

August 21, 2019

## **Advisory to the Shipping Industry on the Illicit Movement Methods Related to the Trafficking of Fentanyl and Other Synthetic Opioids**

*Transnational criminal organizations (TCOs), particularly Mexican TCOs, in addition to Chinese fentanyl suppliers, and internet purchasers located in the U.S., engage in the trafficking of illicit fentanyl, fentanyl analogues, and other synthetic opioids.*

This advisory should be shared with Chief Executive Officers, Chief Operations Officers, Chief Risk Officers, Legal Departments, Chief Compliance Officers, Sanctions Compliance Officers, international mail and express consignment carriers, e-commerce platforms, international maritime organizations, and the Universal Postal Union.

### **Introduction**

The opioid crisis is a serious epidemic that requires a multidisciplinary approach including aggressive investigation and prosecution, in addition to collaboration with private sector partners in the fields of technology, health care, prevention, treatment, and education. The Federal government, state, local, tribal, and territorial partners and the private sector must work together to leverage our resources in the fight against this deadly threat. The private sector can play a key role combating the opioid crisis by working with law enforcement to identify the ways in which criminals are exploiting legal platforms for illicit means and referring criminal activity to law enforcement.

This advisory<sup>1</sup> for our private sector partners will provide approaches at each stage of the international trade supply chain with information that can help identify and prevent the movement of fentanyl and other synthetic opioids into and within the United States.<sup>2</sup> Enlisting the support of private entities by providing information on types and indicators of illicit fentanyl movement and risk assessment approaches in private sector data holdings can provide significant support to law enforcement efforts to disrupt the illicit transportation of fentanyl. These steps to disrupt illicit synthetic opioids, coupled with similar efforts against the marketing, manufacturing and monetary facets of the illicit synthetic opioid trade, is a key part of our strategy to reduce the devastating impact on our communities. Although this communication is labeled as a “fentanyl” advisory, it applies to all illicit synthetic opioids.

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<sup>1</sup> This advisory is also part of a larger, United States government Fentanyl advisory covering the movement, manufacturing, marketing, and monetary aspects of the trafficking of fentanyl and other synthetic opioids. A summary of the *21st Century Drug Trafficking: Advisories on Fentanyl and Other Synthetic Opioids*, which includes links to each advisory, can be found here: <https://www.whitehouse.gov/wp-content/uploads/2019/08/White-House-Fentanyl-Advisories-Summary.pdf>

<sup>2</sup> Under U.S. federal law, fentanyl is a Schedule II controlled substance, which is lawfully produced and distributed in the United States by manufacturers of prescription drugs approved by the Food and Drug Administration (FDA) and is widely used in medicine. This advisory focuses mainly on the illicit manufacturing, importation, and/or distribution of illegal fentanyl and other synthetic opioids.

The preponderance of illicit fentanyl, fentanyl analogues<sup>3</sup>, and other synthetic opioids consumed in the United States originates from illicit overseas sources and is trafficked to the United States and bordering countries via privately owned vehicles, pedestrians, air cargo, international mail, and express consignment carriers. The potency of fentanyl analogues, as expressed in their morphine equivalency, range from 50-100 times morphine equivalency for acryl fentanyl, to 10,000 times morphine equivalency for carfentanil, the most potent fentanyl analogue yet identified in the illicit market. Fentanyl analogues are often smuggled in small packages or mixed in with other drugs or inert matter at low purity levels, making it difficult for law enforcement personnel to detect the presence of fentanyl as it crosses our borders, or shipping via express consignment or U.S. mail. Once the synthetic opioids are in the United States, drug trafficking organizations use traditional trafficking networks and distributors that utilize U.S. mail, commercial courier services, and traditional drug distribution methods for distribution and delivery to individual users.

In addition to the United States, fentanyl and fentanyl analogues are increasingly trafficked across the globe. United Nations data show that more than 50 other nations currently feel the impact of the movement and trafficking of fentanyl and other synthetic opioids.<sup>4,5</sup> In 2018, President Trump issued a *Global Call to Action*, which led more than 130 countries to commit to develop their own comprehensive plans to combat this crisis. This advisory supports private sector partners in amplifying government efforts to prevent the global movement of synthetic opioids.

## Typologies

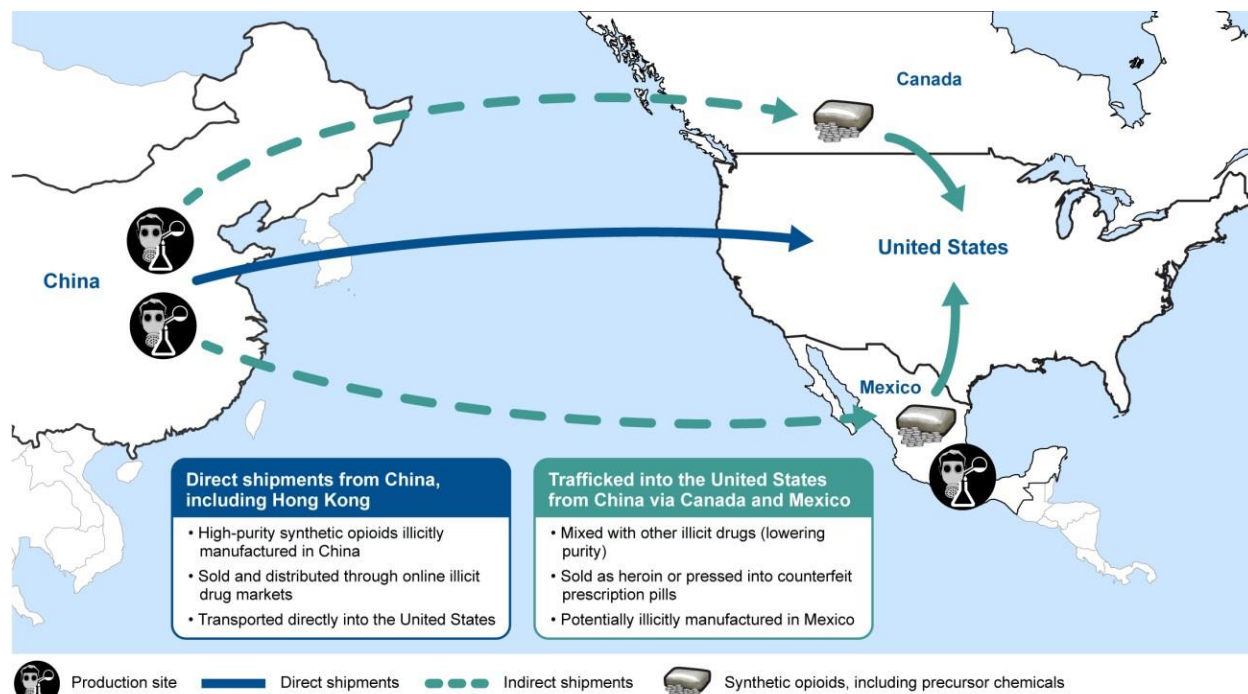
The predominant fentanyl trafficking movement patterns with a U.S. nexus are: (i) International transportation/trafficking methods from source countries to the United States and bordering countries; (ii) Transportation/trafficking methods from Latin America to the United States; (iii) Domestic fentanyl trafficking through U.S. mail and private shipping companies; and (iv) Masking of illicit activities within the legitimate supply chain and international travel by criminal actors.

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<sup>3</sup> While fentanyl analogues have a similar chemical structure to fentanyl, small structural modifications result in a seemingly endless number of variations of the drug with similar effects and of potentially unknown potency.

<sup>4</sup> See United Nations Office on Drugs and Crime (UNODC), 37 countries and territories had reported encountering synthetic opioids, [UNODC Early Warning Advisory on New Psychoactive Substances](#) (Australia, Austria, Belgium, Brazil, Canada, Chile, China, Colombia, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Hungary, Ireland, Japan, Kazakhstan, Latvia, Lithuania, Luxembourg, Mayotte (FR), Netherlands, Norway, Poland, Portugal, Romania, Sierra Leone, Slovenia, Spain, Sweden, Switzerland, Ukraine, United Kingdom, and United States), April 10, 2019.

<sup>5</sup> International Narcotics Control Board (INCB), 14 additional countries affected in the movement of fentanyl trafficking, [Project ION Incident Communications System \(IONICS\)](#), (Bulgaria, Georgia, Greece, Iceland, Jordan, Slovakia, Turkey, Guatemala, Hong Kong SAR, India, Italy, Mexico, Pakistan, and Uruguay), April 12, 2019.



**Figure 1 Illicit Synthetic Opioid Flows Originating from China<sup>6</sup>**

### International Transportation/Trafficking Methods From Source Countries to the United States and Bordering Countries

Illicit fentanyl, fentanyl analogues, other synthetic opioids, and their immediate precursors are primarily produced overseas in countries with large pharmaceutical industries, such as China. Manufacturers in other countries, such as India, the Netherlands, and Bangladesh have the potential to become increasingly involved in supplying illicit synthetic opioids and their precursors. Synthetic opioids, in finished and raw form, are widely available for sale online through both domestic and international sellers on the Internet.<sup>7</sup>

Illicit fentanyl shipments directly shipped to the United States via air cargo, international mail, and express consignment are high-purity, low-weight shipments destined for criminal groups or individuals in the United States. Most originate in China with suppliers who use international mail consolidators<sup>8</sup> to mask the origin of the shipments. Most U.S.-based

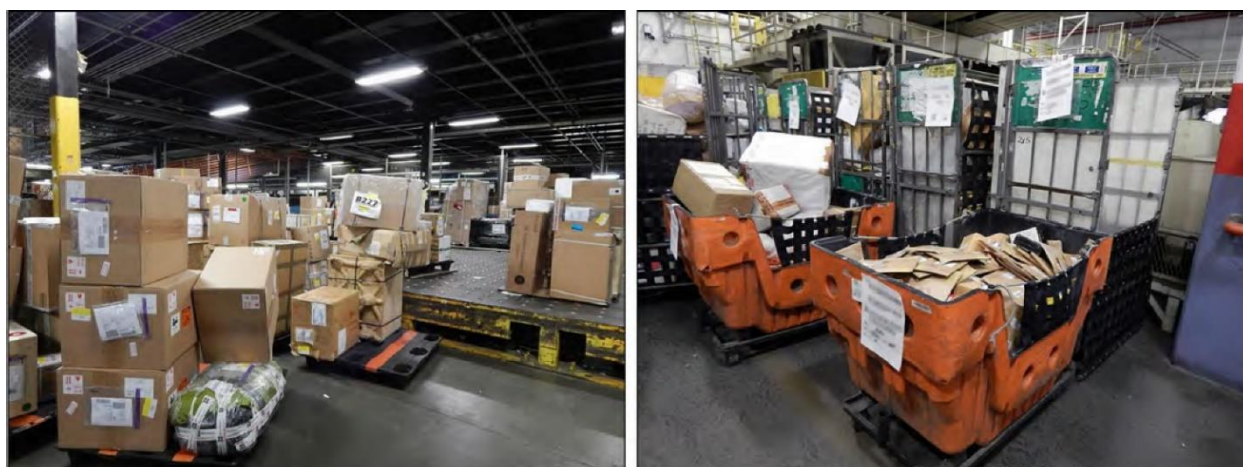
<sup>6</sup>See U.S. Government Accountability Office, Illicit Opioids: [While Greater Attention Given to Combating Synthetic Opioids, Agencies Need to Better Assess Their Efforts](#), March 10, 2018.

<sup>7</sup>The Internet is typically separated into three distinct parts: (i) the open Internet, also known as the Clearnet, which encompasses sites publicly accessible through search engines such as Google; (ii) the Deep Web, which consists of content not indexed and sites that cannot be found by normal search functions, such as paywall-protected pages; and (iii) the Darknet, which consists of many networks, and refer to areas of the Internet accessible only via specialized anonymizing software, such as the Tor network. (Sites only reachable through the Tor network are recognizable through their “.onion” URL domain suffix.) While Darknet content is varied, it is also home to hidden services such as criminal marketplaces that allow individuals to buy and sell illegal items, such as drugs, firearms, and other hazardous materials, with greater anonymity than is possible on the traditional Internet. Generally, these Darknet market websites use a variety of anonymizing and encryption technologies in an attempt to shield communications and transactions from interception and monitoring.

<sup>8</sup>A mail consolidator is a company that gathers or collects foreign mail from many small senders of mail, for the purpose of offering a lower postage rate than the small senders could otherwise negotiate on their own.

traffickers utilize invalid addresses, relying on the large volume of e-commerce parcels from China as a means of concealment.

Mexican TCOs in recent years have diversified their traditional product lines of South American cocaine and domestically produced heroin, marijuana, and methamphetamine to include illicit synthetic opioids from source production/manufacturing countries such as China. TCOs then mix the synthetic opioids with adulterants, diluents, or other drugs and transport them to the United States using traditional trafficking routes. Shipments of fentanyl, fentanyl analogues, and other synthetic opioids from Mexico are often milled with diluents, adulterants, and plant-based drugs, meaning shipments moved into the U.S. from Mexico are of low purity—often containing less than five percent fentanyl. Illicit synthetic opioids are sometimes pressed into a pill form trafficked under the guise of prescription medications. These drugs are then transported to the United States.



*Figure 2/3: Inbound International Mail at the New York International Mail Facility<sup>9</sup>*

### **Transportation/Trafficking Methods From Latin America to the United States**

There are increasing indications that Mexican organizations have begun synthesizing fentanyl in Mexico and may increasingly focus on domestic synthesis because of high profit margins and to eliminate their reliance on foreign suppliers such as Chinese producers and manufacturers.

Mexican TCOs use their existing drug distribution network to traffic polydrug loads that increasingly include fentanyl. The majority of the flow is through personally operated vehicles entering the United States at legal ports of entry, followed by tractor-trailers through ports of entry. Body carriers often move small quantities of fentanyl and other synthetic opioids across the Southwest border. Mexican-sourced fentanyl is often distributed through age-old traditional wholesale and retail street drug methods.

<sup>9</sup> See U.S. Government Accountability Office, *Illicit Opioids: While Greater Attention Given to Combating Synthetic Opioids, Agencies Need to Better Assess Their Efforts*, March 10, 2018.

### **Domestic Fentanyl Trafficking Through U.S. Mail and Private Shipping Companies**

Once in the United States, fentanyl may be mixed into other drugs such as cocaine, heroin, or methamphetamine, cut with diluents, pressed into pills, or sold as-is on the street or Darknet.

Fentanyl from China is often smuggled into the United States in powder form with purity levels as high as approximately 90 percent pure; air cargo, mail and express consignment seizures accordingly tend to be relatively low gross weight. Chinese-sourced fentanyl is sold via the Clearnet or Darknet to U.S.-based customers or resellers, who then resell it domestically either to criminal drug organizations or via Darknet marketplaces and other illicit online mechanisms to the end user.

Legally manufactured fentanyl may be diverted from licensed drug wholesalers or pharmacies; or through theft, fraud, or tampering by healthcare personnel on a very limited scale.

### **Masking of Illicit Activities by Criminal Actors**

Traditionally, direct shipments to the United States from China-based fentanyl suppliers list legitimate, fictitious, or incomplete sender names and addresses to ship using international mail, air express courier, and air cargo.

Fentanyl traffickers seek to mimic normal e-commerce shipments to avoid U.S. Customs and Border Protection (CBP) detection. Fentanyl traffickers often declare their international shipments as relatively low-value consumer goods and send them to mail centers or other addresses not associated with the criminal organization. Clearnet or Darknet sales enhance criminals’ ability to hide their identities and reduce required reporting requirements if the shipment is declared to be of low value. In general, e-commerce shipments include the shipper’s name and address, consignee name and address, a description of the contents, the value, and quantity.

## Case Studies

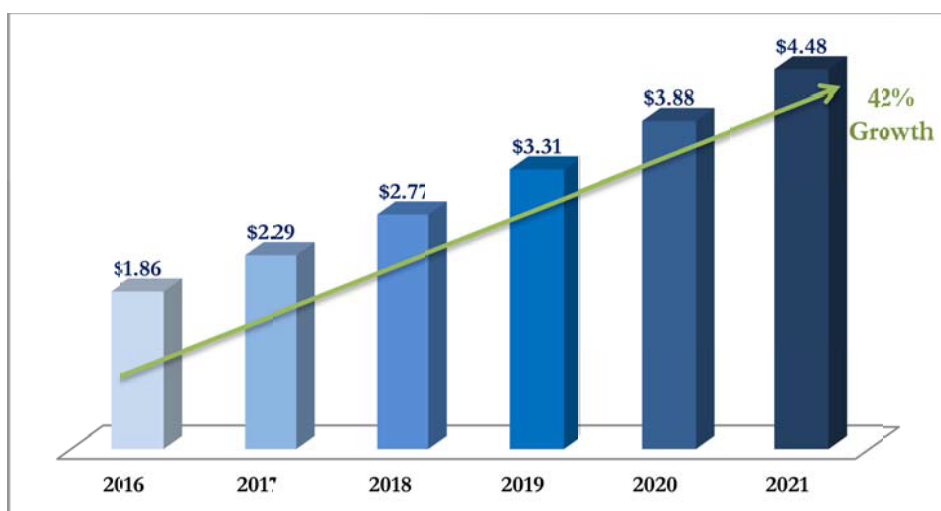
### *E-Commerce Driving the Parcel Volume From China*

The rise of e-commerce has dramatically increased the number of parcels shipped from China (Figure 4). The volume of international mail/Express Consignment Operator (ECO) parcels from China shipped worldwide has increased more than 16-fold from 1.2 billion in 2007 to 20.6 billion in 2015. The volume of international mail processed by the U.S. Postal Service (USPS) more than tripled between 2013 and 2017, from 149.5 million parcels to 498.3 million. There are several major factors fueling this dramatic increase: the greater use of the Internet to purchase goods; the use of e-packets to cheaply ship merchandise; an increase in the “de minimis” tariff value; and the emergence of the “drop-shipping” supply chain management method (explained below)

**Growing Sales:** The value of U.S. internet sales increased 97 percent from \$230 billion in 2012, to \$453.56 billion in 2017, according to open source reporting.

**Low-Cost Shipping:** Prevailing international postal agreements systematically underprice the delivery of small packages, fueling their rapid growth as a conduit for e-commerce goods. Furthermore, the U.S. government increased the de minimis value (or minimum value of a good requiring a tariff) from \$200 to \$800 in 2016, allowing most personal internet purchases to enter the U.S. tariff-free.

**Drop-Shipping:** A supply chain management method whereby the retailer does not keep goods in stock, but instead uses a manufacturer, another retailer, or a wholesaler, to ship the goods directly to the customer(s). Many of these firms only have a “virtual” presence and rely on Chinese



**Figure 4: Growth of Retail E-Commerce Sales Worldwide 2016–2021 (In Trillions)<sup>10</sup>**

<sup>10</sup> See [Worldwide Retail and Ecommerce Sales: eMarketer’s Estimates for 2016–2021](#), July 2017.

*Example of China-Sourced Fentanyl Using International Mail and Express Consignment Carriers*

In July 2017, a Pennsylvania resident and former law enforcement officer was identified by DHS’s Homeland Security Investigations (HSI) at the National Targeting Center (NTC) as importing large quantities of fentanyl from China. Further investigation revealed that this individual’s nationwide fentanyl distribution contributed to at least one death.<sup>11</sup> This case was initiated by CBP, which sent an unknown white powder discovered at the JFK Airport mail facility to the CBP Lab for analysis. The lab identified it as fentanyl and sent an alert to CBP’s NTC, which forwarded the potential case to HSI Philadelphia for further investigation. This case highlights the importance of collaborative interagency targeting efforts in identifying suspicious activity in the mail and express consignment domains, enabling law enforcement to investigate, arrest, and indict criminal actors.

*Example of Cross Border Transportation/Trafficking*

In March 2019, CBP officers assigned to Otay Mesa, CA Port-of-Entry seized 11.84 kilograms of fentanyl concealed within a 1997 Sport Utility Vehicle (SUV). The CBP officer referred the SUV to secondary inspection due to a pre-primary CBP canine alert on the vehicle. In secondary inspection, CBP officers removed 10 packages of fentanyl from the SUV’s dashboard.

*Example of Domestic Fentanyl Trafficking Using U.S. Mail for Delivery*

In June 2018, a South Carolina man was sentenced to twenty years imprisonment after being convicted of distributing fentanyl resulting in several deaths. His customers paid him in Bitcoin, acted as a domestic Darknet redistributor of fentanyl on behalf of a supplier in mainland China. He utilized the USPS to deliver fentanyl to his customers across the United States.<sup>12</sup> This case was initiated by a seizure of more than one kilograms of fentanyl destined for the distributor. CBP NTC worked with HSI, the United States Postal Inspection Service (USPIS), and Drug Enforcement Administration (DEA) in Charleston, SC to complete a successful investigation and render a guilty plea.

*Example of Counterfeit Oxycodone Pills Containing Fentanyl Mailed by Darknet Traffickers*

In September 2018, a FDA-Office of Criminal Investigations (OCI) led investigation resulted in the arrest and indictment of a San Diego resident, known as “The Drug Llama”, who was selling counterfeit oxycodone pills containing fentanyl on a Darknet marketplace. The suspect in this case is alleged to be responsible for shipping over 50,000 counterfeit pills containing fentanyl throughout the United States via the Darknet marketplace Dream

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<sup>11</sup> See U.S. Immigration and Customs Enforcement, Homeland Securing Investigations Press Release: [Alleged Philadelphia fentanyl distributor arraigned on federal drug trafficking charges](#), July 12, 2017.

<sup>12</sup> See Department of Justice, U.S. Attorney’s Office District of South Carolina, Press Release: [Ladson Man Sentenced to Twenty Years for Distribution of Fentanyl Resulting in Death](#), June 7, 2018.

Market.<sup>13</sup> This case underscores that the Darknet remains a primary venue for the illicit sale and distribution of fentanyl.

### *Example of United States Postal Service Being Used to Deliver Fentanyl Disguised as Nasal Spray*




In February 2018, USPIS arrested a Wisconsin man identified as a Darknet vendor who was selling fentanyl nasal spray. Postal Inspectors became aware of the mailer after an overdose death of an individual in Florida using a liquid nasal spray containing fentanyl that he received via U.S. mail. A search of the suspect’s residence recovered hundreds of unused spray bottles and labels similar to the product found in Florida, postage, as well as a shipping ledger listing multiple addresses within the country.<sup>14</sup>

USPIS has increased its targeting efforts in recent years, yielding promising results in the interdiction of drugs and the prosecution of those involved in their production and distribution. In Fiscal Year 2018, USPIS initiated over 2,233 illicit drug distribution cases involving the U.S. mail and made over 2,321 arrests. Since Fiscal Year 2016, USPIS increased drug seizures from international parcels by 1,000% and domestic parcel seizures related to opioids by 750%.<sup>15</sup>

## Red Flags

These red flags are intended to inform the private sector of warning signs of potential exploitation of their platforms by criminal actors to facilitate the movement and trafficking of illicit narcotics. Should any of these red flags be encountered, particularly by postal and express consignment shippers, we ask private sector partners to thoroughly document and refer these red flags to law enforcement for investigation and possible prosecution.

Some warning signs of supply chain penetration and the illicit shipment of fentanyl include:


-  1. Incomplete shipping documentation and/or cargo descriptions:
  - a. Incomplete shipper name or invalid shipping address
  - b. Incomplete consignee name or invalid consignee address
  - c. Cargo description unknown
-  2. Parcels sent through multiple freight forwarders. This could be done through means of air cargo or a postal or express consignment, to be redistributed through a different shipping service once entering the United States
-  3. Direct large shipments of chemicals to private individuals from chemical companies.

<sup>13</sup> See Food and Drug Administration Office of Criminal Investigations and U.S. Department of Justice Press Release: ["The Drug Llama" Faces Federal Indictment and Mandatory Minimum Sentence for Distributing Fentanyl on Dark Web](#), September 18, 2018.

<sup>14</sup> See Wisconsin State Journal: [Feds charge man suspected of mailing fentanyl-infused nasal spray, including to a man who died](#), March 12, 2018.

<sup>15</sup> See [U.S. Postal Inspection Service Annual Report FY2018](#), April 2018.



-  4. Common cargo descriptions: Fentanyl seizures have been manifested as common consumer goods such as cosmetics, industrial powders, electronic accessories, food products, and gifts.

### Regulatory Reminders and Sanctions Authorities

- Counter Narcotics Trafficking Sanctions: Provides authority for the identification of, and application of sanctions on significant foreign narcotics traffickers, their organizations, and the foreign persons who provide support to those significant foreign narcotics traffickers and their organizations, whose activities threaten the national security, foreign policy, and economy of the United States.
  - Foreign Narcotics Kingpin Designation Act (21 U.S.C. §§ 1901-1908):
  - Foreign Narcotics Kingpin Sanctions Regulations (31 CFR Part 598)
- Executive Order (E.O.) 13773: Enforcing Federal Law with Respect to Transnational Criminal Organizations and Preventing International Trafficking – Strengthens enforcement of federal law in order to thwart transnational criminal organizations and subsidiary organizations, including criminal gangs, cartels, racketeering organizations, and other groups engaged in illicit activities that present a threat to public safety and national security and that are related to, for example:
  - The illegal smuggling and trafficking of humans, drugs or other substances, wildlife, and weapons;
  - corruption, cybercrime, fraud, financial crimes, and intellectual-property theft;
  - or the illegal concealment or transfer of proceeds derived from such illicit activities.
- Transnational Criminal Organizations Sanctions: Declares a national emergency with respect to transnational organized crime and provides authority to impose sanctions on persons determined to, among other things, constitute a significant transnational criminal organization, provide support to those significant transnational criminal organizations, or be owned or controlled by, or have acted or purported to act for or on behalf of any person whose property and interests in property are blocked pursuant to E.O. 13581(as amended by E.O. 13863).
  - E.O. 13581 (as amended by E.O. 13863): Blocking Property of Transnational Criminal Organizations
  - Transnational Criminal Organizations Sanctions Regulations (31 CFR Part 590)
- Serious Human Rights Abuse and Corruption Sanctions: Declares a national emergency with respect to serious human rights abuse and corruption globally, and provides authority to impose blocking and visa sanctions on persons determined, among other things, to be responsible for or complicit in, or to have directly or indirectly engaged in, serious human rights abuse or corruption anywhere in the

world. E.O. 13818 implements the provisions of the Global Magnitsky Human Rights Accountability Act (“Global Magnitsky Act,” Public Law 114-328, Subtitle F).

- E.O. 13818: Blocking the Property of Persons Involved in Serious Human Rights Abuse or Corruption
- Global Magnitsky Sanctions Regulations (31 CFR Part 583) –
- 21 U.S.C. § 841 – Unlawful to knowingly and intentionally distribute a controlled substance without authorization.
- 21 U.S.C. § 843(b) – Unlawful transportation of a controlled substance via the U.S. mail or other communication facility.

\*Note that U.S. persons are subject to strict liability for any violations of sanctions regulations issued by the U.S. Department of the Treasury’s Office of Foreign Assets Control.

## Reporting Instructions

### Customs and Border Protection:

The CBP e-Allegations portal allows for the reporting of suspected violations of U.S. Customs Law and related illicit trade activities. The e-Allegations site (<https://eallegations.cbp.gov/Home/Index2>)

- Suspected Criminal/Illegal Activity
- Trade Violations
- Evasion Violations

### Homeland Security Investigations Tip Line:

U.S. Immigration and Customs Enforcement (ICE) investigates more than 400 violations of criminal law, ranging from child exploitation to transnational gangs. Use this form to report suspected instances of narcotics trafficking or other criminal activities related to the illicit

Be as specific and as detailed as possible. You are encouraged to provide any additional identifying details such as places of birth, countries of citizenship, and any numeric identifiers in the below narrative text box. The detailed information you provide will assist investigators as they look into reported violations.

Individuals across the world can report suspicious criminal activity to the ICE/HSI Tip Line 24 hours a day, seven days a week. Highly trained specialists take reports from both the public and law enforcement agencies on more than 400 laws enforced by ICE HSI. If you would like to report suspicious criminal activity: Call 866-DHS-2-ICE (866-347-2423) (from U.S. and Canada). <https://www.ice.gov/webform/hsi-tip-form>

### U.S. Postal Inspection Service Tip Line:

The mission of the USPIS is to support and protect the USPS and its employees, infrastructure, and customers; enforce the laws that defend the nation’s mail system from illegal or dangerous use; and ensure public trust in the mail.

To report suspicious parcels or mail, fraudulent mail that may be tied to criminal organizations, or suspect narcotics trafficking, please contact the USPIS:

U.S. Postal Inspection Service

1-877-USMAIL-5

(1-877-876-2455)

Or email a complaint or referral via: <https://postalinspectors.uspis.gov>

Federal Bureau of Investigation:

The FBI encourages referrals of activity related to illicit fentanyl trafficking to the nearest FBI field office (<https://www.fbi.gov/contact-us/field-offices>) or embassy representative (<https://www.fbi.gov/contact-us/legal-attache-offices>) nearest you, 24 hours a day, seven days a week, or report suspected crimes through the FBI tip line at: <https://www.fbi.gov/tips>.

Drug Enforcement Administration: Please refer relevant information to the nearest DEA field office or through the DEA tip line at <https://www.dea.gov/submit-tip>

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