand their criminal enterprises into nearby communities.
- Asian street gang members will likely continue to commit crimes throughout California including home-invasion robberies; auto theft; drive-by shootings;

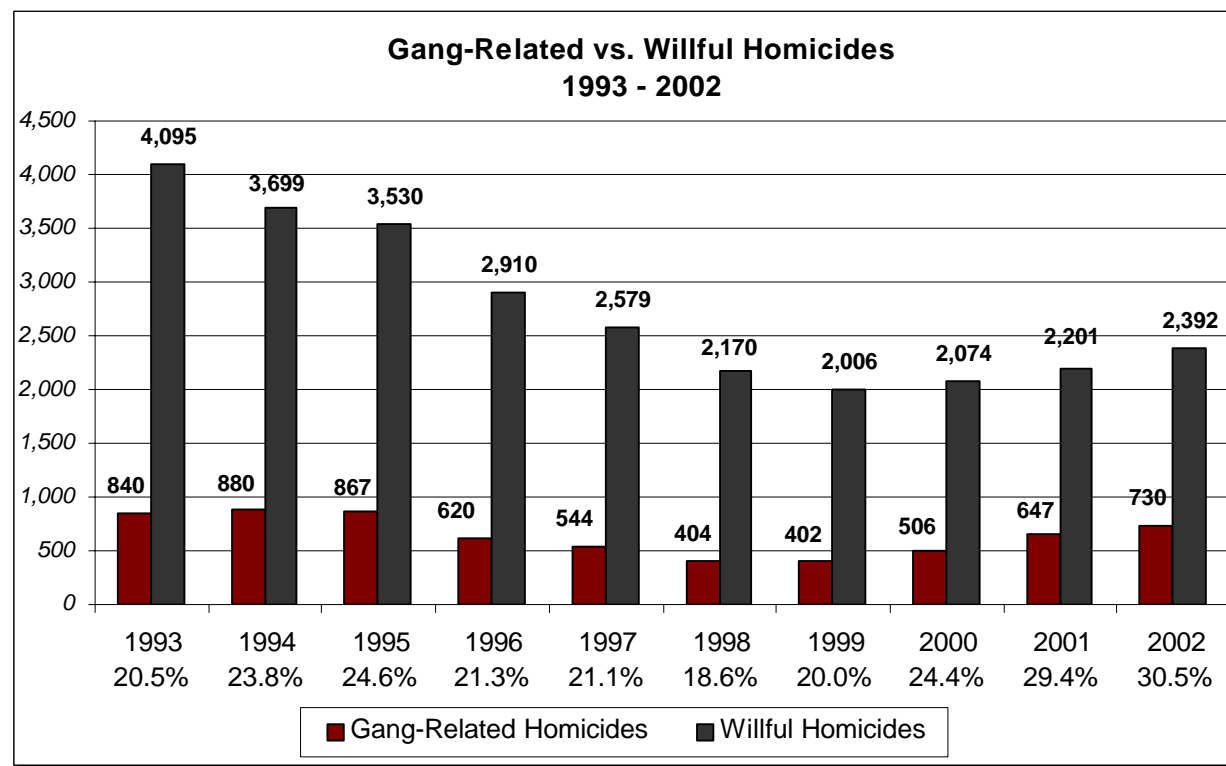
and credit card, currency, and computer software counterfeiting.

- Hispanic street gangs will likely continue their relationship with major drug trafficking organizations.
- Gang-related homicides continue to increase. In 2002, nearly one out of every three homicides in California was gang related; and, while the number for 2003 has yet to be tabulated, it appears the trend continued to increase during the year.

Chart 1



Chart 2



Criminal Extremists

While the number of crimes committed by members and associates of criminal extremist groups — such as white supremacists, anti-government adherents, and anarchists — have diminished during 2003, law enforcement authorities have seen a significant resurgence in criminal activities being committed by animal and environmental rights activists. Combined, these group members have committed or attempted to commit 17 acts of vandalism and arson — costing millions of dollars in damage.

Background

White supremacists often adhere to the principles of racial supremacy and embrace anti-government, anti-regulatory beliefs. Members generally engage in activities protected by the constitutional guarantees of free speech and assembly; however, some group members have engaged in criminal acts on behalf of their ideals. The Aryan Nations, Ku Klux Klan, National Alliance, White Aryan Resistance, and the World Church of the Creator are the five major white supremacist organizations impacting California. 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 members of minority communities.

Frequently sharing some of the white supremacist ideals and beliefs, anti-government criminal extremists also have a presence in this state. These individuals typically belong to subgroups such as militias and refer to themselves as patriots, constitutionalists, sovereigns, Freeman, and “common law” adherents — some of whom are willing to commit crimes in furtherance of their ideals. Their perception of increased gun-control legislation, fears of

the United Nations' growing involvement in domestic governmental affairs, and confrontations with law enforcement prompted anti-government adherents to begin forming their ranks in the mid-1990s. Many of the criminal extremists who belong to the anti-government movement refuse to adhere to local, state, or federal laws and have become intent on forming common law-based court systems. These adherents have challenged the government's authority to impose taxes, govern, and maintain order. Some devout anti-government extremists stockpile illegal assault rifles and explosives, conduct paramilitary training, and have threatened and assaulted government employees. They have also filed bogus legal actions against law enforcement officers, members of the courts, municipal officials, and other citizens.

Anarchists make up another criminal extremist group that has a history of committing criminal acts in California. These individuals are adamantly anti-government and typically engage in violent protests related to anti-capitalism, anti-racism, and anti-corporate globalization. They profess a revolutionary, socialist doctrine, and view themselves as the protectors of the people against the perceived dehumanization caused by capitalism and imperialism. Anarchists aim to initiate social and economic change in the United States, which, they believe, can only be achieved through revolution.

Special-interest criminal extremists seek to resolve specific issues through acts of crime rather than affect widespread political or social change. These groups typically use acts of destruction, violence, and intimidation in an attempt to force the general public to change their attitudes about issues considered important to the extremists' cause. The Animal Liberation

Front (ALF) and Earth Liberation Front (ELF) are two such groups. The ALF operates throughout North America and Europe and traditionally commits acts of destruction in an effort to stop animal research and the production of animals for food and clothing. The ELF grew out of the environmental movement, which began in England during the 1980s. It encourages acts of "monkey wrenching," a euphemism for acts of sabotage and property destruction, against industries and businesses perceived by ELF members and sympathizers to be damaging the environment. Typical "monkey wrenching" activities include tree spiking, arson, and the sabotage of logging and construction sites and equipment. The two groups are believed by authorities to have a strong alliance and several members in common. After an arson attack in Irvine, Pennsylvania, in late 2002, the ELF declared that it would no longer adhere to a non-violent philosophy and its members would not ". . . hesitate to pick up the gun to implement justice . . ."

Recent Developments

In January 2003, two individuals with ties to white supremacist groups were convicted in Orange County, California, on various charges. One of the defendants was found guilty of possessing chemicals that would facilitate the manufacturing of explosives. He is currently on searchable probation, with the contingency that he does not associate with individuals in the white supremacy or anti-government movements. The second defendant was convicted of possessing a dangerous weapon and is on probation.

In February 2003, law enforcement authorities in Pasadena, California, discovered illegal weapons, pipe bombs, six barrels of jet fuel, assorted incendiary devices, and a large sum of money in a storage locker rented to an individual believed by authorities to have ties to an

anti-government criminal extremist movement. His personal vehicle contained anti-government literature, and he possessed a letter from an associate that outlined how to carry out a bomb attack on unspecified targets. The suspect is currently being held in a county jail in Southern California on embezzlement charges.

In March 2003, the ALF claimed responsibility for placing two 1-gallon plastic milk containers filled with a flammable liquid at a fast-food restaurant in Chico, California. Also in Chico, California, the group claimed responsibility for vandalizing another location of the same fast-food restaurant chain by spray painting "ALF" and "liberation" on the establishment's walls.

Also in March 2003, animal rights activists are believed by authorities to have caused damage to several buildings in California. In Petaluma, they set fire to a veal processing plant — damaging the roof of the building. They also claimed responsibility for throwing projectiles through the windows of a medical service provider in Los Angeles; an apparel designer's boutique, which sells furs in West Hollywood; and shooting a ball bearing through the glass front door of a brokerage, banking, and lending firm in Beverly Hills. Authorities also believe animal rights activists spray painted the garage door of an employee/representative of an international animal research facility in San Diego with graffiti. Activists are also believed by authorities to have destroyed the front window and door of a related animal research facility in Torrance.

In April 2003, the ELF claimed responsibility for vandalizing trucks and sports utility vehicles (SUVs) parked at dealerships and residential areas in Santa Cruz. The activists spray painted the vehicles with antiwar messages such as "No War," "SUVs Suck," and "No Blood for Oil."

Also in April 2003, an anarchist was arrested in Long Beach, California, for possessing an explosive device that law enforcement authorities suspect was intended to be used to bomb a Moose Lodge where white supremacists were planning a commemoration of Hitler's birthday. He has since been sentenced to three years in state prison for explosives charges.

In May 2003, an employee at a car dealership in Chico, California, found two incendiary devices, which did not ignite, underneath two new compact SUVs. The bombs were constructed out of plastic milk jugs filled with a flammable liquid; a method consistent with previous fire bombings attributed to animal/environmental right activists.

In June 2003, the ELF claimed responsibility for attempting to set fire to a home under construction in Chico, California. "Save our Bio Region E.L.F." was found spray painted on the driveway. Also in June 2003, the ELF claimed responsibility for attempting to set fire to a construction site in Chico, California. Crew members found the initials "ELF" spray painted in black on the passenger side door of one of the work trucks.

In July 2003, animal rights activists are believed to have vandalized the home and vehicle belonging to the head chef of a restaurant in San Francisco. The vehicle was covered with what appeared to be an acidic gel. The word "evil" was written on the rear window; "murder" on another window; and "Foie Gras is torture" on another window. Red paint was randomly poured in several areas at the front of the home.

In August 2003, the ELF claimed responsibility for the arson of an apartment building under construction in San Diego, California. A 12-foot banner found at the scene read, "If you build it, we will burn it,"

and "The E.L.F.'s are mad." The fire caused more than \$50 million in damages. In West Covina, California, arsonists destroyed several SUVs and a warehouse at an auto dealership. SUVs at nearby dealerships in Arcadia, Duarte, and Monrovia were also vandalized. The vehicles were spray painted with messages that read, "I (heart) Pollution," "American Wastefulness," and "ELF."

Also in August 2003, an animal rights group calling itself the Revolutionary Cells-Animal Liberation Brigade claimed responsibility for exploding two pipe bombs at a biotechnology firm in Emeryville, California.

In September 2003, the ELF claimed responsibility for setting fire to three homes under construction in San Diego, California. The arson caused more than \$1 million in damages. A banner found at the scene read, "Development destruction. Stop raping nature. The ELF's are angry."

Also in September 2003, the Revolutionary Cells-Animal Liberation Brigade claimed responsibility for detonating a bomb in the doorway of a multinational health science corporation in Pleasanton, California, which shattered several windows and tore stucco from the building.

In October 2003, the ALF claimed responsibility for vandalizing the home of an administrator at the Los Angeles Department of Animal Services.

Analysis and Trends

- White supremacists will probably continue pursuing their racist agenda. Internal struggles experienced by a few groups in recent years may cause some splintering and, subsequently, a resurgence in violence.
- Authorities may have thwarted a major disaster when it arrested an individual with suspected ties to the anti-

government criminal extremist movement who was in possession of illegal weapons, pipe bombs, six barrels of jet fuel, and assorted incendiary devices.

- Animal and environmental rights groups drastically increased their criminal activity last year. Together, the ALF and ELF are believed by authorities to have been responsible for 17 incidents causing more than \$52 million in damages in California alone.

International Terrorism

The attacks of September 11, 2001, forced law enforcement authorities to enhance their response capabilities to acts of terrorism on U.S. soil. In California, the Department of Justice (DOJ) created the California Anti-Terrorism Information Center (CATIC) on September 25, 2001, combining it with other DOJ intelligence components in the Criminal Intelligence Bureau. CATIC has determined California contains several targets of interest to Foreign Terrorist Organizations (FTOs). CATIC also ascertained that FTOs — such as al-Qaeda and HAMAS — continue to have connections to our state. This was evidenced in the 2003 release of a congressional report, which confirmed existing information that three of the September 11, 2001, hijackers had lived briefly in San Diego, California, as well as the U.S. Court of Appeals decision to uphold the U.S. State Department's designation of the Holy Land Foundation for Relief and Development as a Specially Designated Terrorist.

During 2003, CATIC — in conjunction with federal and local authorities — was involved in several investigations concerning individuals who were suspected of having a nexus to terrorism. Unfortunately, the specifics of these cases are not suitable for public release at this time; however, the following summaries provide a general overview of the types of activities CATIC has engaged in over the last year. In August 2003, CATIC analysts began examining more than 19,000 financial transactions that authorities believed were part of an illegal hawala operation. Hawala is a non-monetary financial transaction system that is conducted by two brokers or hawaladars — one in the United States representing a client and the other typically in another country representing their own client. A telephone call requesting a certain amount be deposited in an account from

one hawaladar to another is made. Over time, as these calls are made back and forth, the outstanding amounts among the hawaladars are compensated by offsetting requests from other clients. Authorities believe international terrorist organizations have used hawalas situated in the United States to illegally transfer funds to operatives around the world.

In December 2003, CATIC implemented Operation Manifest Destiny at the request of the Federal Bureau of Investigation (FBI). CATIC mounted a 24-hour, 7 day-a-week effort throughout the Christmas and New Year's holidays to run the passenger manifests supplied by the FBI of international flights to and from California through all available intelligence and criminal databases. The completed searches were categorized and sent to CATIC staff assigned to the FBI's Joint Terrorism Task Force. Some of the information supplied by CATIC assisted the U.S. government's decision to request the cancellation of certain flights.

Al-Qaeda

Arabic for the "base," al-Qaeda is an international terrorist network that seeks to establish a pan-Islamic caliphate throughout the world. The group works to achieve this by uniting allied Islamic extremist groups to overthrow regimes it deems as "non-Islamic" and to purge Muslim countries of Western influence. Al-Qaeda perceives the West, specifically the United States, as the primary enemy of Islam. The group received international notoriety after initiating the September 11, 2001, attacks on the World Trade Center in New York City and the Pentagon building in Washington, D.C. While the group has suffered substantial organizational setbacks, it continues to launch terrorist attacks

throughout the world and represents a significant threat to the nation's security.

Background

Al-Qaeda was established by Osama bin Laden and a leader of the Palestinian Muslim Brotherhood in 1979. Its purpose was to enlist Muslims from throughout the world to fight the Soviets' occupation of Afghanistan. Its volunteers were financed by bin Laden and trained in guerilla warfare, sabotage, and covert operations. After expelling the Soviets in the late 1980s, bin Laden wanted to broaden his focus and formed al-Qaeda in 1988. Traditionally, al-Qaeda has enlisted Afghan war veterans although it also recruited and trained numerous militant Sunni Muslim extremists from all over the world. While bin Laden does hail from a millionaire family, al-Qaeda is believed to be financed by a variety of means — including money earned from front businesses, charitable organizations, and criminal enterprises. In 1998, bin Laden announced the formation of an umbrella organization called the World Islamic Front for Jihad Against the Jews and Christians and declared that it was the individual duty of all Muslims to kill United States citizens — civilians and military personnel alike — and their allies.

The al-Qaeda organization has been responsible for numerous attacks on United States' interests including the first attack on the World Trade Center in 1993; the bombing of the United States Embassies in Nairobi, Kenya, and Dar es Salaam, Tanzania, in 1998; bombing of the U.S.S. Cole in the port of Aden, Yemen, in 2000; and the hijacking of planes that were crashed into the World Trade Center, the Pentagon, and the Pennsylvania countryside in 2001. Al-Qaeda was also behind the foiled plot to explode a bomb at the Los Angeles International Airport in 1999. Despite recent setbacks at the hands of military forces and law enforcement personnel, officials believe al-Qaeda has

been responsible for several bombings in northern Africa and the Middle East.

While al-Qaeda has not successfully attacked a target within California's borders, it has had an indirect connection to this state for several years. Its members and affiliates have been known to be in this state at various times. The three al-Qaeda terrorists who commandeered American Airlines, Flight 77, and crashed it into the Pentagon had been residing in San Diego, California. These individuals are believed by authorities to have worked at a local gas station and traveled to Oakland, California, to scout flight schools.

Recent Developments

In May 2003, explosions rocked three housing compounds in Riyadh, Saudi Arabia. The improvised explosive device killed seven Americans, along with those representing a variety of nations. In Casablanca, Morocco, five simultaneous suicide bombings took place in the downtown area of the city. Forty-one people were killed and more than 100 were injured.

In July 2003, a congressional report — based on a joint inquiry conducted by the House Permanent Select Committee on Intelligence and the Senate Select Committee on Intelligence examining the events surrounding the September 11, 2001, terrorist attacks on the World Trade Center in New York and the Pentagon in Washington, D.C. — was released to the public. A significant portion of the report focused on the two San Diego-based al-Qaeda operatives who hijacked American Airlines, Flight 77. The report sheds light on how the two were able to live and go relatively unnoticed by authorities. According to the inquiry, the two were living in Los Angeles when they met an individual who was already a suspect in a Federal Bureau of Investigation (FBI) investigation. The individual apparently suggested the two

would-be hijackers move to San Diego. It appears that money was diverted from an Islamic charity organization to this individual who used the funds to assist the two al-Qaeda operatives with their living expenses. He assisted in their move by cosigning their lease, providing a security deposit and rent for their apartment, throwing a party for them upon their arrival in San Diego, and providing them with a translator. This translator is also thought by authorities to have assisted them in obtaining bank accounts and drivers' licenses and helped them locate flight training schools.

According to the congressional report, additional individuals assisted the two hijackers to become acclimated with the San Diego community. These individuals included the manager of a local gas station who hired one of the al-Qaeda operatives for a short time.

In August 2003, a United States-owned hotel in Jakarta, Indonesia, was bombed by suspected al-Qaeda affiliates. Twelve people were killed in the explosion.

In November 2003, a housing complex in Riyadh, Saudi Arabia, was targeted by a suicide bomber. Seventeen were killed and more than 100 people were injured. While the complex housed Westerners at one time, it was home to mostly Saudi Arabian citizens at the time of the bombing.

Also in November 2003, two synagogues in Istanbul, Turkey, were targeted by suicide bombers using vehicle-based improvised explosive devices. The attack resulted in the death of 25 and the injuring of more than 300 people. Also in Istanbul, Turkey, Turkish terrorists with ties to al-Qaeda claimed responsibility for targeting a British bank and consulate facility with vehicle-based improvised explosive devices driven by suicide bombers. Twenty-seven people were killed, and more than 400 were injured. The same Turkish-based group

with ties to al-Qaeda claimed responsibility for the attacks on the British interests.

HAMAS

HAMAS is dedicated to the destruction of Israel and the establishment of an Islamic Palestinian state, and it has sponsored terrorist attacks in an effort to achieve these goals. While HAMAS sponsors assassinations and kidnappings of Israeli civilians and military personnel, it has become particularly notorious for initiating numerous suicide bombings. HAMAS' primary connection to California has been in the form of fund raising. With origins in Southern California, the Holy Land Foundation for Relief and Development (HLFRD) ultimately became one of HAMAS' primary fund-raising charities in the United States. The charity's assets were frozen by federal law enforcement authorities in 2001; however, the group has appealed this decision.

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. A militant outgrowth of the Palestinian Muslim Brotherhood, HAMAS contends that it is the religious duty of all Muslims to take up the armed struggle to help liberate Palestine " . . . from the Mediterranean Sea to the Jordan River." The organization is concentrated primarily in the Gaza Strip and areas of the West Bank. HAMAS consists of several components including administrative, charity, political, and military branches. Founded in Southern California in January 1989, the HLFRD is believed by authorities to have operated under HAMAS' charity branch. The charity was originally incorporated with the California Secretary of State as the Occupied Land Fund (OLF). The OLF was registered as a nonprofit benefit corporation with the California Department of Justice's Registry of

Charitable Trusts that same year. The OLF relocated to Richardson, Texas, in 1992, renaming itself the HLFRD. While the HLFRD maintained an office in San Diego, it also opened offices in Patterson, New Jersey, and Bridgeview, Illinois. Many of the HLFRD's key officers and directors were also members and/or associates of HAMAS, and the charity is believed by authorities to have paid for several high-ranking HAMAS leaders to travel to the United States for fund-raising campaigns. In 1994, a HAMAS leader named the HLFRD as HAMAS' primary fund-raising entity in the United States.

The U.S. Department of State has indicated the HLFRD has raised millions of dollars for the terrorist organization. In 2000 alone, the charity is believed by authorities to have raised more than \$13 million. While the charity claims that its donations go to needy Palestinians, federal authorities contend it promotes terrorism by paying for schools and religious institutions that incite violence against Israelis; indoctrinates young people with the organization's ideals; and encourages children to become suicide bombers. In addition, it compensates the families of suicide bombers for their sacrifice. Acting under the authority of Executive Order 13224, Blocking Terrorist Property, the federal government froze the HLFRD's assets in December 2001. In a corresponding raid, federal agents from the U.S. Department of State's Office of Foreign Assets Control (OFAC) seized business records and more than \$1 million in assets from its offices in California, Illinois, New Jersey, and Texas. In protest of the federal government's actions, the HLFRD filed a lawsuit against U.S. Attorney General John Ashcroft claiming the asset-blocking order violated the (1) Administrative Procedure Act; (2) due process provided in the Fifth Amendment; (3) the "Takings Clause" of the Fifth Amendment; (4) speech and association provided in the First Amendment; and (5) the Religious Freedom Restoration Act

(RFRA). In 2002, a U.S. district court upheld the OFAC's listing of the HLFRD as a Specially Designated Terrorist (SDT) thereby rejecting the organization's efforts to reclaim their assets through the courts.

Recent Developments

In June 2003, the U.S. Court of Appeals for the District of Columbia upheld a summary judgment in favor of the U.S. attorney general. The appellate court stated that the HLFRD could be classified as an SDT because of "ample evidence" revealing an affiliation with the terrorist group, HAMAS. The district court reviewed the actions of the U.S. Department of the Treasury under the "arbitrary and capricious" standard and found that the actions of the OFAC were not arbitrary and capricious; that is, the actions of the OFAC were based on substantial evidence. In fact, the appellate court affirmed that OFAC did not exceed its authority when it blocked assets after the SDT classification specifically because OFAC needed only to conclude that HAMAS had an interest in HLFRD's property. The facts presented in the district court record provided considerable evidence to support that conclusion. As such, the United States government had the authority to block all of the HLFRD's organizational assets and interests in property.

Additionally, the appellate court denied HLFRD's arguments that they suffered prejudice because the SDT classification violated its First and Fifth Amendment Rights. It was opined that HLFRD could not produce evidence that the designation and blocking of assets violated these Amendments stating, ". . . the law is established that there is no constitutional right to fund terrorism." Similarly, on the grounds that the actions of the OFAC violated HLFRD's right to religious freedom protected under the RFRA, the appellate court denied the claim because actions performed by the government to frustrate

the funding of terrorism does not violate the free exercise of rights protected by the RFRA and First Amendment. Summed up in the opinion: "There is no free exercise right to fund terrorists. The record clearly supports a conclusion the HLF[RD] did. There is no evidence that Congress intended to create such a right within the RFRA." The U.S. Department of the Treasury announced in November 2003 that it revoked the HLF[RD]'s tax-exempt status.

Analysis and Trends

- The release of details related to the three al-Qaeda hijackers who resided in California and their reliance upon a network of supporters indicates there may still be an undetermined number of these terrorists — as well as sympathizers and supporters — living within this state's borders.
- Al-Qaeda's recent attacks on interests in Africa and the Middle East indicate the organization may have shifted its focus from high-profile targets to "soft" targets.
- California has already proven to be fertile ground for HAMAS fund raising. Despite the U.S. government's efforts to curb HAMAS' fund-raising efforts in the United States, additional "charitable" groups working as fronts for the organization may be operating in this state and collecting donations for the group.

Conclusion

This *Organized Crime in California Annual Report to the Legislature* describes criminal enterprises that law enforcement authorities have identified operating in California. Within the last year, California continued to be victimized by small and large organized crime groups; prison and street gangs; drug trafficking organizations; criminal extremists; and the threat posed from international terrorist organizations. One of the most effective tools law enforcement authorities have to interdict the illegal activities of the groups described in this report is the quick and effective collection, analysis, and dissemination of criminal information relating to the groups' activities.

When evaluating the activities of these criminal groups, it is evident that many of them operate nationally — as well as internationally. The global nature of some groups requires law enforcement authorities develop coordinated efforts at the city, county, state, federal, and international levels to share critical information with the appropriate investigative agency.

As detailed in this report, through the combined efforts of dedicated and vigilant law enforcement authorities, progress has been made in dismantling some of the illegal activities committed by these groups. However, by the end of 2003, California citizens were still not free from the corrupting influences of these groups. A few of these criminals are becoming increasingly clever in concealing their identities, activities, and assets earned from illegal endeavors. As a result, it is often difficult for law enforcement authorities to track investigative leads and identify the criminals and businesses involved in these activities. Hence, authorities need to continue working in partnership with civic groups, business leaders, and the rest of the community to help identify, interdict, and prevent these activities from escalating.