

State of Oregon
Department of Justice

ORGANIZED CRIME IN OREGON

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Message from the Attorney General

This publication represents my Department's first effort to provide a comprehensive review for policymakers of the organized crime threat to the citizens of Oregon. First and foremost, what we have learned is that there is much we simply do not know. Systems for recording valuable statistics are sporadic; information sharing among the numerous and varied law enforcement agencies has a long way to go.

Law enforcement is still restricted by jurisdictional boundaries while organized crime has no territorial restrictions on its pursuit of profits. And with limited exceptions, organized crime is profit driven. The solution to this jurisdictional problem is known. Agencies must share information freely with one another, and they must work cooperatively in conducting organized crime investigations. Unfortunately, funding reductions have dramatically reduced the number of multi-agency task forces, including drug task forces, which were the front lines in the attack on organized crime in Oregon. My agency is spearheading efforts to improve information sharing among Oregon's 203 law enforcement agencies. We are seeing dramatic improvement, but there is still a ways to go.

Two other observations stood out for me. First, the report details a wide variety of organized criminal activities ongoing within Oregon. Second, and perhaps more alarming, is the increasing threat posed by gang activity to the safety and welfare of our communities. From street gangs to drug trafficking organizations, from terrorists to outlaw motorcycle gangs, criminal groups are mobilizing and collaborating to pursue profits and common goals. They are also benefiting from our society's explosion in technology. This includes complex computer crimes such as fraud and identity theft, the use of high tech communication systems for organizing criminal operations, and the employment of sophisticated counter-surveillance techniques to defeat law enforcement efforts.

In conclusion, however, what this publication has brought home for me is the tremendous work performed by the men and women in Oregon's law enforcement community. This includes police, prosecutors, corrections, parole and probation officers. They are doing more with less, while often placing their very lives at risk. We owe them not only our gratitude but our pledge of best efforts to assist them in the fight to protect the citizens of Oregon from the increasing danger posed by organized crime.

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Executive Summary

The 2006 *Organized Crime in Oregon Report* focuses on several major areas of crime: drug trafficking organizations, gangs, criminal extremism, gambling, tobacco smuggling organizations, and public corruption.

This report uses conventional law enforcement terms to describe drug trafficking organizations (DTOs) and other organized crime groups. A drug trafficking organization is one that consists of five or more persons, has a clearly defined hierarchy, and operates primarily to generate income or acquire assets through a continuing series of illegal drug trafficking activities. Drug trafficking refers to manufacturing, transportation, or distribution.

Organized crime groups are insular in nature. The leaders of these organizations know that law enforcement agencies may seek to penetrate the enterprise as a means of collecting information to assist in the investigation of the organization's illegal activities. Therefore, such organizations often take the form of groups or cells of friends, associates, and family members who trust one another because they have common geographic origins, ethnic backgrounds, language, or beliefs.

The identification of a drug trafficking organization or other organized crime group is based upon one or more factors – the source of the drugs trafficked; the geographic reach of the organization; the location of the individual(s) who receive and control the proceeds of the organization's activities; or the race, national origin, or group membership (as in outlaw motorcycle gangs) of the individuals who direct and control the organization. For instance, the term "Mexican Drug Trafficking Organization" (DTO) may refer to a drug trafficking organization engaged in the international distribution of drugs from Mexico; that is led by individuals born in Mexico or who are based in Mexico and whose members are of Mexican descent; or that is one in which drug trafficking proceeds are directed to individuals who are located in Mexico. Likewise, "Eurasian" or "Asian" organized crime groups refer to organizations that are directed and controlled by individuals from a specific geographic area.

The characteristics of a particular organized crime group have practical investigative consequences. The strategy to combat a "Mexican DTO" is different from the strategy to combat a home-grown organization because the former has an international base of supply and production, and U.S. law enforcement agencies have little or no enforcement authority in a foreign country.

DRUG TRAFFICKING ORGANIZATIONS

Drug trafficking organizations operated by identified criminal enterprises supply a large amount of the illegal narcotics now available in the state. These organizations are heavily involved in distributing methamphetamine and marijuana which currently represent the most serious drug threats in Oregon. Recent law changes restricting the availability of pseudoephedrine may be contributing to increased trafficking of precursor ingredients and methamphetamine by these organizations. Large-scale outdoor marijuana grow operations have also been discovered in the state, and a number have been found on public forest lands. These operations, controlled by Mexican drug trafficking organizations, have been steadily increasing in size and numbers and now produce tens of thousands of plants each year.

GANGS

Gangs are one of the main distributors of drugs in the United States and have become increasingly sophisticated in recent years. Criminal street gangs are responsible for crimes such as drug trafficking, weapons violations, homicide, robbery, and assault. Gang membership activity within the Oregon prison system has increased dramatically over the last 20 years. Incarcerated gang members are increasingly exerting control over criminal street gangs to perpetrate crimes including drug trafficking, extortion, assault and murder. Outlaw motorcycle gangs (OMG) have evolved over the last 50 years into highly organized criminal enterprises involved in narcotics manufacturing, trafficking, extortion, assault, theft, money laundering and prostitution. Renewed rivalries between OMGs are sparking a nationwide trend of violent confrontations and recruiting drives to expand their criminal network.

EURASIAN ORGANIZATIONS

There are approximately ten known Eurasian organized crime groups¹ reported to be operating in Oregon, primarily in the Portland-Vancouver and Woodburn areas. These groups are mainly involved in white collar crimes such as identity theft, cigarette tax evasion, banking and medical insurance fraud, as well as narcotics trafficking and vehicle and construction site theft. Limited information is available due to the lack of law enforcement resources involved in intelligence collection.

ASIAN ORGANIZATIONS

Activities of Asian organized crime groups typically focus on white collar crimes such as money laundering and credit card fraud. Over the last ten years, however, Asian organized crime groups have steadily increased their involvement in cross-border trafficking of drugs from British Columbia, such as the Chinese heroin trade and the Vietnamese MDMA and marijuana trade.

CRIMINAL EXTREMISM

Oregon hosts a wide variety of criminal extremist groups including hate groups, anti-government groups, anarchists, and special issue movements, such as environmental and animal rights extremists, as well as foreign terrorists. Extremist groups are responsible for millions of dollars of damage to Oregon businesses and government facilities. Recent evidence indicates cooperation among some groups is rising and may contribute to the adoption of increasingly militant philosophies. Utilization of multi-jurisdictional law enforcement task forces in Oregon to facilitate the sharing of information and resources has proven to be effective in disrupting criminal extremist cells.

TOBACCO SMUGGLING ORGANIZATIONS

Criminal groups realize enormous profits through the sale of tobacco acquired outside of regulated channels. A variety of methods are utilized to move and distribute illicit tobacco; however, Internet "tax-free" sales of cigarettes and organized operations distributing untaxed non-cigarette tobacco products are the most significant criminal enterprises in the Oregon tobacco industry. Estimated tax losses through Internet sales for Oregon in 2004 were \$5.4 million; by 2005, the number dropped to \$1.4 million due to the success of the Internet Tobacco

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

Retailer Attack Plan (ITRAP) developed by the Tobacco Tax Compliance Task Force (TCTF).² In addition to Internet and cigarette tax evasion schemes, the TCTF devotes much of its efforts to investigating and prosecuting individuals and businesses engaged in the evasion of taxes from the sale of other tobacco products such as chewing tobacco. This has included convictions for racketeering of five distinct groups who had reaped huge profits from this activity.

GAMBLING

Oregon has more forms of legal gambling than any other state; however, the extent of illegal gambling activities occurring within the state is currently unknown. There is some evidence of organized criminal activity in state lottery games, but most of the reported illegal gambling has involved individual cheaters instead of organized criminal groups. Law enforcement resources currently devoted to the investigation of this crime are extremely limited.

PUBLIC CORRUPTION

Public corruption exists at the local, county and state level in Oregon; however, Oregon law enforcement uncovered few instances of public corruption influenced by organized crime groups in 2005. This may be a reflection of the lack of resources devoted to the investigation of organized crime and public official malfeasance, or it may indicate that Oregon, in contrast to other states, does not suffer from widespread and significant public corruption with roots in organized crime.

² The Tobacco Tax Compliance Task Force is comprised of representatives from the Oregon Department of Justice, Department of State Police and Department of Revenue.

I. Drug Trafficking Organizations

Summary

In addition to being a production and consumer site, Oregon is a point of transfer for controlled substances smuggled into neighboring states, to other states across the nation, and into/out of Canada. Agencies participating in the Oregon High Intensity Drug Trafficking Area (HIDTA) program have identified 121 drug trafficking organizations (DTOs) with foreign and domestic connections actively operating throughout Oregon.



December 2005. Yamhill County Interagency Narcotics Team (YCINT) seized 87 pounds of marijuana, worth \$275,000, at various locations near McMinnville in connection with an arrest. Eight pounds of marijuana were seized from a \$50,000 Cadillac Escalade, including a AK-47 assault rifle knockoff, two rifles, two shotguns, a pistol, and \$3,000 in cash.

Known Drug Trafficking Organizations CY 2005	
<u>Organization Type</u>	
Drug Trafficking	121
Money Laundering	4
<u>DTO Characteristics</u>	
African-American	5
Asian	1
Canadian	4
Caucasian	68
Mexican	46
OMG	5
Russian	1
Vietnamese	2
<u>Operational Scope</u>	
International	39
<i>Dismantled=9</i>	
<i>Disrupted=18</i>	
Local	40
<i>Dismantled=7</i>	
<i>Disrupted=14</i>	
Multi-State	46
<i>Dismantled=12</i>	
<i>Disrupted=13</i>	

More than half of the documented DTOs are led by Caucasian groups whose operations appear to be based in Oregon. The majority of the remainder are led by individuals of Mexican descent. Frequently, Mexican DTOs also have interstate and international connections to production facilities in Mexico.

DTOs are often involved in the production and transport of a number of illicit drugs, including methamphetamine, marijuana, cocaine, heroin, MDMA (3,4-methylenedioxymethamphetamine or "ecstasy"), GHB (gamma hydroxybutyrate), LSD (lysergic acid diethylamide), PCP (phencyclidine), ketamine, and psilocybin mushrooms.

Methamphetamine and marijuana are currently the most serious drug threats in Oregon. Oregon is presently experiencing an epidemic of methamphetamine abuse and trafficking. Recent state legislation to restrict the availability of pseudoephedrine appears to have reduced the number of meth labs reported to be operating in the

state; however, there has been an increase in trafficking of precursor ingredients and finished product, such as the highly addictive Mexican-made "ice." In addition, the number of large-scale outdoor marijuana grow operations controlled by Mexican DTOs has increased over the past several years. These operations have frequently been discovered on public forest lands, creating a dangerous environment for law enforcement and citizens alike, as well as causing severe damage to natural resources and recreational areas throughout the state.

Discussion

Methamphetamine

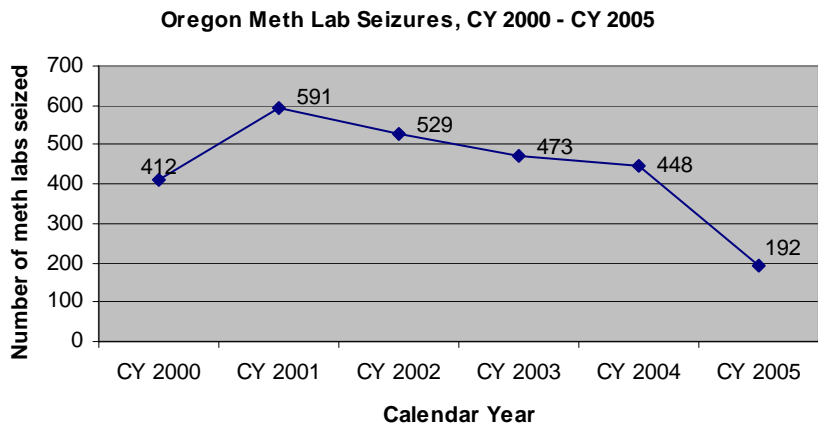
Most of the methamphetamine currently sold in Oregon is manufactured outside the state and transported here from California, Mexico, or the Southwest. Methamphetamine typically is manufactured in successive batches. Each batch is referred to as a “production cycle.”

According to law enforcement reporting, many of the labs established in Mexico in the last two years can produce hundreds of pounds of meth per production cycle compared to the largest U.S. lab (reported in 2003), which produced 50 pounds per cycle. Methamphetamine produced in Canada and transported to Oregon is also available but to a lesser extent. Locally produced methamphetamine is either produced in small-scale laboratories or in “super labs” - laboratories capable of producing ten pounds or more per production cycle. While the number of small labs appears to have decreased, they still continue to be a problem, especially in border counties. Relying on well-established channels, traffickers distribute large quantities of methamphetamine throughout Oregon, into Washington, and to other parts of the country.

During the last three years, the form of methamphetamine being seized by law enforcement has changed from a powdered form of the drug to a more addictive and potent form called "crystal meth" or "ice." However, very recent information indicates that the availability of powdered meth is increasing and purity of crystal meth is decreasing.

The state began to restrict access to pseudoephedrine in November 2004. In 2005, the Oregon Legislature passed HB 2485 and SB 907³, making Oregon the first state in the nation to require a doctor's prescription to purchase cold and allergy medications containing pseudoephedrine (PSE), ephedrine, or phenylpropanolamine. These laws also increase the penalties for drug crimes involving children and provide increased funding to drug courts and for related corrections expenses and other costs. Meth producers may sidestep tougher restrictions in Oregon, however, by crossing state lines to acquire precursor ingredients in states with fewer restrictions on pseudoephedrine.

Preliminary 2005 numbers indicate a dramatic drop in lab seizures reported statewide. From January 2000 - December 2004, Oregon law enforcement agencies reported 2,453 meth lab seizures to the Oregon Department of Justice, representing an average of 491 labs discovered each



³ 2005 Or. Laws Chap. 706, 708 (eff. date 8/15/05).

year. However, by December 2005, the number of reported lab seizures in Oregon dropped to 192 labs, a decrease of 57 percent.

Marijuana

Marijuana manufacturing, trafficking, and abuse continue to increase in Oregon. According to the U.S. Substance Abuse and Mental Health Services Administration (SAMSHA), in 2003-2004 Oregon ranked in the top eight states nationally for marijuana use in age groups 12 years and older. The threat posed by this drug is further compounded by the state's medical marijuana laws. Local producers often use medical marijuana laws to conceal illegal production and distribution activities, complicating law enforcement's ability to arrest and prosecute violators.

Oregon's temperate climate, excellent soil, and extensive rural and forested areas facilitate the outdoor cultivation of cannabis. Large outdoor marijuana growing operations have been discovered on private lands and in National Forest Service and Bureau of Land Management areas. Over 110,000 plants have been seized in the last two years from 1,127 grows, which are sometimes referred to as "gardens." In the last year, several law enforcement agencies funded through HIDTA combined their resources to focus investigations on the organizations responsible for large marijuana grows instead of expending resources to simply destroy plants as they are discovered.

Since 2000, several large outdoor marijuana grows operated by sophisticated Mexican drug trafficking organizations (Mexican DTOs) have been discovered by local law enforcement. The grows were set up in remote areas of the state and produced tens of thousands of plants per year. Harvested plants were distributed within the state and were transported nationally. Until recently, local law enforcement considered such grows to be isolated incidents. That changed in October 2005 with the arrests of eleven suspects in Malheur County and four suspects in Douglas County in connection with large outdoor marijuana grows sponsored by Mexican DTOs. Both cases were the result of the combined efforts of state, local and federal law enforcement agencies in Oregon, Washington, California and Idaho made possible through funding provided by the Office of National Drug Control Policy. These cases are expected to be prosecuted in federal court. By late 2005, law enforcement had identified four separate Mexican DTOs currently operating in Oregon and discovered a total of five large grows.

An associated cost documented by law enforcement is the severe damage to the environment and natural resources caused by large scale marijuana grows. Estimated costs for cleaning up and mitigating the environmental destruction caused by the five grows discovered in 2005 averaged between \$100,000-



Trash from a marijuana grow located in Gold Creek, Baker County 2004.

\$300,000 for each grow, or total of about \$1 million⁴. Gardens are typically constructed with intricate watering systems that block and redirect water from a local stream or creek through irrigation tubing to supply water to thousands of marijuana plants. An average-sized marijuana garden of 1,000 plants may require up to 5,000 gallons of diverted water on a daily basis. In



Excavation for a marijuana grow in the Ukiah area, Umatilla County 2005.

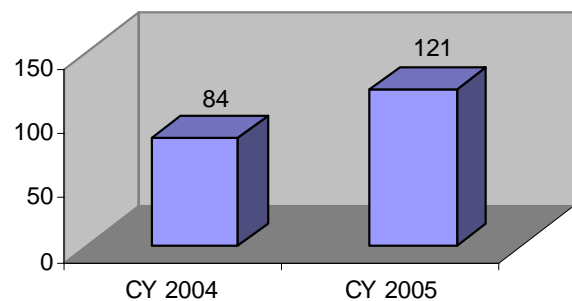
addition, workers who maintain the gardens pollute waterways with detergents, damage trees, and kill local wildlife to protect plants. Workers typically use commercial fertilizers such as Miracle Grow to sustain the plants or spread rat poison to protect crops from rodents.

DTOs are often "polydrug" enterprises involved in the production and transport of multiple illicit drugs. In 2006, the Salem Police Department in Marion County arrested over 30 individuals for their involvement in a Mexican DTO that trafficked in heroin and cocaine. To date, approximately 30 defendants have pled guilty in the case. Four defendants have been convicted of racketeering and received sentences ranging from 5 to 10 years. The multiple arrests and convictions demonstrate the effectiveness of the state wire tap which was credited as instrumental in the successful prosecution of the case.

Analysis and Trends

Oregon HIDTA law enforcement investigators identified a total of 121 drug trafficking organizations (DTOs) operating in Oregon during CY 2005, as compared with 84 in CY 2004. This represents an increase of 44 percent. DTOs range from five members to hundreds of members. Prosecution of low-level and mid-level employees does not appear to significantly hamper the operation of many DTOs due to their complex organizational structure and the limited ability of law enforcement to reach into the group's upper echelons. A few investigations have reached into the upper levels of Mexican DTOs, exposing related money laundering schemes involving legitimate businesses such as restaurants, night clubs, taverns, and auto shops.

Drug Trafficking Organizations identified in Oregon



⁴ Estimate based on figures provided by the Bureau of Land Management, Portland office.

Methamphetamine

The number of methamphetamine labs is expected to continue to drop; however, the availability of crystal meth has not diminished. With the development of national and international efforts to curb the distribution of precursor chemicals, the availability and quality of methamphetamine may be reduced. Nonetheless, drug traffickers will continue to import finished product from labs outside the state and from an increasingly diverse array of third-world countries.

Every county in Oregon is being affected by methamphetamine. For example, the Deschutes County Sheriff's Office reported an 11 percent increase in the total number of cases, including a 3 percent increase in violent crime, a 10 percent increase in property crime, and a 23 percent increase in behavioral crime⁵ which the Sheriff attributed to methamphetamine.⁶ Sweet Home Police reported a 20 percent increase in thefts and a 30 percent increase in burglaries attributable to methamphetamine.⁷ The Clatsop County Sheriff's Office reported that nearly 80 percent of all crimes involved methamphetamine and that about 80 percent of inmates in the county jail are involved with meth.⁸ The types of crimes associated with methamphetamine use range from identity theft, fraud, burglary, and forgery to violent assaults and murder.

In addition to stealing property from citizens and businesses, meth addicts steal nonferrous metals from construction sites, power companies, private businesses and the government. This trend is likely to continue as long as prices for scrap metal remain high and few restrictions are imposed on recycling companies for accepting stolen metal. Thefts are wide-ranging and have included components of bridges, highway signs, ballpark bleachers, railroad signal changing and sensor wire, and metal objects from museums. In April 2005, three people were indicted on charges of theft of federal property after six aluminum bridge railings were removed from Elkhorn bridge in late 2004. Damage to the bridge totaled \$45,000 and the proceeds obtained from the scrap metal sales were used to purchase methamphetamine precursor chemicals for a Marion County meth lab. In January 2006, eight people in Marion County were indicted for their role in stealing metal from electric substations owned by Portland General Electric and Bonneville Power Administration. The suspects used bolt and wire cutters and pole climbing equipment to dismantle and damage substations in Sherwood, Stayton, and Silverton in order to sell components to scrap metal dealers for money to buy methamphetamine.

Recent statistics on meth use show that the number of addicts is rising.⁹ In part, this is due to the current level of accessibility and low price of meth.

One recent study¹⁰ has concluded that in addition to the increased cost in investigations, incarcerations, adjudications and treatment, methamphetamine use imposes indirect costs on communities and citizens. The rise in property crimes drives up the cost of insurance premiums for property owners. More children of meth-addicted parents are coming into the foster care system, resulting in an increase in demand for services. The expense of cleaning up toxic meth

⁵ Behavioral crimes include drug and alcohol crimes, weapon related crimes, crimes against the family, disorderly conduct, and prostitution.

⁶ News Channel 21, "Meth, jail crunch fuel rise in county crimes," April 3, 2006.

⁷ Sweethomenews.com, "Crime numbers in Sweet Home continue to rise," March 7, 2006.

⁸ The Daily Astorian, "Meth problem affects all of us, not just users," February 16, 2006.

⁹ Oregon HIDTA Program 2005 Threat Assessment - Supplemental Report.

¹⁰ ECONorthwest, *The Multnomah County Meth Tax* (April 2005).

labs is borne by public agencies and private property owners. Homeowners also bear the cost of repairs resulting from meth lab caused fires (1 in 5 labs are discovered because of fire or explosion). Finally, an increase in HIV and hepatitis C cases directly attributable to methamphetamine use among individuals who depend on public health care has resulted in increased costs that must be absorbed by the Oregon Health Plan.

Marijuana

Traditional law enforcement methods of marijuana eradication have become less effective in recent years. The arrests of workers, suppliers, and others involved in the operations appear to have had little effect on the viability of large-scale operations; Mexican DTOs often return to locations used in previous years. In the past, budgetary constraints have limited the number of investigations into these large-scale operations. However, the National Marijuana Initiative (NMI) takes a new approach and has been very successful in formulating a multi-state effort to allow smaller law enforcement agencies to conduct investigations into DTOs operating in their areas. The federally funded NMI and marijuana eradication programs are designed to support law enforcement efforts to identify the infrastructure of DTOs through expanded investigations and collection of intelligence in an attempt to disrupt and eventually dismantle the organizations.

The NMI was established in early 2005 to coordinate the resources of federal, state and local agencies. The focus of the program is to combine agency efforts in those areas that produce the largest amounts of marijuana in order to significantly reduce marijuana cultivation. The NMI is designed to assist in the investigation of DTOs operating in seven states: Washington, Oregon, California, Hawaii, Kentucky, Tennessee and West Virginia. Intelligence gathered from the seven states has revealed that Mexican DTOs are producing and trafficking large quantities of marijuana and are involved in numerous criminal activities connected to the cultivation of marijuana.

As law enforcement increases its efforts to disrupt DTOs, these criminal groups will likely become more aggressive in protecting their investment. So far, there have been no violent encounters reported between marijuana DTOs operating in Oregon and law enforcement. However, officers in Washington and California have experienced confrontations with DTO armed guards protecting marijuana gardens and have reported increased officer-involved shootings at grow sites. Threats to private citizens are also becoming more common as DTOs establish grows in frequented areas, such as national parks. In Northern California, hikers, hunters, and others who inadvertently come close to marijuana gardens when using public and private lands have been confronted and threatened by armed guards.

DTOs are sophisticated and adaptable. They quickly learn from mistakes and alter their methods to avoid detection. In order to keep pace with the changing nature of DTO operations, law enforcement must continue to utilize intelligence and historical information to identify members of the organizations beyond the level of those tending the grows. Prosecution of individuals arrested for cultivating marijuana on behalf of a DTO should be aggressive. Deportation of convicted members of DTOs has not proved successful because they are often later found in the United States, occasionally back at the site of marijuana grows operated by the same DTOs.

In addition to the challenges to law enforcement presented by DTOs, Oregon's Medical Marijuana law permits substantial quantities of marijuana to be grown and possessed, ostensibly for pain suppression. Over 11,000 Oregon citizens possess medical marijuana cards. Individuals and groups unlawfully trafficking in marijuana have used this law as cover for their illegal operations; existing state law therefore compounds challenges for law enforcement.

II. Gangs

Oregon law enforcement reports approximately 118 documented gangs in Oregon with almost 3,000 members. The gangs include criminal street gangs, prison gangs (called Security Threat Groups in the prison system), and outlaw motorcycle gangs. The greater Portland metropolitan area is estimated to have as many as 2,000 criminal street gang members. Gang influence has spread from major cities and is now prevalent in rural communities.

Throughout Oregon, gangs are responsible for criminal activity ranging from street violence to large-scale criminal enterprises. Drug trafficking by gangs is generally less sophisticated than that of DTOs because it primarily involves street level “retail” sales. One exception is outlaw motorcycle gangs which, like DTOs, traffic drugs at the wholesale level across state and international borders. By employing technology, gangs are becoming more efficient, organized, and sophisticated in the types of criminal activities they undertake. In addition, gangs are associating with other criminal groups to expand the reach of their criminal enterprises and increase profits.

Criminal Street Gangs

Summary

Street gangs are responsible for a wide variety of crimes throughout the state and continue to pose a threat to citizens. With increasing frequency, some street gangs appear to be controlled by prison gangs and have been known to work with other organized criminal groups such as Mexican drug cartels and Asian and Eurasian organized crime groups. These groups often use street gangs to transport narcotics and carry out low-level crimes.

Distinguishing between activities controlled by street gangs from those ultimately directed by incarcerated high-ranking gang members has become an ever-increasing challenge to law enforcement and correctional officers.



Flashing gang signs.



Gangster Disciples graffiti.

Major concentrations of street gangs can be found in Portland and the surrounding metro areas of Gresham, Beaverton, Hillsboro, and Troutdale. Street gangs can also be found throughout the state in cities such as Salem, Eugene, and Woodburn, and as far east as Pendleton and Ontario.

Discussion

Most street gangs in Oregon migrated into the state from California and have gradually spread to suburban neighborhoods and rural communities. Oregon does have a few "home-grown" street gangs, but members of those gangs generally confine their activities to major metropolitan areas such as Portland. The spread of gangs is generally attributed to the movement of families due to employment needs or a relative's incarceration, or because of a gang's desire to expand into new territories. As families with gang members relocate, associates, children and enduring gang ties often lead to the formation of gangs in neighborhoods previously gang-free, or to potentially deadly conflicts with established local gangs. New immigrant populations appear to be especially vulnerable to gang influence.



Confiscated "trophy" photo taken by a street gang member.

Additionally, as new technology has become increasingly affordable, street gangs have expanded their range of illegal activities to include the production of counterfeit checks and currency and Internet-based identify theft. Gang members now also access public records on the Internet to track court proceedings and develop intelligence on witnesses for purposes of intimidation.

Street gangs in Oregon are responsible for a variety of crimes, such as street level drug trafficking, criminal mischief (graffiti or tagging), weapons violations, robbery, assault, sexual assault and homicide. For example, the East Metro Gang Enforcement Team (EMGET)¹¹ reported three Latino gang-related homicides in and around the Portland/Gresham East Metro area in 2004:

- In May 2004, a Compton Varrío Segundo gang member allegedly fatally shot another Compton Varrío member by mistake while trying to shoot a Paso Robles Boyz gang member.
- In September 2004, a Pine Street Clique member allegedly killed an associate of the South Side 13th Street gang; the intended target was thought to be an 18th Street gang member.
- In June 2004, a 16-year old passenger in a car was fatally shot in the head after an argument between 13th street and 18th Street gang members near the entrance of an auto show at the Expo Center.

A continuing trend among Hispanic gangs in Washington County is the battle for control of busy transit centers and MAX stops. Light rail is a major mode of transportation for gang members as they travel between Multnomah and Washington counties. Law enforcement officers regularly deal with gang members who loiter at transit centers, participate in drug deals, and attempt to claim turf or challenge other gangs for control of the platform. Violence, including shootings, can occur as rival gang members pass through the area or try to claim the platform. Incidents at

¹¹ East Metro Gang Enforcement Team is composed of officers from police departments in Gresham, Troutdale and Fairview, and the Multnomah County Sheriff's Office.

transit stations in the last few years have included gang fights, one of which resulted in a fatal stabbing. In another, a gang member was shot in the leg while waiting for a bus.

Gang violence often involves injury to innocent bystanders. In the summer of 2005, a stray bullet from a gang shooting in Northeast Portland struck a vehicle carrying a grandmother and three children returning from church. Early in 2005, two teenage girls, neither of them gang members, were shot in Northeast Portland. On May 15, 2005, a homeless man in downtown Portland was fatally struck by a stray bullet a block away from a suspected gang fight where shots were fired.

Belonging to a rival gang is typically sufficient reason to provoke an attack; however, expressing no gang affiliation can also have grim consequences. In June 2003, two Hispanic males in a van approached a pedestrian and asked whether he belonged to a gang; when the man said no, they beat him and then drove over his leg. In September 2003, two suspected gang members asked a man his gang affiliation, then beat him with a baseball bat after he said "none."

In February 2005, violence erupted on the Oregon-Idaho border. A member of East Side 13th Street Brown Magic Clique (BMC) shot and wounded a Nampa, Idaho police officer while under the influence of methamphetamine after a traffic stop. The gang member was convicted and recently sentenced to two concurrent life sentences. Recently, the Malheur County Sheriff's Office recovered a 60 minute studio-recorded rap CD promoting BMC. The first song on the CD glorifies the East Side 13th Street BMC member who shot the Nampa officer. Several other songs on the CD are challenges to rival street gangs. Law enforcement officers believe the primary purpose of the CD is to recruit new members.

Law enforcement has also noted an increase in the number of women involved in street gangs. Within the last year, several female street gangs have emerged in the Portland/Gresham metro area. Female street gangs are typically composed of both Hispanic and Caucasian members. Similar to male gang members, female gang members are involved in criminal activities ranging from criminal mischief to assaults and intimidation. They claim "turf" and maintain rivalry with other female gangs and are known to carry weapons, money and drugs for their boyfriends or brothers who are in criminal street gangs. In 2005, EMGET reported a non-fatal/non-injury shooting between the female gangs Brown Pride Chicanas and Surenas Locas. And, in late 2005, a 15-year old female gang member shot another female gang member in the chest with a small caliber pistol during a dispute about gang affiliation in southeast Portland.

Analysis and Trends

Evidence suggests that some street gangs have merged to create a larger membership, increased access to financial resources, and an expanded area of control. This apparent collaboration reflects a trend in other states where some rival gang members are cooperating in order to increase profits. Additionally, some gangs are beginning to recruit members from different races or ethnicities and have changed their manner of dress, no longer displaying typical gang attire. This makes it more difficult for law enforcement to visibly identify a person as belonging to a specific gang.

Street gangs will continue to adopt more sophisticated methods to commit crimes and avoid detection by law enforcement through exposure to the workings of other crime groups with which they associate, new skills learned in prison, and advancing technology. Detection of street gangs will become increasingly difficult and will require cooperation and information sharing between law enforcement agencies and community groups to effectively combat the problem.

Finally, the influence of California gangs and gang culture is large. As one former L.A. County Deputy Sheriff commented regarding Oregon gangs, "Oregon is where L.A. was 20 years ago."

Security Threat Groups (Prison Gangs)

Summary

Security Threat Groups (STGs) are a threat not only to correctional officers but to private citizens. The Oregon Department of Corrections (Corrections) categorizes STGs as:

"Any group of two or more individuals who have a common name, identifying symbol, or characteristic that distinguishes them from other inmates and who associate together with others to engage in activities that pose a threat to the safety and security of the prison system."

The number of incarcerated gang members has increased dramatically over the last twenty years and strengthened gang influence inside prisons across the United States. High-ranking STG members are increasingly exerting control over criminal street gangs to perpetrate crimes ranging from narcotics trafficking and extortion to assault and murder.

Discussion

A STG often originates or has roots within a prison system. However, not all STGs start off in the system; some criminal gangs merely continue to run their street operations from behind bars. The need of inmates to form associations for sheer survival is strong, creating a favorable environment for gang recruitment and control. Most inmates seek associations with people of the same ethnicity for self-protection, often putting aside pre-existing rivalries. In fact, most STGs in the United States are segregated along ethnic lines. However, STG members occasionally forge alliances with gangs of other races. In this respect, ideology may take a back seat to survival and organized criminal activity. Corrections officers report that roughly 200 gangs are currently represented behind prison walls, though not all members participate in gang activity.

Security Threat Groups classified as operational in the Oregon prison system:

White Supremacist:

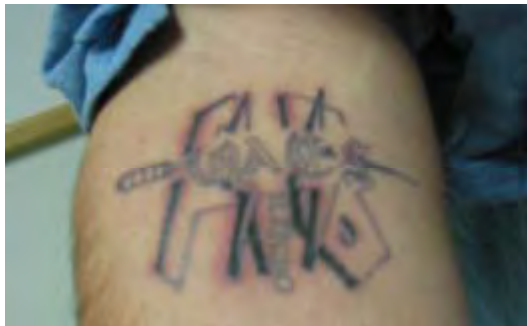
European Kindred
Supreme White Aryan Knights
International Peckerwood Syndicate
Oregonized Aryan Crime Syndicate
Aryan Soldiers

Native American:

Red Soldier Society
Indian Pride Organization

Hispanic:

Northside Locos
Paisas



Oregonized Aryan Crime Syndicate tattoo

Some STGs are organized hierarchically and designed to insulate leaders from direct involvement in illegal activity. The criminal activities of inmate gangs in the Oregon prison system mostly involves the extortion of inmates (for protection, sex, money, drugs, "rent"), assaults, and contraband smuggling. Cash, tobacco, illicit drugs, and to a lesser degree, illegally obtained prescription drugs are bartered for other contraband or services (e.g., tattoos), used to control other inmates through their addiction, or kept for personal use.

In 2005, Corrections conducted over 700 investigations into criminal activities such as drug smuggling, extortion of inmate relatives and assaults against rapists, sex offenders, white supremacist members and minorities. Although about three-quarters of these investigations involved inmates with a STG affiliation, most of this activity was not conducted for the furtherance of the STG, but rather by individuals who are more prone to be involved in criminal activity because they are members of the STG.

Currently, one of the most serious challenges faced by Corrections is dealing with tensions and violence between incarcerated Norteno and Sureno gang members. Surenos are aligned with, but not controlled by, the Mexican Mafia or "La Eme." Norteno inmates claim alliance to the Nuestra Familia, another powerful Hispanic STG in the United States.

White supremacist gangs, such as the Aryan Soldiers, are also responsible for violence within the institutions. In 2005, Aryan Soldier members used weapons in several assaults against correctional staff and black inmates. White supremacist STGs are known to be actively involved in drug smuggling activity. A European Kindred member was recently involved in a drug smuggling scheme in which his wife and relatives collaborated to smuggle over 20 heroin-filled balloons into the Eastern Oregon Correctional Institution.



European Kindred tattoo.

In prisons across the country, as well as in Oregon, most of a STG's criminal enterprise can be orchestrated from behind prison walls, reinforcing the power of the gang's leaders and providing cash and commodities (e.g., narcotics, tobacco) for barter. Inmate gang leaders issue orders to associates inside or outside the prison system through "coded" mail, inmate visitations, court appearances and transfers, and through micro notes--messages written in small text or code on tiny pieces of paper. The enormous effort made by STG members to improve their crime-related skills is well-documented. From learning coded alphabets to honing smuggling skills, inmates receive an extensive education in how to more successfully carry out criminal activities.

Analysis and Trends

The continuing presence of street gang members incarcerated in Oregon prisons will continue to affect criminal gang activity both within and outside the prison system. Cooperation between rival groups will strengthen, driven by the struggle for power, influence, and survival.

Increased sharing of information between law enforcement entities and Corrections is essential to deter gang activities in both arenas.

Outlaw Motorcycle Gangs

Summary

Outlaw motorcycle gangs (OMG) have evolved over the last 50 years to become highly organized crime units with operations, in some cases, rivaling the Mafia. Far from the “rebel with a heart of gold” image publicly promoted by some OMGs, they are in reality criminal organizations regularly engaged in violent crime, narcotics manufacturing and trafficking, extortion, assault, theft, money laundering and prostitution. Some of the larger gangs have established chapters in Germany, Australia, and South Africa.



Major bike run.

OMGs have had a presence in Oregon since the 1960s, when Oregon’s largest OMG migrated north from California to quell inter-gang warfare with the Hells Angels. Oregon now has five documented OMGs. Recent reports indicate that these gangs are acting cooperatively to prevent other OMGs from establishing chapters in the state. Renewed rivalries are sparking a nationwide trend of violent confrontations and recruiting drives that include “patching in”¹² smaller clubs to increase membership and expand their presence in a given area.

Discussion

OMGs are well-organized with a hierarchical structure, bylaws, and a written constitution. The organizational structure is sufficiently complex to make investigation and prosecution extremely difficult.



One Percenter patch.

Members are required to pay dues and attend meetings and events (e.g., “runs”) to demonstrate loyalty to the gang’s leadership. Infractions may be punished by penalties ranging from fines to torture and murder. OMG members refer to themselves as “1%ers” (or One Percenters) and some display “1%” patches on their jackets, or “colors.”¹³ This label refers to a quote by the American Motorcycle Association stating that “ninety nine percent of all motorcycle riders in this country are law abiding citizens.” OMGs claim to make up the remaining one percent, hence the moniker.

¹² Become prospective or full members of the OMG.

¹³ The prized possession of an outlaw biker is his “colors” declaring membership in a particular club. Colors usually consist of a three-piece patch embroidered on a leather or denim jacket which contains the name of the club, the club’s logo, and the club’s location.

Illegal activities of “1%ers” include narcotics manufacturing and trafficking, vehicle thefts (in particular, Harley Davidson motorcycles), assaults, and prostitution. Some OMG members have diversified into “legitimate” businesses (e.g., motorcycle shops, night clubs, strip clubs), though these operations have historically been set up primarily for money laundering and fueled by the proceeds of unlawful activities. A number of OMG members in Oregon have been convicted for crimes such as assault, narcotics-related crimes, rape, illegal firearms possession, and vehicle theft. However, successful prosecution of members is difficult because witnesses are vulnerable to intimidation and harassment. Members maintain close bonds with each other to facilitate their criminal activities in the state and in chapters in adjacent states. By expanding their operations to other countries, OMGs strengthen their connections with other international criminal organizations such as Mexican DTOs.

Oregon now has five separate OMGs. Most have multiple chapters in Oregon and at least one chapter in three bordering states. Additionally, the largest OMG in Oregon has established a chapter in Germany and has affiliated clubs in Australia and South Africa.

Members of some Oregon OMGs have connections to the European Kindred, a white supremacist STG, and also maintain strong ties with the Hells Angels.

Investigations of OMG members is challenging because of their many connections to various criminal groups such as other OMGs, street gangs, prison gangs, racist groups, and traditional organized crime. OMGs also draw on sophisticated intelligence gathering resources to thwart law enforcement efforts and often use non-members for manufacturing and trafficking drugs to protect leaders from prosecution. Additionally, gang associates (not "full patch" members) perform work for OMGs, further insulating members from law enforcement scrutiny. Gang associates may be educated and employed in legitimate professions in private industry, in government, or in the military. These positions provide gang associates with access to technology, weapons, equipment, and databases used to store security records, motor vehicle files, personal data, and police records. OMG associates may not have criminal records and some have passed through standard screening methods undetected.

Oregon’s OMG members are on friendly terms with each other and have recently formed a coalition to keep other OMGs from establishing chapters in the state. This coalition is a "decision-making panel" that was formed in 2005 in response to an incident that occurred at a bar in Salem where a California OMG member bragged about forming a chapter in Salem. Increasingly, OMGs are soliciting cooperation from street gangs to engage in activities such as collecting information and providing security for runs, local bars, and concerts.



Camaraderie between OMGs.

Gang members employ violence, intimidation methods, harassment and threats to civilians and law enforcement to avoid prosecution. For example, Oregon OMGs have been seen outside officers’ agencies and their homes in an effort to intimidate. Prosecution of individual members is hampered by witness intimidation and harassment. Gang members gather information such as

the names of informants and law enforcement investigative procedures through filing discovery motions. The discovery process allows the OMG to obtain the names and addresses of witnesses, which they then use for purposes of intimidation. Sometimes criminal charges cannot be proven after witnesses and victims refuse to testify for fear of retaliation. This is a particularly strong tendency in rape and assault crimes. In civil cases, agencies and cities often reach settlements instead of pursuing a costly court case. OMGs count on this and have been known to state that “it’s all about the money.”

Long known for their propensity for violence, OMGs have attempted to improve their public image by engaging in community service and charitable activities such as toy drives. But these endeavors can quickly turn disastrous. In December 2005, the Hessians OMG sponsored a toy drive in Riverside County, California. Several motorcycle gangs, including the Hells Angels, attended the event, but the presence of the Mongols OMG resulted in a fistfight and an exchange of gunfire that injured several people, including a firefighter.

Recent prosecutions illustrate the type and level of criminal activity typical of OMGs in Oregon:

- Manufacture of a Controlled Substance/Delivery of a Controlled Substance in January 2006. (Marion County).
- Possession of a controlled substance. January 2006. (Marion County).
- Assault 4 and Strangulation. October 2005. (Jackson County/).
- Manufacture of a Controlled Substance (Methamphetamine)/Delivery of a Controlled Substance. September 2005. (Federal).
- Burglary 1, Robbery 2, and Assault 3. May 2005. (Klamath County).
- Manufacture of a Controlled Substance. December 2004. (Marion County).
- Felon in Possession of a Firearm. October 2004. (Federal).
- Manufacture of a Controlled Substance. April 2004. (Marion County).

Analysis and Trends

States such as California, Washington, and Nevada have nearly twice as many OMGs as Oregon, including some of the Big Five groups¹⁴, such as the Hells Angels and Bandidos, and one of the most violent OMGs, the Mongols. It appears only a matter of time before these OMGs breach Oregon's borders to establish chapters and extend their criminal activities into the state.

OMGs continue to incorporate technology into their operations. Gang members communicate with chapters in other states and in foreign countries via fax, Internet, and cellular phones to facilitate illicit activities. Some of the larger gangs have sufficient financial resources to acquire surveillance equipment such as electronic bugging devices, voice stress analyzers, and polygraphs, making it ever more difficult for law enforcement to keep pace.

Cooperation between OMGs and other criminal organizations is likely to continue. OMGs will attempt to recruit more members to bolster their numbers, but may also increasingly rely on others in the criminal community to help carry out illegal activities.

¹⁴ The Big Five refers to the five major U.S. OMGs (Hells Angels, Bandidos, Pagans, Outlaws, and Sons of Silence).

OMGs have also begun filing lawsuits against cities and law enforcement agencies, in part to discourage enforcement. For example, in 2004, the City of Gresham settled a law suit for approximately \$300,000 when OMG members sued the police department after officers stopped 25 riders en masse for various traffic infractions. Police officers conducting traffic stops on OMG members report being reminded of successful lawsuits in an attempt to intimidate the officer into lessening or dropping charge(s). Lawsuits against government agencies will likely continue. Training for police in dealing with the challenges posed by OMGs has become increasingly important.

III. Eurasian Organized Crime

Summary

National law enforcement sources report Eurasian organized crime (EOC) to be one of the fastest growing criminal networks in the world, consisting of criminal organizations from 15 republics of the former Soviet Union.¹⁵ Criminal activities of EOC groups have included prostitution, various forms of fraud, drug trafficking, money laundering, vehicle theft rings, human trafficking, extortion, kidnapping, and murder.

Discussion

EOC groups are successful for a number of reasons: they engage in a wide variety of high profit, low risk crimes, such as car and heavy equipment theft, construction site theft, and cigarette tax evasion; and they effectively mix legitimate ventures with criminal schemes and have access to criminal networks worldwide.

EOC groups vary in complexity from traditional chain-of-command criminal enterprises to loosely structured networks temporarily formed around profitable crimes of opportunity. There are approximately ten known traditional EOC groups reported to be operating in Oregon. These groups are mainly involved in white collar crimes such as identity theft, cigarette tax evasion, banking and medical insurance fraud as well as narcotics trafficking and vehicle and construction site theft. EOC groups in Oregon primarily operate out of the Portland/Vancouver and Woodburn areas.



Russian Pride tattoo.

Similar to Asian organized crime groups, EOC members take advantage of cultural barriers to prey mainly on their own community. However, when it serves a mutual purpose, EOC groups have been reported to cooperate with other crime groups, such as Hispanic street gangs and white supremacists.

Analysis and Trends

EOC members will likely continue to engage in money-making schemes with high profit potential and low risk of detection by law enforcement. However, the lack of available law enforcement resources to investigate EOC criminal operations limits intelligence gathering on the specific activities of EOC groups in Oregon.

¹⁵ Includes Russia, Armenia, Azerbaijan, Belarus, Estonia, Georgia, Kazakhstan, Kyrgyzstan, Latvia, Lithuania, Moldova, Tajikistan, Turkmenistan, Ukraine, and Uzbekistan.

IV. Asian Organized Crime

Summary

Activities of Asian organized crime groups typically focus on white collar crimes such as money laundering and credit card fraud. More recently, however, members of Asian criminal organizations have become involved in cross-border drug trafficking such as the Chinese heroin trade or marijuana and MDMA trafficked by Vietnamese organized crime groups. However, little is known about Asian organized criminal activity in Oregon.

Discussion

Over the last ten years, Asian organized crime groups have steadily increased their involvement in drug smuggling from British Columbia and are believed to have now surpassed the amount trafficked by Outlaw Motorcycle Gangs, which previously dominated this activity. Asian crime groups are well organized and engage Asian criminal street gang members to assist their criminal operations. Asian street gang members are generally controlled by well-established organized crime groups, allowing gang members the opportunity to move up through the organization.

The I-5 corridor between California and British Columbia facilitates drug trafficking in Oregon by a variety of criminal groups, including Asian organized crime. In the past three years, three separate Asian organized crime groups have been identified as involved in transporting drugs in Oregon. The preferred route appears to proceed south from British Columbia to Seattle, Portland, and then to the San Francisco Bay area and Southern California. In late 2005, the Oregon State Police arrested an Asian male after discovering 40 pounds of Ecstasy in his car during a traffic stop. This Ecstasy seizure is believed to be the largest ever discovered during a traffic stop in Oregon. Although this type of drug trafficking is consistent with the types of undertakings associated with Asian organized crime groups, its connection to a specific organization is currently unknown.



Photo of an Ecstasy seizure.

Analysis and Trends

Limited intelligence is available concerning specific activities of Asian organized crime groups in Oregon. Language and cultural barriers contribute to this deficit. In addition, few law enforcement resources are available to investigate and collect information on Asian organized crime.

V. Criminal Extremism

Summary

Oregon is home to a wide variety of criminal extremist groups including hate groups, anti-government groups, anarchists, and special issue movements like environmental and animal rights extremists, as well as activity by foreign terrorists. Individuals connected to these groups have used criminal activities to achieve their objectives, including arson, harassment, threats, extortion, home invasions, animal releases, sabotage, and destruction of private and government property. In recent years, domestic criminal extremists across the United States appear to have become more willing to employ violent methods to accomplish their goals. Recent evidence indicates that cross-over among some groups is rising and may contribute to the adoption of increasingly militant philosophies. Additionally, investigations have revealed an international terrorist presence in Oregon.



Anarchist symbol

Discussion

Environmental, Animal Rights and Anarchists

Domestic criminal extremists have committed far more crimes in the United States than international terrorists.

The Pacific Northwest has been a gathering ground for domestic extremists, with recurrent criminal activity carried out by anarchists and high profile criminal extremist movements like the Animal Liberation Front (ALF) and the Earth Liberation Front (ELF). Anarchists and eco-terrorists who engage in criminal acts to further a political agenda typically have little established hierarchy, and operate more as independent "cells" acting on behalf of an ideological movement rather than existing as a structured group.



Unclaimed arson at Wildish Sand and Gravel. March 3, 2005.

The Northwest has been one of the country's strongest bases for the anarchist movement. Anarchist activity in Oregon first appeared in 1990 and has its origins in the city of Eugene. Since that time, self-proclaimed anarchists have been involved in criminal acts such as rioting, criminal mischief and arson. Anarchists are ideologically opposed to capitalism, globalization, and government control, with many activists supporting an array of causes such as animal rights and environmentalism. Most activists within the movement unite for a particular reason and do not comprise an established group. Large protests are usually coordinated by posting notices and disseminating information to people over the Internet.



Arson by ALF/ELF at Eugene Oregon car dealership, May 2001.

Two major underground movements active in Oregon - the Earth Liberation Front (ELF) and the Animal Liberation Front (ALF) - are among the most destructive domestic terrorist groups in the United States. ALF, ELF, and related movements have claimed responsibility for more than 1,200 criminal acts since 1990¹⁶ and caused more than \$110 million in property damage in the United States since 1976.¹⁷ Since 1996, ALF and ELF have claimed responsibility for acts which have destroyed property in excess of \$13 million in Oregon alone. Both ALF and ELF operate throughout the United States and Europe and have origins in Great Britain.

ELF typically uses economic sabotage in the form of arson and vandalism to target research facilities, biotechnology companies, businesses, and government facilities that are perceived to exploit or

threaten the environment. ALF primarily focuses on animal rights issues. In the last two decades, direct actions on behalf of ALF and groups with similar ideologies have escalated from break-ins and animal releases to vandalism, arson and detonation of explosives.

In recent years, some leaders in these movements have publicized positions justifying, even encouraging, violence in defense of animals, the environment, or political beliefs.

In January 2006, 11 suspected members of an animal rights and environmental extremist cell in Oregon were indicted on 65 counts of conspiracy and related offenses including arson and attempted arson. The cell was allegedly responsible for a domestic terrorism campaign that spanned five Western states from 1996 to 2001. The group allegedly committed arsons with makeshift incendiary devices created from milk jugs, petroleum products and homemade timers in a series of attacks in Oregon, California, Colorado, Washington and Wyoming. The alleged crimes were committed on behalf of ELF and ALF and included attacks on U.S. Forest Service ranger stations, Bureau of Land Management wild horse facilities, meat processing and lumber companies, an auto dealership, a high-tension power line, and a ski facility in Colorado.

September 2002 communiqué from Pacific E.L.F.:

"While *innocent* life will never be harmed in any action we undertake, where it is necessary, we will no longer hesitate to pick up the gun to implement justice . . ."

¹⁶ Congressional Testimony. Statement of John E. Lewis, Deputy Assistant Director, Counterterrorism Division, Federal Bureau of Investigation, Before the Senate Committee on Environment and Public Works, May 18, 2005.

¹⁷ Congressional Testimony. Statement of John E. Lewis, Deputy Assistant Director, Counterterrorism Division, Federal Bureau of Investigation, Before the Senate Judiciary Committee, May 18, 2004.

SHAC (Stop Huntingdon Animal Cruelty) is another militant animal activist campaign active in Oregon that was founded to shut down Huntingdon Life Science (HLS), a pharmaceutical research company. SHAC members in Oregon and across the United States have initiated a broad campaign targeting individuals who have ties to HLS. SHAC members have targeted HLS associated individuals at their homes, have set fires, caused damage to personal vehicles and property, and placed threatening phone calls. In 2002, SHAC activists targeted a Chicago Insurance executive, vandalizing his apartment and threatening to harm his two-year-old son because his company's clients included an animal testing lab.

The past decade has seen increased strategic and tactical alliances between anarchists and other extremist groups, such as ALF and ELF. The decentralized structure of these groups encourages the migration of individuals from one movement into another. In fact, collaboration of individuals in ELF and ALF has facilitated the growth of both groups in the last decade. Anarchists have used tactics and training manuals developed and used by ALF and ELF; "members" of different groups often link to each other's websites and publicize each other's events.

Some anarchist and environmental extremist leaders have expressed interest in building alliances with other radical groups that embrace philosophies that may seem outwardly incompatible. Recent information suggests that environmental extremists and anarchists based in Eugene trafficked arms and provided training to an anarchist movement in Mexico.

Anti-Government and Hate Crime Groups

Oregon appears to be fertile ground for the propagation of a variety of groups such as constitutionalists, militia, and "common law" advocates that adhere to anti-government, conspiracy ideologies. Tactics employed by these groups emanate from a basic refusal to comply with local, state, and federal

Current Activities of Anti-Government Criminal Groups in Oregon:

- Interfering with routine traffic stops.
- Filing frivolous lawsuits and liens in legitimate courts.
- Forgery.
- Tax Fraud.



Hate group publicity photo.

government authority to govern and maintain order. Anti-government adherents are known for filing meritless lawsuits and liens against public officials and private citizens, evading taxes, stockpiling weapons and explosives, and conducting paramilitary training.

Hate crimes are carried out to threaten, hurt, or harass people because of their perceived race, ethnicity, religious beliefs, national origin, sexual orientation, or disability. Nationwide, perpetrators of hate crimes have used explosives, weapons, vandalism, arson, verbal threats and physical violence to intimidate or injure their victims. Reasons for committing hate crimes vary from bigoted or drug-induced thrill-seeking to a reaction to a perceived threat or preservation of turf.

The predominant ideology of hate groups in Oregon is white supremacist, with some groups also supporting anti-government beliefs. White supremacists perpetuate an ideology of racial supremacy through propaganda and criminal activities directed toward establishing or maintaining an "Aryan" race or ruling class.

Hate crimes have ranged from offensive littering campaigns and vandalism to assault and murder. Over the last year, a white supremacist, neo-Nazi group based in Washington County carried out an extensive offensive littering campaign in Portland, Vancouver, Corvallis, Eugene, and Springfield. In 2003, associates of a white supremacist group murdered a homeless white man after an unsuccessful attempt to assault a black homeless man (the man defended himself with a machete). In June 2004, one of the perpetrators was found guilty of aggravated first-degree murder and was sentenced to life in prison; others involved in the crime pled guilty to reduced charges.

International Terrorism

September 11, 2001 brought increased awareness that foreign terrorist cells were operating within the United States. Terrorist cells require financing, supplies, counterfeit identification, transportation, communication equipment, and refuge.

Major incidents over the last several years have confirmed an international terrorist presence in Oregon:

- In late 2003 through early 2004, six defendants were sentenced for conspiring to supply services to the Taliban.¹⁸ The defendants were U.S. citizens who were part of a "Portland cell" that had planned to travel to Afghanistan to fight against U.S. military forces on behalf of the Taliban and al Qaeda. One defendant was a former U.S. Army reservist who joined the military specifically to obtain training in U.S. tactics and weapons.
- In late 1999 through early 2000, attempts were made to establish a training camp for international terrorists at a remote ranch near Bly, Oregon. The camp was to offer training in combat, martial arts, and weapons handling for jihad fighters in the United States and London to facilitate violent jihad in Afghanistan.

International terrorist investigations fall within the jurisdiction of Federal agencies. A further discussion of such activities is beyond the scope of this publication.

¹⁸ United States Department of Justice Press Release, February 9, 2004 (www.usdoj.gov/opa/pr/2004/February/04_crm_079.html).

Analysis and Trends

Recent law enforcement successes in Oregon have shown multi-jurisdictional task forces to be effective in disrupting criminal extremist cells through sharing of information and resources.

Arrests and imposition of lengthy sentences have caused many in the Eugene domestic criminal extremism scene to take a defensive posture.

However, as more ecoterrorists become increasingly frustrated with the status quo, aggressive attacks with the potential, even the intention, of inflicting harm to people may become more common. Adoption of SHAC tactics by militant extremists may also be growing, such as focused campaigns against companies and their employees who conduct business with the biotechnology industry.

Cooperation between extremist groups with seemingly incompatible philosophies may increase as members seek new opportunities to fund their cause and to resist common enemies. In this respect, the proverb, "the enemy of my enemy is my friend" may illustrate a future trend in militant extremism. Law enforcement has reported interest among some far left and far right criminal extremist movements to exploit common ground, or a "Third Position." This would be manifested in opposition to law enforcement and "the state" regardless of differences in political or social philosophies.

Members of Oregon anti-government criminal extremist groups continue to meet underground but have not actively engaged in known, large-scale criminal activity in the last several years. Some will likely continue to file frivolous liens and lawsuits to harass public officials and may also continue to stockpile weapons in preparation for some future altercation with government authority.

VI. Tobacco Smuggling

Summary

In 2001, the Oregon Legislative Assembly created the Tobacco Tax Compliance Task Force (TCTF) as a joint endeavor by the Oregon Department of Justice (DOJ), the Oregon State Police (OSP), and the Oregon Department of Revenue (DOR). The mission of the TCTF is to enforce state and federal cigarette and tobacco tax laws to insure that cigarette and tobacco taxes are paid,¹⁹ and to investigate, prosecute and deter organized criminal activity in this arena. Five criminal organizations have been convicted for racketeering in the past two years. The illegal distribution of tobacco products over the Internet into Oregon has been reduced by an estimated 80 percent. Nonetheless, with potential increases in tobacco taxes and corresponding profits for tax evaders, the market is at serious risk for ongoing compromise by organized crime groups.

Discussion

Cigarette Tax Evasion

The cigarette tax in Oregon is currently \$1.18 per pack. Criminal cigarette tax evasion in Oregon most often takes three primary forms:

- 1) Trafficking from low-tax states and out-of-state Native American reservations into Oregon;
- 2) Illegal possession and sale of Mexican-made Marlboros; or
- 3) Illegal sale of cigarettes via the Internet.



Tobacco seized in Oregon from an illegal sale. Packages show stamps from other states.

Because Oregon's cigarette tax is greater than all but one of its border states,²⁰ individuals and retailers have an economic incentive to purchase cigarettes in neighboring lower-tax states and bring them into Oregon for consumption, resale, or both.

Oregon's large population of Mexican nationals has created a lucrative market for illegal sellers of Mexican products not authorized for sale in the United States. No federal or state taxes are collected on Marlboros and other cigarettes made and packaged in Mexico, and possession of these cigarettes for sale violates both state and federal

¹⁹ The projected cigarette and tobacco tax revenue stream for 2005 – 2007 totals \$473 million. Source: Oregon Department of Administrative Services, Office of Economic Analysis

²⁰ State cigarette excise tax rates as of January 1, 2006 for states that have a common border with Oregon: California: \$.87 Idaho: \$.57, Nevada: \$.80, Washington: \$2.025. Source: Federation of Tax Administrators' Website, <http://www.taxadmin.org/fta/rate/cigarette.html>.

law.²¹ “Mexican” Marlboros are typically sold for much less than legal, tax-paid product, and have been discovered in stores in Hillsboro, Woodburn, and in eastern Oregon.

In the last decade, the illegal sale of cigarettes over the Internet has posed one of the greatest challenges to the collection of federal and state cigarette taxes. A 2002 GAO report citing Forrester Research, Inc. forecast that, by 2005, Internet tobacco sales would exceed \$5 billion, and that states could expect to lose approximately \$1.4 billion in tax revenues.²² Estimates for the 2nd and 3rd quarters of 2003, 2004 and 2005 indicate that Oregonians purchased a total of 564,600 cartons of cigarettes on-line.²³ This represents a loss to Oregon of approximately \$6.7 million due to cigarette taxes not paid in Internet direct-to-consumer transactions.

In order to address this growing problem, the TCTF in 2004 developed the Internet Retailer Attack Plan (ITRAP), which was designed to directly and indirectly interrupt the supply of illegal Internet cigarettes to Oregon residents.

The direct attack centered on identifying and targeting Internet cigarette sellers. The TCTF sent over one hundred warning letters to Internet cigarette retailers. The letters, which set out the requirements of Oregon law and its applicability to Internet sales, had the desired effect – many Internet retailers ceased distribution to Oregon.

The TCTF then targeted a number of the remaining websites. In 2004, it obtained a state racketeering indictment against Otamedia S.A., the operators of *yessmokes.com*. At the time, *yessmokes.com* was the largest illegal Internet cigarette retailer in the world. This action sparked a chain of events that culminated in federal authorities intercepting all U.S. deliveries from *yessmokes.com*, and eventually led to a complete cessation of illegal cigarette sales into the U.S. by *yessmokes.com*. The TCTF also ran undercover sting operations that culminated in the nation’s first prosecution of an Internet cigarette retailer. In August 2005, Eric Guthrie was convicted of tobacco delivery sales violations and sentenced in Washington County to ten months in jail. In the same year, the TCTF also brought a civil lawsuit for delivery sales violations against *kycigarettes.com* which resulted in an injunction prohibiting sales into Oregon and requiring the website operators to report all sales for 2004 and 2005.

The indirect attack focused on identifying and working with entities that facilitated Internet cigarette retail sales, including advertisers, payment services, carriers and product suppliers. In 2004, the TCTF was able to halt all in-state advertising for Internet cigarette retailers without the need for litigation.

The TCTF then initiated a coordinated multi-state, multi-agency effort seeking cooperation from the private sector to halt the illegal sale of cigarettes via the Internet. Oregon Attorney General Hardy Myers, along with the Attorneys General of New York and California, and the Bureau of Alcohol, Tobacco, Firearms and Explosives led joint negotiations in March 2005 with Visa,

²¹ Common federal law violations include violations of the Cigarette Labeling & Advertising Act, 15 U.S.C. § 1333; the Tariff Act of 1930, 19 U.S.C. § 1681(a); Trafficking in Contraband Cigarettes, 18 U.S.C. § 2342; and Smuggling, 18 U.S.C. § 545.

²² Source: United States General Accounting Office, Report to Congressional Requesters, Internet Cigarette Sales, Giving ATF Investigative Authority May Improve Reporting and Enforcement (August 2002).

²³ Source: comScore Networks, Inc.

MasterCard, Discover, American Express, and PayPal. Following this meeting, each of the companies agreed to stop processing transactions for illegal Internet cigarette and tobacco sales nationwide. By December 2005, a similar arrangement was brokered with UPS, FedEx, and DHL, in which all agreed to cease the shipment of cigarettes to consumers throughout the United States. By contrast, the U.S. Postal Service has declined to institute a similar practice absent Congressional directive.

The indirect attack also promoted compliance by major Internet cigarette retailers with the Jenkins Act, a federal law requiring interstate shippers of cigarettes to report the identity of the person owing tax on the transaction to state revenue authorities. Scott Maybee operates three of the top eight Internet cigarette retail sites with the largest number of sales into Oregon. Like many other firms that sell tobacco products via the Internet, Maybee had not complied with the Jenkins Act or with a parallel state statute. When it became clear that the credit card companies would cease processing illegal online cigarette sales, Maybee began reporting sales to Oregon in May 2005. The Department of Revenue used these reports to generate billings. As of May 2006, Revenue has collected over \$680,000 in past-due tax from consumers who purchased from Maybee's sites.

According to research conducted by comScore Networks, Inc., Internet cigarette sales into Oregon rose by 42 percent between 2003 and 2004. However, in the following year, between 2004 and 2005, Internet cigarette sales into Oregon *fell* by 80 percent.²⁴ Some portion of this decrease is attributable to the TCTF's efforts to enforce the Jenkins Act.

Other Tobacco Products Tax Evasion

The Oregon tax on "other" tobacco products (OTP) such as chewing tobacco and cigars is currently 65 percent of wholesale cost.²⁵ The tax is to be paid by licensed distributors, who are responsible for collecting and self-reporting taxes owed on a quarterly basis. Unlike cigarettes, OTP does not bear a tax stamp or any other tax-paid indicia. Currently, DOR field investigators have no ready means of determining whether taxes have been paid on OTP from inspection of retail stock.



Other Tobacco Products.

TCTF investigations of organized crime OTP tax evasion indicate that offenders follow a similar pattern: a distributor purchases untaxed OTP from a source outside of Oregon and then sells that product to retailers in the state, either at a highly discounted rate or at prices just below those available at Costco. These distributors typically fail to report or under-report taxes owed. This scheme has permitted OTP tax evaders to realize huge profits at the expense of Oregonians who lawfully pay taxes.

Between 2004 -2005, the TCTF investigated and prosecuted six major OTP distributors for violations of tobacco tax laws, including five separate state racketeering indictments. In each case, the defendants were convicted and sentenced to pay a total of \$3.1 million back to the state for taxes owing.

²⁴ Source: comScore Networks, Inc.

²⁵ However, the maximum tax on an individual cigar is \$.50.

In addition, the TCTF initiated investigations into five other major OTP evasion rings. Charges on these cases are pending as the investigations are completed.

Analysis and Trends

Evidence suggests that Internet cigarette sales will continue to decrease as TCTF actively seeks information on Oregon consumer purchases and as DOR issues bills for cigarette taxes owed. As Internet cigarette sellers adapt to the new climate of sales, TCTF will continue to adapt its enforcement model to ensure compliance. Legislative efforts continue at the national level to halt the shipment of cigarettes to consumers via the United States Postal Service.

While identification and seizure of counterfeit product and counterfeit tax stamps in Oregon has been very limited, there is reason to believe this type of contraband presents a continuing threat. In one 2005 investigation, authorities seized over 300,000 counterfeit cigarette stamps for the states of California, Arizona, Nevada and Texas. Because each of these states has a cigarette tax rate equal to or lower than that of Oregon, investigators believe that counterfeit cigarette tax stamps are being circulated in Oregon, but not readily identified.²⁶

The existing structure for collecting tax on OTP is vulnerable to exploitation by unscrupulous distributors. Given the lure of illicit profits, organized crime groups will likely continue to operate in Oregon in the tobacco industry.

²⁶ State Cigarette Excise Tax Rates as of January 27, 2006: Arizona: \$1.18; California: \$.87; Nevada: \$.80; Oregon: \$1.18; Texas: \$.41. Source: Phillip Morris, USA.

VII. Gambling

Gambling, including Internet gambling, is unlawful in Oregon. However, the large number of exceptions to the state's gambling provisions has earned Oregon the dubious distinction of permitting more forms of legal gambling than any other state in the country.

Oregon law restricts most forms of legalized gambling to qualifying nonprofit organizations. The extent of illegal gambling occurring within the state is currently unknown. However, according to a report published in 1993 by the Multi-Agency Gaming Task Force,²⁷ the amount of gambling in the Portland/Tri-County area was estimated to be about \$750 million to \$1 billion per year in illegal gambling "handle" (gross wager). The amount and variety of legalized gambling available within the state makes it difficult to identify, investigate and prosecute those involved in illegal gaming. Additionally, the apparent lack of understanding among law enforcement and prosecutors regarding state gambling laws makes enforcement difficult and indicates a need for comprehensive training. Law enforcement resources currently devoted to the investigation of this crime are extremely limited. Additionally, casino style gambling, which continues to grow in popularity and is easily accessed via the Internet, is available in every home with web access. Privacy concerns make this activity difficult, if not impossible, to detect.



Discussion

Legalized gambling in Oregon includes horse racing, dog racing; and various gambling fundraisers such as raffles, bingo, and social games; numbers games, sports (book) action, pulltabs, instant scratch games, video poker and video line games accessible through the State Lottery; and assorted table games and slot machines offered in tribal casinos.

Gambling Fundraising Events

The Charitable Activities Section of the Oregon Department of Justice oversees all fundraising for charitable purposes, including gambling fundraising events. Under Oregon law, nonprofit organizations that are federally tax exempt qualify to engage in Bingo, Raffle Games, and Monte Carlo gambling as fundraising mechanisms.²⁸ These games are licensed and regulated by Charitable Activities.

BINGO: In calendar year 2005, approximately 167 licensed nonprofit organizations operating bingo games received a total of \$51,413,504 in gross handle (gross wager) with \$4,873,227 of that amount being netted by the organizations for their charitable purpose.

²⁷ Multi-Agency Gaming Task Force. Results of a 90 day survey and investigation into legal and illegal gambling in Multnomah County, Oregon, July 1993.

²⁸ See ORS 167.117.

RAFFLE: During the same period, approximately 252 licensed nonprofit organizations received \$5,792,089 in gross handle from raffle games, with \$3,618,270 of that amount being netted by the organizations for their charitable purpose.

MONTE CARLO: In 2005, 77 licensed nonprofit organizations operating Monte Carlo events, received \$535,795 in gross handle with \$247,645 of that amount being netted by the organizations for their charitable purpose.

In 2005, due to rising popularity and demand for Texas Hold'em poker, Governor Kulongoski signed House Bill 2311,²⁹ which expands the scope of charitable games to allow players to compete against other players or against the house. This change effectively paved the way for poker games, such as Texas Hold'em, to be considered as a Monte Carlo game and legally allowed if conducted through charitable non-profit organizations.



Charitable Activities has recently received numerous complaints that cash Texas Hold'em games are being played in bars, taverns and clubs throughout Oregon and particularly in the Portland Metropolitan area. These games reportedly require that a portion of the proceeds be paid to the house, which constitutes illegal gaming.

Illegal bingo games are very rare and not a regulatory problem at this time. The number of other illegal games, while not significant at this time, appears to be growing. There is substantial confusion by many parties about what constitutes statutorily prohibited house income. For example, city ordinances allowing a \$5 fee by bars and taverns hosting poker games conflict with state gambling laws that prohibit the house receiving income from gaming activities. Fees, whether direct or indirect, are considered income and therefore constitute a violation of state gambling laws.

Oregon Lottery

The Oregon Lottery (Lottery) was established through an amendment to the Oregon Constitution in 1984. The Lottery has allowed the creation of a variety of games including numbers games, sports (book) action, pulltabs, instant scratch games, video poker and video line games. Security measures built into the Lottery (e.g., use of special inks, chemicals, and papers, and computerized bar coding systems) have minimized the proliferation of some crimes such as forged tickets, which are often detected before payment is made.

According to the Oregon State Police Lottery Security Section, the number of investigations conducted on gambling related crime has increased nearly threefold, from 29 in 2002 to 79 in 2005. Lottery crimes range from promotion of illegal gambling and unlawful possession of gray machines to ticket forgery and individual cheating. In fact, most of the reports received on crimes connected to Lottery gaming involve individual cheaters rather than organized criminal

²⁹ 2005 Or. Laws Chap. 57 (eff.date 05/13/05).

activity. Retail employees are reported to be responsible for about 85 percent of criminal activity related to Lottery games; most incidents have involved employees who play the games without paying for them. Other offenses related to Lottery games involve theft of instant games, such as scratch-off tickets from retail counters and players who try to pass off stolen or forged tickets. Some fraudulent schemes have developed that involve the use of conspirators as a way to avoid payment for losing games, such as Keno.

Tribal Casinos

There are nine casinos in Oregon located on tribal trust land and run entirely by each of the nine federally recognized tribes. These casinos operate under signed Tribe/State Gaming Compacts and are authorized through the Indian Gaming Regulatory Act (IGRA). The casinos offer traditional casino-style “Class III” games, such as Black Jack (and variations), Pai Gow, Roulette, Keno, Baccarat, and video games (video lottery terminals, or VLTs). Additionally, some of the casinos also offer “Class II” games such as poker and bingo.

The Oregon State Police Tribal Gaming Section reports that it rarely encounters organized criminal activity related to gambling. Most of the reports received involve individual cheaters. In addition to the regulatory role played by the Oregon State Police Tribal Gaming Section, each tribe also employs a Gaming Commission that provides oversight of the casinos and ensures that operations are in compliance with the gaming compacts and minimum control standards. Lastly, the National Indian Gaming Commission (NIGC) has a regulatory role with the tribes associated with “Class II” games.

Analysis and Trends

The gambling industry is growing and will continue to grow because Oregon has more forms of gambling than any other state, including Nevada. Growth will likely be in the expansion of current games and number of devices instead of the addition of new forms of gambling.

At the local and county level, current efforts to regulate and investigate suspected criminal activity are decentralized and spread thinly among many agencies. Many city prosecutors and district attorneys’ offices lack sufficient expertise in local social gambling ordinances or state gambling laws to effectively advise law enforcement or the public. Some law makers appear to be confused as well, as revealed by local ordinances approving fees for the house.

Internet gambling is a nationwide, if not global, issue. Regulation and enforcement at the state level will continue to be tempered by privacy issues and jurisdictional boundaries.

VIII. Public Corruption

Summary

History teaches that a significant presence of organized crime can lead to public corruption. Criminal enterprises may corrupt public officials in order to safeguard illegal money-making operations.

Public corruption exists in Oregon. It does so at the local, county and state level. However, in 2005, few examples of corruption at the hands of organized crime were uncovered by Oregon law enforcement. This may be a reflection of the lack of resources devoted to the investigation of organized crime and public official malfeasance, or it may indeed be an indication that Oregon, unlike some other states, does not suffer from widespread and significant public corruption.³⁰

Discussion

Allegations of local corruption are often investigated by local police or county Sheriff's offices. These matters are usually concluded with no need for state officials to become involved. Because the Oregon Criminal Justice Commission does not track statistics about the crime of Official Misconduct (the most common charge in public corruption prosecutions), it is not possible to know the number of such investigations or arrests that took place in Oregon in 2005.

Local agencies or a district attorney's office may request participation in the investigation by the Oregon State Police (OSP) or the Oregon Department of Justice (DOJ) when a potential conflict of interest exists for local law enforcement, or when other complexities arise, such as the need for a financial investigator or analyst. State agencies also look to OSP or DOJ when an employee is accused of criminal malfeasance. The Federal Bureau of Investigation also conducts inquiries upon request in addition to self-initiated public corruption investigations.

Following is a brief discussion of some recent public corruption investigations in Oregon:

In 2002-2004, a business from Florida, known as Stone Cold Chemicals Inc., sold cleaning products primarily to local government agencies throughout the United States. In exchange for purchasing these chemicals at inflated prices, Stone Cold Chemicals provided kickbacks in the form of gifts or gift certificates. A joint investigation by OSP and DOJ identified five state or local officials in Oregon who allegedly accepted kickbacks. Three employees of the Oregon Department of Transportation (ODOT) and a deputy sheriff in Baker County were convicted. One ODOT employee is awaiting trial.

The most common allegations of official misconduct involve embezzlement by individuals with access to funds. As an example, the City Recorder of Culver in Jefferson County used a city credit card to purchase over \$18,000 in personal items. She was convicted of Theft I and Official Misconduct I. Similarly, an employee of the Prairie City School District in Grant

³⁰ This chapter does not address ethical violations investigated by the Oregon Government Standards and Practices Commission.

County embezzled over \$70,000 and was eventually convicted of charges including Official Misconduct and Aggravated Theft I.

Election law violations fall under the jurisdiction of DOJ and the Oregon Secretary of State. In 2005, Oregon State Representative Dan Doyle was convicted of 11 counts of False Statement Under the Election Laws for reporting false payments on a form required to show all contributions and expenditures by elected officials. Mr. Doyle was using election contributions to fund his lifestyle while reporting campaign expenditures that did not occur. In addition, Oregon State Representative John Mabrey was convicted of Theft I for obtaining health insurance benefits for a friend who was not entitled to them.

On occasion, resources are expended to investigate allegations of public corruption which ultimately conclude that no crime occurred. These investigations are necessary both for wrongly accused public officials and to help maintain citizen confidence in the honesty and integrity of our government.

Randall Edwards, the Oregon Treasurer, requested that DOJ conduct an investigation into the conduct of Diana Goldschmidt in her role as member of the Oregon Investment Council. At issue was whether she supported investment of up to \$300 million in Texas Pacific Group's planned purchase of PGE, while knowing that her husband was being considered for employment by Texas Pacific Group. DOJ's investigation concluded that no crime had been committed.

A preliminary internal audit of the Valley Interagency Narcotics Team (VALIANT) revealed large scale problems with VALIANT's evidence handling procedures. VALIANT was composed of officers from many different police agencies in Linn and Benton counties. The VALIANT Board of Directors created a separate audit team that conducted a detailed investigation of approximately 2,000 allegations of improper evidence handling. The investigation was comprehensive, lasting over six months. A DOJ prosecutor reviewed the findings and presented them to a Linn County grand jury, which declined to authorize criminal charges. The investigation concluded with findings that the evidence handling procedures by VALIANT, while not deemed criminal, were nonetheless grossly improper. The primary impropriety was a failure to document the destruction of seized contraband following the conclusion of a case.

Over the course of 2005, approximately 23 police or corrections officers had their Department of Public Safety, Standards and Training (DPSST) certification revoked for having been convicted of a crime. None of these convictions appears to result from corruption influenced by criminal organizations. An additional 44 police or corrections officers had their certification revoked on a variety of other grounds, including lack of moral fitness, viewing pornography on the job, and insubordination. As of December 2005, there are 5,385 certified police officers and 3,900 certified corrections officers in Oregon.

Analysis and trends

The most significant risk for government entities is theft by employees with access to funds. In our experience, this is not limited to just governmental organizations but is a risk for a variety of organizations, such as school athletic booster groups or charitable organizations that lack the financial sophistication or resources to properly oversee the handling of funds. Larger organizations that fail to implement appropriate controls may also be vulnerable.

Oregon law enforcement must continue to be cognizant of the threat that criminal organizations pose in targeting public officials in order to maintain or enhance their pursuit of illegal funds. Nongovernmental watchdog groups and the media will continue to play an important role in identifying potential public corruption.

Conclusion

Just as globalization has affected Oregon's economy, it has likewise influenced organized crime in the state. Drug trafficking organizations based outside the state are exploiting Oregon's public lands and natural resources to cultivate thousands of pounds of marijuana for sale here and across the nation. Tougher methamphetamine precursor laws have reduced the number of local labs but may be increasing the amount of meth that is transported into the state for distribution. Gangs (motorcycle, street, and STGs) with origins in other states and countries are establishing operations here. The main motivation in each instance is a desire to expand existing operations in order to increase profits derived from illegal activities. In addition to providing substantial income to the principals of a criminal organization, proceeds are reinvested in the enterprise and used to purchase equipment, vehicles, and firearms.

In addition to expanding, criminal organizations are also becoming more efficient and deliberative. Crime groups and gangs are employing technology, from cell phones to the Internet, to create greater efficiencies in the manufacture and sale of illegal drugs, and to tap additional sources of personal and financial data in the commission of criminal activities such as identity theft, forgery, and credit card-related fraud. Criminal organizations are also exploiting the same techniques used by law enforcement to thwart surveillance, anticipate warrant executions, locate tracking devices, and find out what law enforcement knows about a particular illegal operation.

Another emerging trend may be discerned from reported discussions between rival gangs or groups with seemingly incompatible philosophies to collaborate to target common enemies, such as law enforcement, or to achieve a common goal.

By contrast, shrinking law enforcement budgets have left some jurisdictions with no real enforcement presence in critical areas such as narcotics trafficking. Several interagency drug teams have been disbanded after participating agencies lost funding for dedicated positions. Given this reality, law enforcement has placed greater emphasis on cooperative efforts between local, state, and federal agencies to pool resources, leverage expertise, identify common targets, and prioritize cases.

The success of a coordinated response by law enforcement is evidenced in several cases discussed in the body of this report, from the disruption of large marijuana grows in Douglas and Malheur counties by virtue of the National Marijuana Initiative to the success of the state Tobacco Tax Compliance Task Force in shutting down several large Internet cigarette retailers.

For coordination to be effective, participating agencies must have officers who know how to identify and investigate the activities of a criminal organization. For example, patrol officers must be trained to recognize and respond to recent tactics employed by outlaw motorcycle gangs. Cultivating intelligence on the identity and criminal activities of members of Eurasian and Asian crime organizations requires investigators to become educated in the cultural context within which these groups operate. Such a process is time consuming, meaning that law enforcement agencies must either redirect existing resources or seek funding for additional positions.

Finally, a coordinated response to organized crime requires funding at each level of government. Targeted funding such as that provided by the Federal government for the High Intensity Drug

Trafficking Area (HIDTA) allows law enforcement to focus on disabling large drug trafficking organizations. But requiring law enforcement agencies to rely on issue-specific funding limits the ability of police and prosecutors to respond to emerging criminal trends. Stable funding at the state and local level provides law enforcement with the means to recruit, develop, and maintain an effective response to organized crime.

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