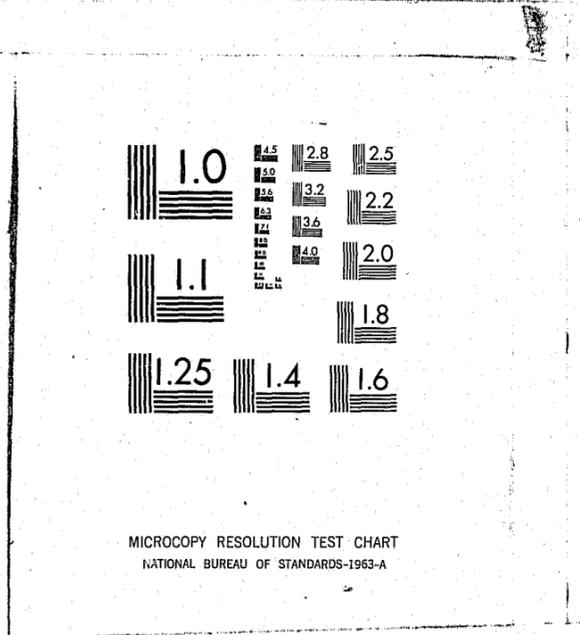


MFI

National Criminal Justice Reference Service



This microfiche was produced from documents received for inclusion in the NCJRS data base. Since NCJRS cannot exercise control over the physical condition of the documents submitted, the individual frame quality will vary. The resolution chart on this frame may be used to evaluate the document quality.



MICROCOPY RESOLUTION TEST CHART
NATIONAL BUREAU OF STANDARDS-1963-A

Microfilming procedures used to create this fiche comply with the standards set forth in 41CFR 101-11.504.

Points of view or opinions stated in this document are those of the author(s) and do not represent the official position or policies of the U. S. Department of Justice.

National Institute of Justice
United States Department of Justice
Washington, D. C. 20531

DATE FILMED

8/06/81

ORGANIZED CRIME IN CALIFORNIA. 1978

PART 3

- PROPERTY CRIME
- NARCOTICS IN CALIFORNIA
- FRAUDULENT IDENTIFICATION
- CRIME and the UNITED STATES/MEXICO BORDER

• Annual Report
to the California Legislature •

77300



GEORGE DEUKMEJIAN, Attorney General

BUREAU OF ORGANIZED CRIME AND CRIMINAL INTELLIGENCE
3301 C STREET, P.O. BOX 13357
SACRAMENTO, CA 95813

STATE OF CALIFORNIA
DEPARTMENT OF JUSTICE

GEORGE DEUKMEJIAN, Attorney General
MICHAEL FRANCHETTI, Chief Deputy Attorney General

DIVISION OF LAW ENFORCEMENT
NELSON P. KEMPSKY, Director



BUREAU OF ORGANIZED CRIME AND CRIMINAL INTELLIGENCE
3301 C STREET, P.O. BOX 13357
SACRAMENTO, CA 95813

ORGANIZED CRIME IN
CALIFORNIA
1978

U.S. Department of Justice
National Institute of Justice

This document has been reproduced exactly as received from the person or organization originating it. Points of view or opinions stated in this document are those of the authors and do not necessarily represent the official position or policies of the National Institute of Justice.

Permission to reproduce this copyrighted material has been granted by
Alan Lew, (SACRAMENTO CA)
Bur. of Org. Crime & Crim. Intelligence

to the National Criminal Justice Reference Service (NCJRS).

Further reproduction outside of the NCJRS system requires permission of the copyright owner.

Annual Report To The
California Legislature

December 1979

NCJRS

APR 20 1981

ACQUISITIONS

INTRODUCTION

This Assessment of Organized Crime in California is submitted in accordance with Government Code Section 15028 which requires that an annual report on organized crime be presented to the California Legislature.

The purpose of the report is to identify the characteristics, scope, and magnitude of organized criminal activity in California and the efforts of the California Department of Justice (DOJ) directed against this crime problem.

The annual report has been divided into four sections highlighting separate areas of organized criminal activities.

- Part 1: Organized Crime - Special Programs
- Part 2: Gang Activity
- Part 3: Property, Fraudulent, and Narcotics Crimes
- Part 4: Terrorism

Part 3 is the subject of this report and includes:

	<u>Page</u>
Property Crime	1
Narcotics in California	5
Fraudulent Identification	8
Crime and the United States-Mexico Border	12

PROPERTY CRIME

PROPERTY CRIME

Threat

Property crime presents a strong challenge to law enforcement because of the volume of cases handled each year. There were more than 1,439,000 cases of theft, burglary, and larceny reported to local law enforcement agencies in 1977, representing losses in excess of \$600 million. At the same time, the recovery rate of stolen property was at an all time low of 9.5% (excluding automobiles).

Property crime offenders do not tailor their criminal conduct according to local or state jurisdictional boundary lines. The California Department of Justice has been assisting local law enforcement investigators by coordinating information regarding the movement and procedures of organized burglars and fences.

The Department of Justice has developed multi-jurisdictional counter strategies to deal with organized criminal fencing. Several of them are described below.

Pawnshops

Because of the probability that they are used to relocate stolen property, pawnshops have long been regulated by law. The Department has assisted local law enforcement agencies in conducting unannounced on-site inspections of pawnshops. A Southern California law enforcement agency, with the Department's assistance, conducted unannounced inspections of four pawnshops, resulting in the recovery of over \$15,000 in stolen property. Four pawnbrokers were arrested for trafficking in stolen property. Other California law enforcement jurisdictions are preparing to conduct unannounced inspections of local pawnshops.

Business Machine Recovery Project

The Automated Property System (APS) was designed to assist in the identification and recovery of stolen property. All too often such systems become little more than repositories of victim losses rather than useful investigative tools.

In response to this situation, the Department developed a strategy of comparing business machine repair records with the Automated Property System. The focus of this effort is on stolen office equipment, and its central feature is the comparison of stolen property records contained in the APS with the repair records of a major office equipment manufacturer. Through this project numerous investigative leads have been provided to local agencies. The project has resulted in the recovery of over 1500 business machines, valued at well over one million dollars and the arrest and prosecution of 23 major traffickers in stolen property.

Automated Cargo Theft System (ACTS)

The Department is developing an automated system for storing information on cargo theft items. As of October 1978, over \$6 million worth of cargo theft items were indexed into ACTS. Televisions, radios, and stereo equipment were the most prevalent items in the system. ACTS will allow the Department to determine trends and patterns on the losses of stolen cargo. Modus operandi information on various cargo thieves is also being indexed into ACTS. This way, the system not only provides current information on the amount and types of cargo being stolen, but also on possible suspects. To date, this system has not been field tested to establish results. It is anticipated that this will begin during early 1979.

Swap Meets

Swap meets are used by burglars to deal directly with the public. Swap meets attract large volumes of buyers and sellers, making it extremely difficult for local law enforcement to identify stolen property. The Department has organized 18 local swap meet task forces in an effort to search for stolen property. Additionally, these task force inspections act as a deterrent by highlighting the risks involved to the seller of stolen property. From the inception of the local task forces in 1974, approximately 60 persons have been arrested. More than \$500,000 of stolen property has been recovered.

Legislation was enacted in 1978 standardizing a statewide reporting system of identifiable property sold through swap meets. This will greatly enhance law enforcement efforts.

Scrap Metal/Junk Dealers

Public utility property, such as copper wire and electrical cables, has been the target of thieves who convert it to cash through a scrap metal/junk dealer. Victims have estimated their costs to be in the millions of dollars in losses and replacements. These dealers shred or crush the stolen items, thus eliminating any chance for the identification and recovery by law enforcement. Cemeteries' bronze and copper grave markers, urns, and name plates have also been stolen and sold to scrap metal/junk dealers.

The Department has coordinated four multi-jurisdictional investigations of scrap metal/junk dealers and their activities with the criminal community. Two of the four investigations have culminated in the recovery of \$15,000 worth of stolen materials. Three employees of scrap metal dealers are

currently being prosecuted for receiving, concealing, and transporting stolen property. The Department is also assisting the California Metal Investigators Association, an organization which provides criminal information on the movement of statewide metal thieves and on their fencing methods.

NARCOTICS IN CALIFORNIA

NARCOTICS IN CALIFORNIA

Problem

Drug abuse is a problem which affects all levels of society on a continuing basis. The issue is compounded by the addition of the various other crimes in which drug abusers and traffickers become involved.

Marijuana, PCP, cocaine, and heroin are the most prevalent drugs of abuse; however, drugs such as LSD, amphetamine, methamphetamine, hashish, and barbiturates are still widely used.

Air/Marine Narcotic Smuggling

Although California based criminals continue to play a significant role in narcotic smuggling by air, this role has decreased somewhat. El Paso Intelligence Center (EPIC) figures for 1977 indicate that 13% of the general aviation aircraft involved in smuggling entered the United States through California. This dropped to 9% for 1978. This decrease is generally attributed to crop destruction by the use of herbicides on Mexican grown marijuana, thus making South America the major supplier and shifting air routes to the Southeastern United States.

Current studies by EPIC also reveal a high correlation between aircraft thefts and drug smuggling. It estimates that of all general aviation aircraft reported stolen in the United States in 1978, 50% were related to drug trafficking. In California, 40% of the thefts were related to narcotic smuggling.

It is expected by law enforcement that narcotic smuggling by air in California will remain at its present level with most drugs entering the United States via marine routes.

California, with its 1,064 miles of coastline and 45 authorized harbors, is ideally suited for marine smuggling activities. Currently, there are approximately 200 California vessels which have been positively identified with smuggling operations. Many of these vessels do not dock but, instead, participate in "mothership" operations in which drugs are shuttled from the ships to shore. These ships are capable of transporting 170-200 tons of cargo and remain from 10 to 200 miles offshore. In 1978, six west coast vessel smuggling investigations, by local, state, and federal law enforcement agencies, resulted in the seizure of over 95,000 pounds of marijuana.

With the current pressure by law enforcement in the Southeastern United States and the Guajira Peninsula of Columbia, the drug smugglers are very likely to seek other ways of smuggling their contraband into the United States. California would be a prime area. One of the alternatives is to use the west coast of South America as a shipping point to California. But one of the current problems that the traffickers face is transporting the large quantities of drugs over the mountain ranges along the western edge of Colombia so that it could be transferred to the ocean going vessels.

Cocaine

Cocaine remains a popular drug for illicit drug users. It retains its popularity despite its high cost because it is not physically addictive, gives immediate effects, has no outward signs of use, and is gaining social acceptability.

PCP

Even though the effects of phencyclidine, "PCP," are unpredictable and sometimes disastrous to the user, it is the most common hallucinogen used in California. The profits to be gained from the clandestine manufacture of PCP are a great incentive. For an investment of a few hundred dollars in a relatively simple laboratory operation, the manufacturer can realize a profit of 30 or 40 times the cost of the materials.

Southeast Asian Heroin

Mexican heroin continues to lead the California heroin market in availability to the drug addicts. However, 1978 has seen an increasing share of the market going to Southeast Asian heroin. The total percentage of heroin that entered into the United States in the latter part of 1978 is: Mexican 40-45%; Asian 35-40%; and Middle East 20%. The inflow of Mexican heroin in 1977 and early 1978 was at 70-80% of the market. The increase of Asian heroin is generally attributed to a combination of several factors; the opium poppy field eradication programs conducted by the United States and Mexican governments, and the development of better smuggling routes by Asian heroin traffickers. The Mexican "wholesale" quality of heroin currently coming across the border has been averaging 13% pure. The Asian heroin purity has been averaging 85% as it comes into the United States. Additionally, relatively secure trafficking routes from Southeast Asia are believed to have been established.

Los Angeles and San Francisco are the major points of entry for Asian white heroin, with commercial shipping and airlines being the most common forms of transportation. The majority of Asian heroin currently being smuggled into California is brought in by Thai traffickers. Other points of entry are also being explored by the heroin traffickers. For instance, Asian heroin was recently seized in Sacramento after being imported from Canada.

FRAUDULENT IDENTIFICATION

FRAUDULENT IDENTIFICATION

High Cost Crime

The Federal Advisory Committee on False Identification (FACFI) has summarized the increased use of fraudulent identification in the United States in this way:

The criminal use of false identification is a multibillion dollar national problem. A growing army of criminals and fugitives is using a screen of false credentials in welfare fraud, illegal immigration, drug trafficking, passing bad checks and phony credit cards, and in hundreds of other crimes. These crimes have one thing in common: the taxpayer picks up the tab. Every American man, woman, and child pays the price in taxes, the cost of goods, and in human suffering and tragedy caused by the success of false identification crimes. False identification is a criminal's best friend. With it, criminals can appear and disappear at will by creating fictitious 'paper people'. Often victims are not even aware they have been victimized. The exploding use of false identification must be stopped.

The Committee estimates that, nationally, the losses to the credit industry alone are in excess of one billion dollars per year.

The Western States Bankcard Association's booklet False Identification National Directory Handbook estimates that bank losses from fraudulent applications for credit cards are as high as \$3,000 per application. As many as one percent of all applications may be fraudulent.

An example of the losses that can occur was reported in the San Francisco Chronicle in May, 1978. Over a five year period, a San Diego couple used twenty-five fictitious names to obtain credit cards. The couple bilked creditors out of nearly \$200,000 before the fraud was discovered.

Recommended Solutions and Legislation

Fraudulent identification involves the use of a "breeder document." This is a document which is commonly accepted as a valid source for establishing identity. Once obtained, it is used to "breed" other forms of false identification. Primary breeder documents are the birth certificate, driver's license, and state-issued identification cards.

The Federal Advisory Committee on False Identification in 1977 advised that the solution to the problem of false identifications must come from the reform of state laws and procedures in the use and security of breeder documents. The California Department of Justice Fraudulent Identification Task Force in 1978 made several recommendations concerning control of access to breeder documents. It suggested revisions to the California Vehicle Code to require a thumb or fingerprint and full face photograph on an application for a driver's license. Recommended Penal Code revisions would make it a crime of forgery for a person to sign the name of another person or a fictitious person to a birth certificate or driver's license.

In 1977 the California Legislature passed Assembly Bill 31 which initiated a birth and death record matching process, beginning January 1978. However, this law was not retroactive.

Departmental Fraudulent Identification Project

During early 1978, the Department studied the methods of obtaining breeder documents. The first objective of the study was to test the hypothesis that the birth certificates of deceased infants had, in fact, been used to establish false identities and to determine the scope of the problem.

The second objective is to provide any false identities discovered to government and private agencies to determine whether or not they were used for fraudulent purposes. If so, efforts would be made to identify and expose those who currently possess false identification.

The procedure consisted of selecting a sample of deceased infant death certificates, then searching driver's license records and social security records to determine which of those sampled had been used as breeder documents.

The study shows that 2.3 percent of the sample have a California driver's license and 1.7 percent have a social security number issued in the deceased persons name.

Twenty-one percent of the individuals creating their false identity have both a California driver's license and a social security number. Thirty-one percent have the social security number but not the driver's license. Forty-nine percent have only the driver's license. All of these sub-groups might possess driver's licenses from other states, passports, credit cards, or other fraudulent identification.

The second part of this project will be to explore the uses of the fraudulent identification. During early 1979, Department staff will prepare information to be disseminated to various federal, state, and local agencies to determine possible fraud.

Additionally, this project will be evaluated on its cost effectiveness in anticipation of expanding this effort to identify the uses of fraudulent identification in criminal endeavors. This report will include methodology, profiles of fraudulent identification users, and information on the costs to the taxpayers.

CRIME AND THE
UNITED STATES-MEXICO BORDER

CRIME AND THE
UNITED STATES-MEXICO BORDER

Influence of Organized Crime

While crimes related to the United States-Mexico Border pose a serious threat to California, the influence of traditional, Mafia-type organized crime is minimal. There are some criminal organizations, or semi-organized groups, smuggling stolen vehicles, narcotics, and illegal aliens, but these organizations are generally small (3 - 10 principals), loosely-structured, and temporary.

Alien Smuggling

Although most undocumented aliens still simply walk across the border, a growing number are smuggled into the United States by professional groups charging \$200-\$800 per person. The majority of the smugglers are themselves illegal aliens, and most smuggling rings are small and poorly organized. The INS apprehended 9,600 alien smugglers last year, and it estimates that twice that many were not caught. Smugglers' services range from border guide to the provision of a complete set of fake identification documents and instant employment.

Identification documents hardly need to be obtained through the services of professional criminals. A California driver's license, the most widely accepted form of identification in this state, is not difficult to acquire. The California Department of Motor Vehicles has greatly expanded its services to Spanish-speaking clients in the past few years, and DMV officers are not required to determine whether a person applying for a license is in the country legally. "Nearly everyone (illegal alien) we pick up has a driver's license," stated a representative of the Border Patrol office in Sacramento.

Narcotics Smuggling

Large amounts of marijuana, cocaine, and heroin are smuggled across the border into California. The Drug Enforcement Administration estimates that 40-45% of all the heroin supplied to American addicts comes from Mexico. Drug smuggling operations have become more sophisticated than they were a few years ago, when "mules" carried small quantities of narcotics across the border. Smugglers now use expensive aircraft and boats equipped with electronic communications systems and devices to defeat radar detection. Most of the smuggling distribution networks are composed of groups organized around Mexican-American family lines or independent rings not affiliated with the Mafia or national syndicate. However, there has been recent speculation that traditional Mafia elements have attempted to re-establish their control of narcotics smuggling by taking over the "Mexican Connection".

Firearms Smuggling

Guns are smuggled into Mexico from California, Arizona, and Texas in great quantities. Since former Mexican President Luis Echeverria ordered registration of all privately owned guns in 1971, a tremendous black market has developed to replace the legitimate gun dealers in Mexico. Guns selling for \$200 in California go for as much as 4 times that price in Mexico. The majority of guns smuggled into Mexico from the United States are not stolen, but simply bought at sporting goods stores. Guns for sale at United States border town stores are regularly marked up 50% higher than inland prices.

There are reports of guns being traded for narcotics and of military weapons being smuggled to insurgent and dissident groups in Mexico. Firearms control officials in Texas have even reported cases in which Mexican law enforcement

and military agencies have been supplied with weapons from the United States. While the extent of this part of the problem is not known, it appears that most firearms go to average Mexican citizens.

Mexican officials provided this Department with information on 4,500 confiscated firearms. Analysis of this information revealed that over 5% of these weapons were stolen in California.

Automobile Theft Rings

In 1977, the National Automobile Theft Bureau estimated that more than 5,000 stolen automobiles enter Mexico each year. In 1978, this figure was revised to 10,000. Other agencies, such as the El Paso Intelligence Center (EPIC), estimate the number to be even higher, and they also believe that a high percentage of stolen vehicles are traded for narcotics in Mexico. Either estimate indicates a substantial economic loss, over \$20 million per year in automobile value alone. The most common types of stolen vehicles driven into Mexico are late model Fords, Chevrolets, and pickup trucks. However, the problem has extended to include heavy construction and agricultural equipment. There currently exist only customs checks and there is no other law enforcement control over outgoing vehicle traffic which would inhibit the movement of stolen vehicles or commodities.

Exotic Birds

In addition to illegal aliens and narcotics, other property smuggled from Mexico includes Laetrile, jewelry, clothing, and exotic birds. Cockatoos and Macaws from Mexico and Central America bring high prices in the United States. They

are often tranquilized with Tequila during the smuggling operation. It has been calculated that, pound for pound, smuggling rare birds is more profitable than smuggling marijuana. The major threat from smuggling birds into California is that many imported birds carry the highly infectious Newcastle disease. While statistics on smuggled birds are not available, it is known that the United States Department of Agriculture authorized the destruction of 11,300 pet birds in a recent national outbreak of Newcastle disease, at a substantial cost to the taxpayer.

The rare bird smuggling business is one of the most organized border crimes.

The Alien As A Victim

Illegal aliens from Mexico are the victims of a variety of frauds, including those by self-appointed immigration consultants, employment finders, and sham marriage operators. The most violent predators are the border bandits who rob aliens as they walk through the river bottoms and canyons on the American side of the border.

Solutions

Most law enforcement authorities agree that border problems are mainly a federal responsibility. In April of 1977, the California Attorney General hosted a Border Crime Conference in San Diego, which was attended by federal, state, and local law enforcement representatives from California, New Mexico, and Texas who are involved in border crime problems. As a result of this conference, a list of recommendations were sent to President Carter, asking for increased commitment from the federal government, in order to achieve:

1. Effective control of the flow of people and material across the border from Mexico to the United States, a federal responsibility which will require significant commitments from President Carter's administration.
2. Passage of federal legislation to prohibit hiring of undocumented aliens.
3. Restriction of access to identity-proving documents such as Social Security cards, driver's licenses, birth and death certificates.
4. Assumption by the federal government of costs incurred by state and local governments because of undocumented aliens.
5. Establishment of a series of joint federal, state and local southbound border checkpoints to control the flow of contraband and stolen property into Mexico.
6. Approval by the United States of a prisoner return treaty already ratified by Mexico.
7. Greater international, federal, state and local cooperation regarding the myriad of border crime problems.

To date, only one of these recommendations, the prisoner exchange agreement, has been implemented.

END