

DRUG TRAFFICKING FINANCIAL INVESTIGATIONS



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Learning Objectives:

TLO1. Integrate criminal financial investigations into the development of drug trafficking investigations.

ELO 1.1 Explain the common threat actors and the different drug markets that exist.

ELO 1.2 Explain the concept enterprise theory of investigation (ETI) applied to drug investigations.

ELO 1.3 Describe the DTO supply chain and market-based models



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The Threat

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- Mexican DTOs are the most significant drug trafficking threat to the U.S.
- Illicit fentanyl imports are primarily responsible for the opioid crisis.
- Methamphetamines are readily available and flooding illicit drug markets across the U.S.
- Control prescription drugs (CPDs) diversion continues to be of concern.
- New Psychoactive Substances (NPSs) keep generating demand in various markets in the U.S.
- Mexico remains the most significant foreign source of marijuana in the US.



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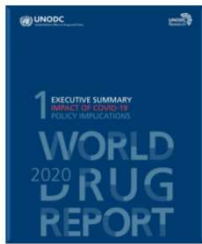
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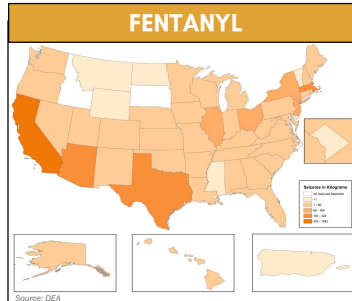
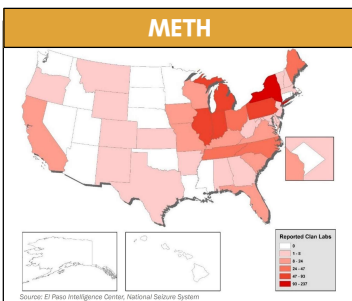
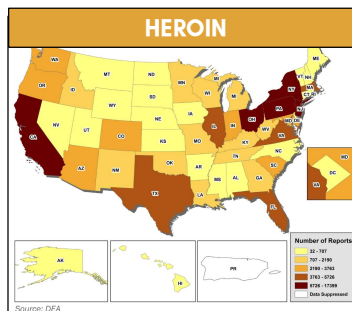
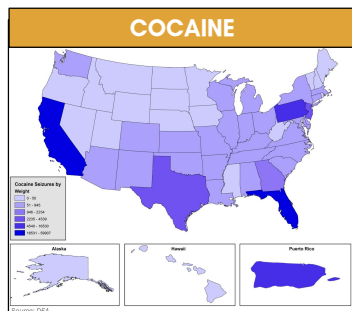
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- Over the past two decades, drug use increased far more rapidly in developing countries than developed countries.

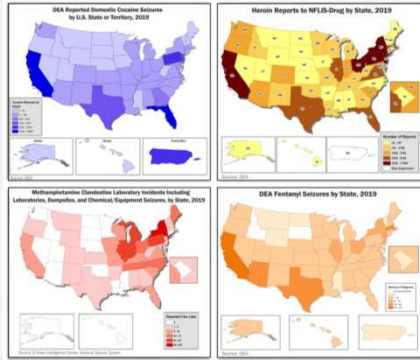


- In 2009, the estimated 210 million users represented 4.8 percent of the global population aged 15–64, compared with the estimated 269 million users in 2018, or 5.3 percent.



**GEOGRAPHY
OF THE PREDOMINANT
DRUG MARKETS**
Measured by seizures
DEA data 2019

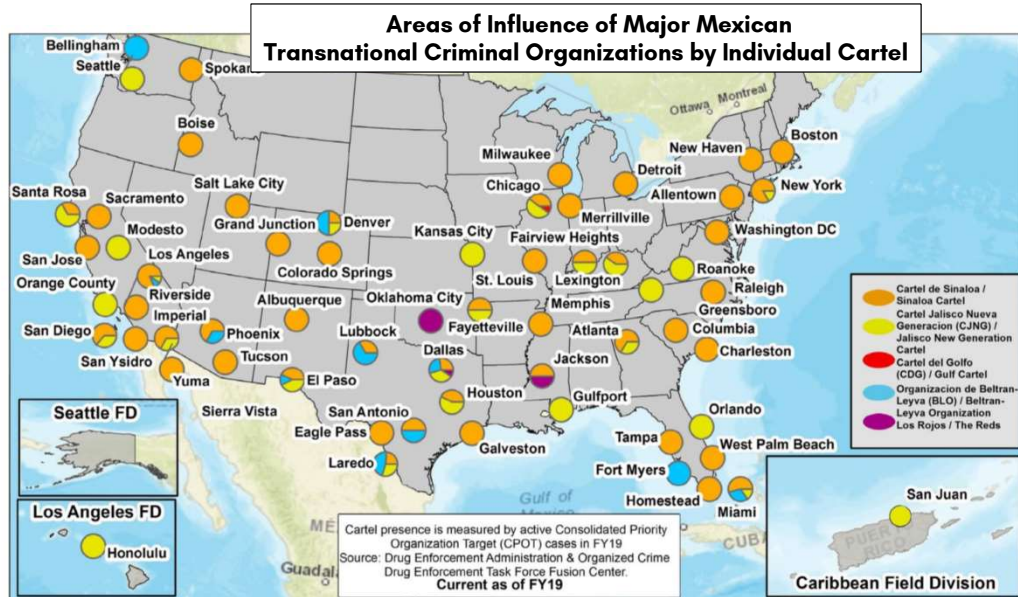




EACH DRUG DEFINES:

- Marketplace
- Associated geography
- Supply logistics
- Demographics
- DTOs
- FINANCIAL FOOTPRINT
- BUSINESS PROCESSES

THE FINANCIAL STRUCTURES AND BUSINESS PROCESSES NEEDED TO SUPPORT DTO ACTIVITY ARE DIFFERENT



THE VALUE IN APPLICATION OF FINANCIAL INVESTIGATION TECHNIQUES

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THE STRATEGY:

Go after the business structures that support all DTO activity.

- Money laundering processes.
- Funding of illegal activity.

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ENTERPRISE THEORY OF INVESTIGATIONS (ETI)

DTOs as a business

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The Enterprise Theory of Investigation (ETI).

- The ETI is an investigative model used to collect, analyze and prosecute the aggregated crimes carried out by a criminal organization.

“Unlike traditional investigative theory, which relies on law enforcement’s ability to react to a previously committed crime, the ETI encourages a proactive attack on the structure of the criminal enterprise.”

- Richard A. McFeely, “Enterprise Theory of Investigation”. 2001.

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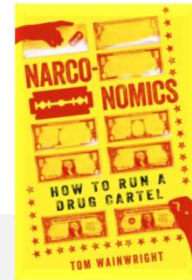
Understanding DTOs as businesses

- It is not all just about drugs.

"By analyzing the cartels as companies, law enforcers might better understand how they work – and stop throwing away 100 billion a year in a futile effort to win the "war" against this global, highly organized business."

- Tom Wainwright

As investigators, we must learn the business side and how the DTOs make it all work for them.



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The Enterprise Theory of Investigation (ETI).

- Most crime is done for profit - **MOTIVE**
- Criminality mostly involves a collective effort - **ORGANIZATION**
- Criminal acts do not occur within a vacuum. They occur as connected, related events (persons supporting a general intent).



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The Enterprise Theory of Investigation (ETI).



Adding financial investigation to the drug aspect of DTO can reveal:

- Facilitators
- Fixers
- Business owners
- Politically exposed persons

This opens the possibility of RICO charges.

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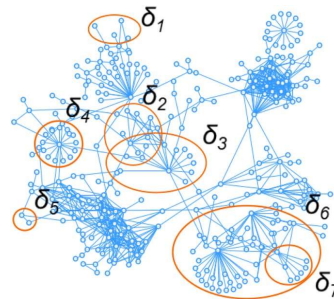
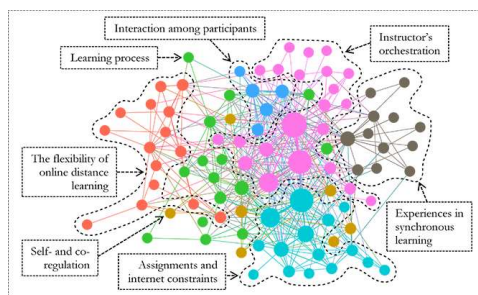
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The ETI is Simply a Network Approach

- Understanding organized crime as a business
- Identifying the underlying network and subnetworks that promote, support, or assist unlawful activity.



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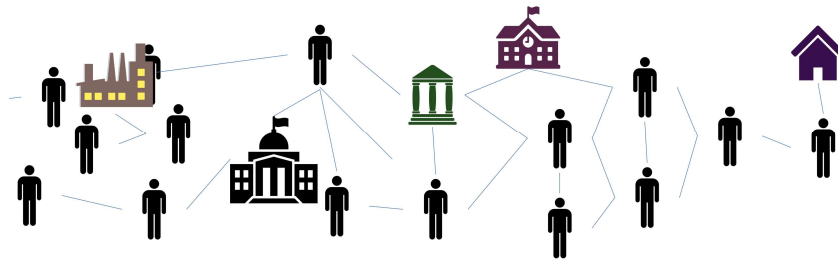
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Defining Networks

- A network is an ongoing arrangement of relationships that connects people and entities.
- Each person, group of persons, entity, or group of entities is a **node** within the network.



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Contemporary DTOs' Business Models

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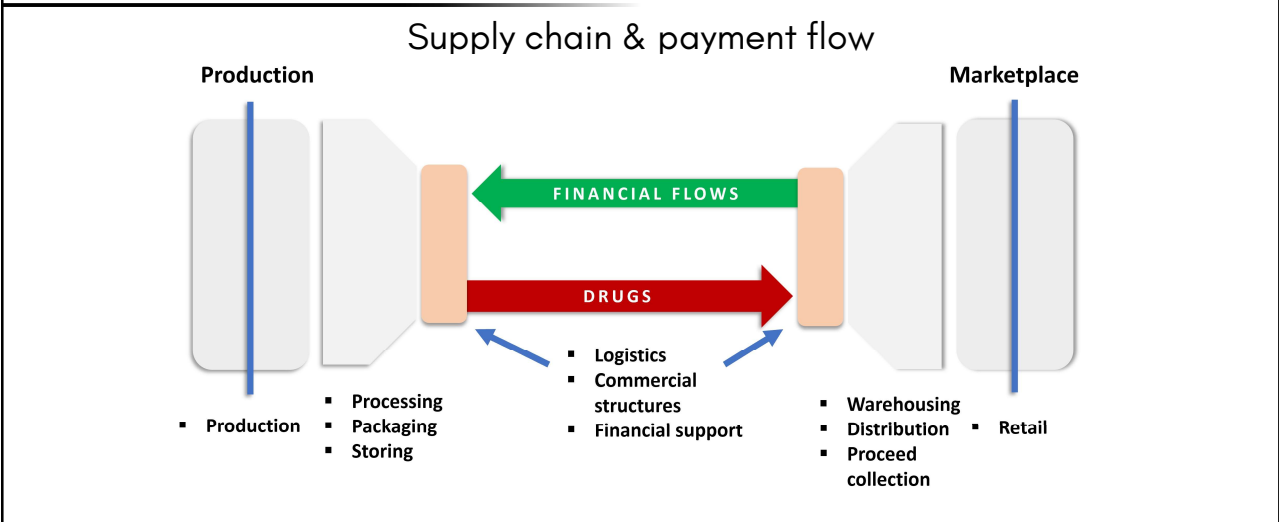
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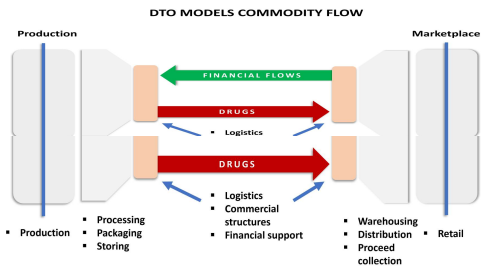
ROLES & RESPONSIBILITIES OF DTO MEMBERS

STRATEGIC/LEADERSHIP	OPERATIONS	TACTICAL/STREET LEVEL
<ul style="list-style-type: none"> Leadership Command & control Business planning Wealth management High-level pep engagement 	<ul style="list-style-type: none"> Production Logistics Transportation Communications Wholesaling Security/intel Supporting activities (unlawful activity) Financial management Money laundering 	<ul style="list-style-type: none"> Wholesale & market distribution Retailing Proceed collection Placement of proceeds Security and market control

Each member has an expected type of financial footprint based on their assigned roles and responsibilities within the DTO

DTO Commodity Flow





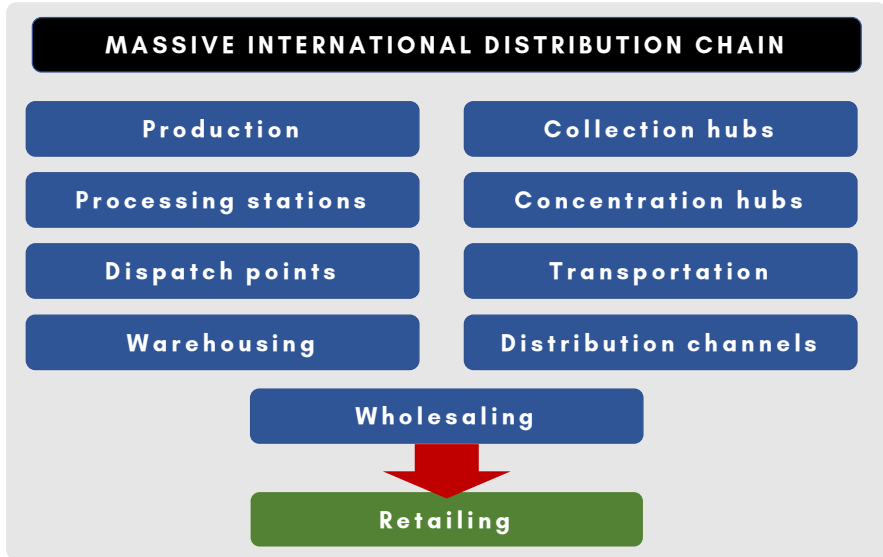
- How many organizations in the flow?
- How does the type of drug affect the flow?
 - Geography
 - Productions
 - Logistics
 - Etc.
- What is the focus of the investigation?
- Does a DTO control from A to B?

Process Focused

- The product
- Processes and businesses
- Player (not player centric at the beginning)



Global Commodity Network



- Data & information**
- Associated geography
 - Supportive logistics
 - Players (hierarchy level)
 - Facilitators
 - Financial support
 - Any third-party control?
 - other

Two Organizational Models



Model One: Total Control

DTO Control

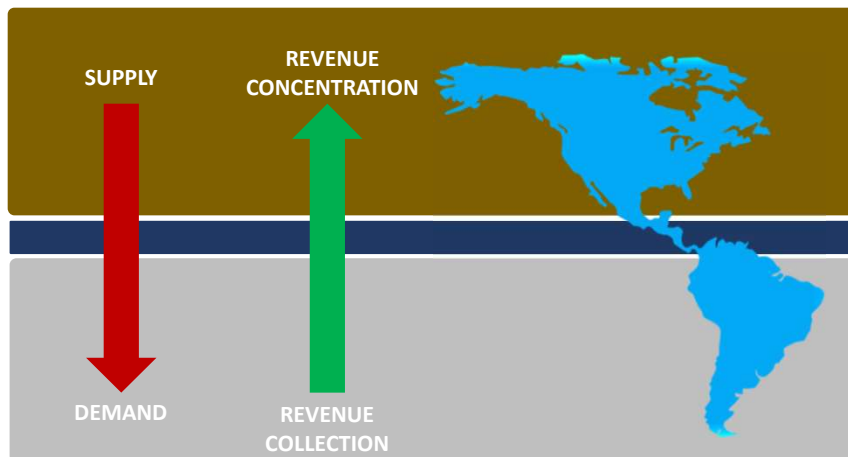
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Two Organizational Models



Model Two: Outsourcing/ Collaborative

- Data & information
- Third-party contractors
 - Security
 - Money laundering
 - Facilitating criminal activity and services
 - Others

Different TCO/DTOs Control
Cocaine market

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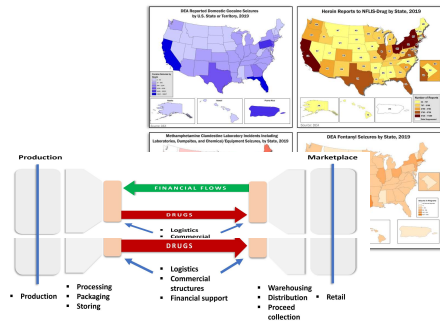


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Supply Chain Actors

Each drug will have:

- A unique supply chain
- Combination of DTOs or criminal organizations with sequenced control



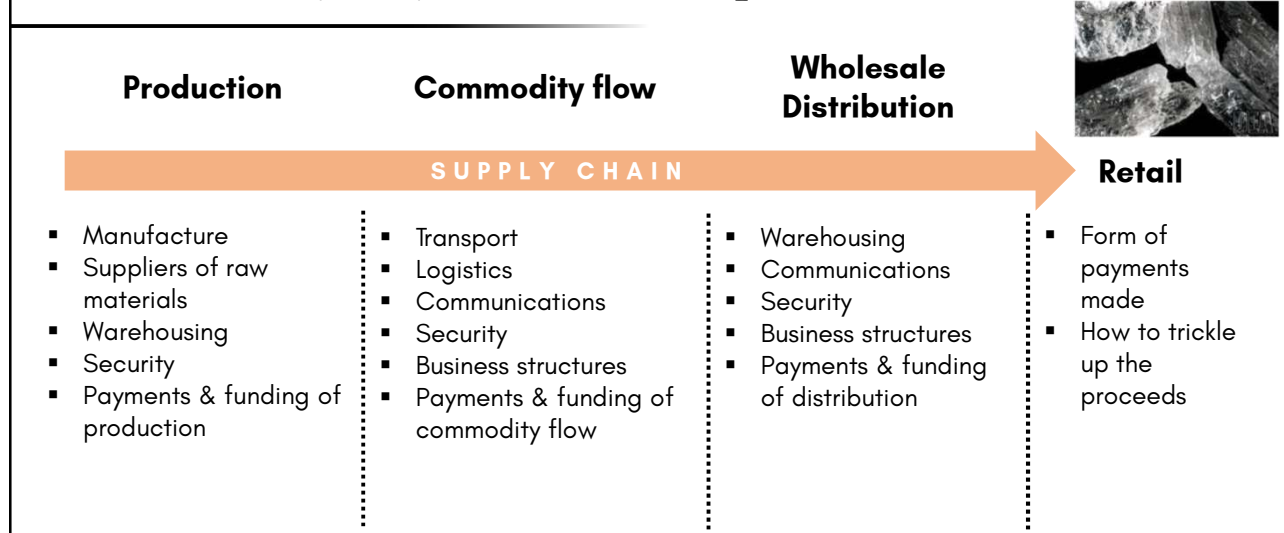
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How Many Players in Methamphetamines/DTOs?

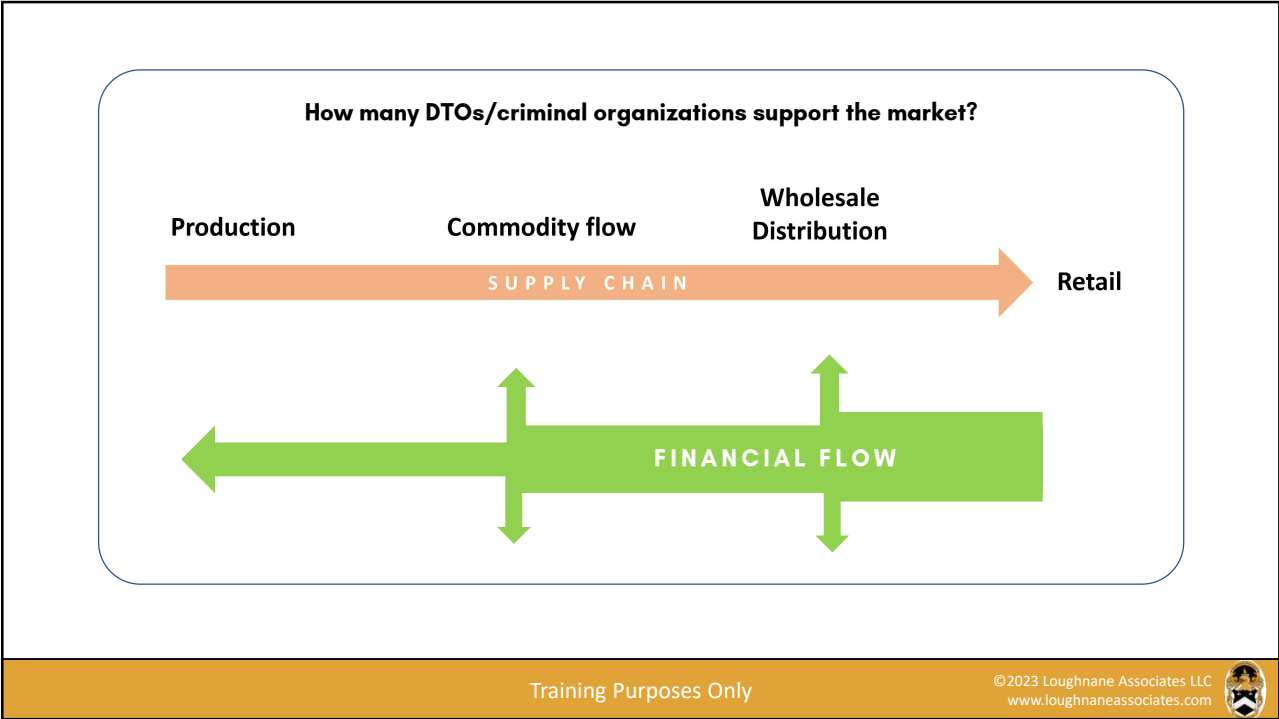


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Final Ideas

- Each market has a unique supply chain.
- There are various DTO configurations.
- Understanding the business model is vital to developing far-reaching investigations.

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Questions?

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