

**IN THE COURT OF COMMON PLEAS
DAUPHIN COUNTY, PENNSYLVANIA**

IN RE: : **SUPREME COURT OF PENNSYLVANIA**
: **185 M.D. MISC. DKT. 1999**
THE FIFTEENTH STATEWIDE :
: **DAUPHIN COUNTY COMMON PLEAS**
INVESTIGATING GRAND JURY: NO. 622 M.D. 1999
:
: **NOTICE NO. 15**

**ORDER ACCEPTING AND FILING
INVESTIGATING GRAND JURY REPORT NO. 2**

AND NOW, this ____ day of _____, 2001, upon review of Investigating Grand Jury Report No. 2, and finding that said report properly regards organized crime and proposes recommendations for administrative, executive and/or legislative action in the public interest based upon stated findings, and further finding that said report is based upon facts received in the course of an investigation authorized by the Investigating Grand Jury Act, 42 Pa.C.S. § 4541 *et seq.*, and is supported by the preponderance of the evidence, it is hereby

ORDERED

1. That Investigating Grand Jury Report No. 2 is accepted by the Court with the direction that the original be filed as a public record with the Court of Common Pleas of Dauphin County and that a copy be filed as a public record with the Court of Common Pleas of Philadelphia County.

2. That the Attorney for the Commonwealth deliver copies of the Report to the following:

- A. The Members of the Judiciary Committee of the Pennsylvania House of Representatives;
- B. The Members of the Judiciary Committee of the Pennsylvania Senate;

- C. The President Judge of the Court of Common Pleas of Philadelphia; and
- D. The District Attorney of Philadelphia.

BY THE COURT:

ISAAC S. GARB
Supervising Judge

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TO THE HONORABLE ISAAC S. GARB, SUPERVISING JUDGE:

REPORT NO. 2

We, the members of the Fifteenth Statewide Investigating Grand Jury, based upon facts received in the course of an investigation authorized by the Investigating Grand Jury Act, issue this report regarding conditions relating to organized crime as defined in the Investigating Grand Jury Act and proposing recommendations for legislative, executive and administrative action in the public interest. So finding, with not fewer than twelve concurring, we do hereby adopt this Report for submission to the Supervising Judge.

Foreperson — The Fifteenth Statewide
Investigating Grand Jury

DATED: _____, 2001

GRAND JURY REPORT

I. BACKGROUND

Heroin is a Philadelphia and Pennsylvania Problem

We, the Fifteenth Statewide Investigating Grand Jury, have heard evidence regarding the distribution and use of heroin in Pennsylvania. We have learned that an area of North Philadelphia, pejoratively referred to as “The Badlands,” is the primary source for the heroin found throughout much of Pennsylvania.

We have seen videotape of this North Philadelphia area, with its abandoned homes and cars, vacant lots, and graffiti.

Witnesses described how accessible heroin is in North Philadelphia. They testified to driving long distances to North Philadelphia to buy heroin from men standing outside on street corners. They discussed the costs, risks and benefits of the trips to Philadelphia to buy heroin. They testified to using and re-selling the heroin purchased in Philadelphia in other parts of Pennsylvania, at profits of up to 400%.

The heroin users

Cheap prices and a steady supply of quality heroin brings buyers from throughout Pennsylvania and neighboring states to the streets of North Philadelphia. Most buyers would have to pay up to \$40 a packet for heroin in their home counties, but in North Philadelphia a packet of heroin goes for as little as \$10.

We found that the buyers of the North Philadelphia heroin come from many parts of Pennsylvania, including Greene, Luzerne, Blair, Lancaster, Wyoming, Bedford, Franklin, Montgomery, Chester, Delaware, Bucks, Northampton, Schuylkill and many other Pennsylvania

counties. Also, residents of New Jersey, Delaware, Maryland and as far away as Kentucky have been observed and arrested for buying heroin in North Philadelphia.

We heard testimony that agents of the Attorney General's Bureau of Narcotics Investigation (BNI) arrested a man and woman from Kentucky who drove to North Philadelphia and bought heroin. The woman, who was a manager of a Kentucky imports store, stole a week's worth of revenues from the store to buy heroin in Philadelphia. Her intention was to buy the heroin for \$10 per packet in Philadelphia and sell it for \$80 per packet in Kentucky, and still be able to replace the money she stole from her store without getting caught.

Buying heroin on the streets of North Philadelphia is easy, although not without risks. Some buyers are robbed of their heroin money and beaten at gunpoint by men on Philadelphia street corners. Heroin dealers in Philadelphia will sometimes take money from unfamiliar buyers and not return with promised heroin

We heard testimony from law enforcement officers and witnesses of the devastating effects heroin has on the lives of those addicted to the drug. For example, agents arrested a woman for heroin possession on Hope Street in Philadelphia. Prior to her arrest, the agents watched the woman walk to her car which was parked nearby. The woman tried to find her car keys and finally realized they were locked in her car. She banged on her car windows and aroused her sleeping son in the back seat, who opened the car door for her. The little boy told the agents his mother came to Hope Street three or four times a week and that she tells him to lie down in the back seat so no one sees him.

We heard extensive testimony from both heroin users and dealers from Philadelphia and various areas of Pennsylvania. The witnesses testified to the difficulty in overcoming their addictions and described how heroin use dominated their lives.

We heard testimony from some addicts who have seemingly overcome their heroin dependence and from those still struggling with it.

Higher purity levels of heroin have allowed heroin users, particularly first time users, to snort the drug through their nose rather than the age-old method of injecting. Snorting the drug reduces the users initial fears of experimentation. Most users have said they began ingesting the drug by snorting it but gradually became intravenous users, shooting the heroin into the veins of their inner arm.

We heard that heroin addicts often pool their money with other addicts to maximize their purchasing power. Heroin users outside of Philadelphia with access to vehicles are recruited to drive the other addicts to Philadelphia to buy heroin. The drivers are often paid in heroin.

We heard that some of the addicts often inject heroin immediately after buying it and drive back to their homes throughout the state under the influence of heroin.

BNI agents testified that they have often seen users “cooking” and “shooting” the heroin into their arms while parked in their car, or injecting heroin as they drive their vehicles. BNI agents have had to request emergency medical assistance for users who overdose.

One witness who overdosed said he remembered asking his friend if he thought the heroin they had just injected was real. The friend replied “Yeah, it’s real, I can feel it.” The witness remembered saying, “Yeah, I can feel it too, it’s good.” The next thing he remembered was waking up in the back of an ambulance.

We heard of a group of heroin users from Luzerne County who drove to Philadelphia and bought and used heroin. One of the young women in the group overdosed and the others simply dropped her off at the Temple University Hospital emergency room and returned to Luzerne County. We learned of a bathroom at a gas station on Route One in Philadelphia where heroin buyers stop to inject their just-purchased dope. The buyers often stop at the gas station's convenience store and buy a bottle of water to prepare the heroin for injecting. The trash receptacle inside the bathroom has been seen filled with bloody needles used to inject the heroin. Numerous plastic caps from the water bottles — used to prepare the heroin for injection — littered the floor. Inside the bathroom hangs a sign which warns that the police will be contacted if a person is caught using drugs inside.

Heroin addicts testified about resorting to criminal and other immoral behavior to support their heroin habits. Considering how often they possess heroin or commit crimes to support their habits, they recognize the possibility and likelihood of going to jail.

A 28-year-old heroin addict, when asked how he supported his habit, said, "Pretty much stealing. Whatever it took." Burglary, prostitution, and theft are common crimes committed by heroin users in need of money.

We heard of a criminal practice called "boosting." Boosting involves recruiting a group of five or six heroin addicts to shoplift. The group of addicts will go to an area and steal from area stores. They steal Tylenol, baby formula, baby diapers, clothing — accumulating thousands of dollars worth of goods. The stolen items are then taken to Philadelphia and sold to local convenience stores at a reduced price. The addicts then use the money to buy heroin.

Heroin use destroys lives

We found that heroin users are male and female in about equal proportion. Their ages range from the teens to the early thirties. typically teenagers to their early-thirties. We found in some cases, entire families of users. Heroin ruins families. BNI agents have arrested a father, son and uncle buying heroin together in Philadelphia. They have also arrested a mother and daughter buying heroin together, and a husband and wife.

Many addicts have been through more than one attempt at rehabilitation, both residential and outpatient. Most progress from snorting heroin to injecting it, thus increasing the likelihood of dependency. Heroin users testify to the difficulty of “getting clean,” and how they struggle to avoid getting “dope sick,” an illness associated with, and unique to, withdrawal from heroin use.

Many addicts know others who have died from heroin overdoses. They express regret and remorse for their addictions, wondering how their wills were so easily overcome by heroin. Some recognize how quickly a sample of heroin became an obsession that controlled them.

With rare exception, buyers coming to Philadelphia have heroin habits. Some buyers return to their home counties and become major heroin dealers. An 18-year-old addict, working for two separate dealers in Blair County, said buyers would come to his house. “My mom works during the day until like six o’clock. I’d just sit there all day selling dope and, when she came home, I usually left.”

A 20-year-old Altoona woman, who was working and going to college during her two-year addiction said, “Why did I stop? Because it’s not a normal life. I have a little girl. I’m not - I’m an intelligent person. I can be somebody more than what I was. It’s just I don’t want to live that way anymore. I want to grow up, be a real person to society.”

A 28-year-old man from Blair County, who testified at the end of a 3½-month period where he was free of heroin but for one relapse, was asked if he had a job. His answer underscored the difficulties faced by addicts wanting to get clean. “My father owns a business I work with him, you know, a little bit - the time I have - I spend a lot of time, actually, on my recovery right now, just until I get a foundation to where I feel I’m strong enough to go out and actually have a pocketful of money, you know, trust myself with it, you know, at the time, I wasn’t - I didn’t feel strong enough.”

II. OPERATION ECHO

We have heard testimony from BNI agents regarding their efforts to reduce the devastating impact of heroin in Pennsylvania.

We heard that in 1998, Attorney General Mike Fisher initiated the Eastern Corridor Heroin Operation (ECHO) in response to several heroin deaths in Pennsylvania. The heroin that caused the overdose deaths was bought in Philadelphia. ECHO is designed to identify not only heroin distribution operations in Philadelphia, but also buyers and resellers who travel to Philadelphia to obtain heroin and return with the heroin to their home counties.

We heard that since 1998, through the Attorney General’s ECHO program, BNI agents have made more than 450 arrests of persons selling or buying heroin in Philadelphia.

ECHO has investigated and prosecuted Philadelphia heroin distribution organizations on Palethorp Street, Waterloo Street, the 300 block of W. Gurney Street, the 2700 block of N. Hope Street, and the 3100 block of N. Franklin Street.

III. THE HEROIN ORGANIZATION

We also heard testimony from North Philadelphia men involved in the distribution of heroin. They explained how the Philadelphia heroin distribution organization works and detailed the amounts of money generated through the sales of heroin.

Suppliers

Control of the distribution is shared between those who have the heroin and those who have distribution networks. The heroin suppliers are typically persons who have emigrated to Philadelphia from the Dominican Republic. These suppliers attempt to insulate themselves from arrest and prosecution by removing themselves from the heroin distribution chain and leaving the day-to-day operation to others. The suppliers try not to touch their product - the heroin - but receive profits from its distribution.

Owners

The suppliers pay “rent” money to drug dealers in North Philadelphia who “own” or control the drug distribution networks. These dealers or owners are usually men from the community who are familiar with the neighborhood and the drug business. They have established control of specific street corners with an existing drug clientele having distributed other drugs such as cocaine. Other owners are viewed by the suppliers as being capable of building a street corner into an attractive buyers’ market.

There are numerous drug corners in North Philadelphia. These corners are not limited to an intersection of two streets but also include a particular portion of a city street.

By accepting “rent” from a supplier, the owner is agreeing to sell the supplier’s heroin at his corner. The amount of rent fluctuates as heroin sales grow or decline at the street corner. Weekly and biweekly rent can range from \$2,500 to \$6,000.

In 1998, when sales of heroin dramatically increased on the 2700 block of North Hope Street, the owner removed the supplier’s heroin until an increase in rent was negotiated.

Like the heroin suppliers from whom they collect rent, the owners also attempt to avoid detection of law enforcement by recruiting and paying others to receive the heroin, manage its distribution, collect the proceeds from its sale, and return the profits to suppliers.

The owners, like businesspeople everywhere, know the customer always comes first. Owners have been known to temporarily suspend the sale of the suppliers’ heroin when customers or users have complained to those who work for the owner about the quality of heroin or the reduction in packet weights.

Caseworkers

The owners, who run the distribution network, hire people to manage the daily heroin operation. These workers are called “caseworkers.” They are typically paid a percentage of the daily heroin sales, which can be substantial. The caseworkers insulate themselves from the more risky behavior of dealing directly with the buyers by hiring street-level sellers who are given limited quantities of heroin.

Street -sellers

Sellers are typically hired by the caseworker if they have worked at other corners selling drugs and are recommended by other sellers or caseworkers. The sellers assume the greatest risk, of all those in the distribution network, of being arrested because they conduct the majority of their

sales outdoors both day and night. Their income is dependent on their volume of sales. After selling their initial supply of heroin, the sellers return to the caseworker with the money from the sales and receive another supply of heroin.

The sellers, who work in shifts, try to keep little or no heroin on them while selling. They store the heroin packets in nearly every conceivable hiding place, including: inside homes, under rocks, inside abandoned or occupied vehicles, inside abandoned buildings, under gas meter covers, under fixtures removed from walls and in discarded plastic bottles. One agent testified that the sellers store their heroin, "Anywhere you can imagine where you may hide something, so if the police come up, you're not holding the drugs."

Sellers who are selling smaller quantities of heroin typically conduct the exchange with the buyers on the street. Sometimes the buyer will remain in his car; sometimes he will get out and meet with the sellers. The sellers often will require buyers to return after a period of time, allowing the sellers time to retrieve the requested amount of heroin packets and quickly make the exchange with the returning buyers. This method of transaction reduces the likelihood of detection.

One Blair County witness described a typical heroin transaction on the 3100 block of North Franklin Street, a street in North Philadelphia:

We would just drive to Philadelphia, pull down to Franklin Street, pull our car in, and as soon as you turned the corner they'd start yelling for you, because there was a lot of competition, I guess, for the sale. But once we found somebody that was honest with us and wasn't going to take our money and burn us, we pretty much just turned our heads from everybody that was yelling and went straight to the people that we knew.

We'd pull the car up. Sometimes you didn't have to get out, but it was better. They liked it better if you did get out. It didn't look so suspicious. We'd park the car along the curb, usually two of the three

of us would go up to them. We always tried to stay, you know, strength in numbers, you don't want to go up there by yourself, but usually two of us would walk up.

And if Angel (an identified seller) wasn't there, somebody else - there were a few people that we did trust. I mean, you didn't want to give them your money or anything, but they could still get you one way or another. If they wanted to take whatever was in the bag that was supposedly heroin, if they wanted to dump the heroin out and put something else in there - you can't test it or anything, so you have to have a little faith in them. There were a few guys that we trusted.

Pretty much, that was it. He would bring what we needed, we'd pay him, get back in our car and drive to the Turnpike and go home.

Lookouts

In addition to street-sellers, caseworkers also hire lookouts, to warn the sellers or caseworkers that law enforcement is suspected or detected in the area. The lookouts range in age from 12 to 60 years, however, they are usually young males and often drug addicts. They are paid \$40 to \$50 a day.

Runners

Another vital position in the heroin distribution network is the runner. The runner is the liaison between the heroin suppliers, owners and caseworkers. The runner delivers the heroin from the supplier to the caseworker. The caseworker notifies the assigned runner that he needs a supply of heroin by paging the runner. Some caseworkers will put in a code on their page, indicating how much heroin they want the runner to deliver, while others always receive a fixed amount.

There is usually an established meeting place between the caseworkers and runners, which eliminates the need for telephone contact. After receiving the heroin from the runner, the caseworker delivers the heroin to the area of distribution or has someone do it for him.

Heroin packaging

The suppliers buy their heroin in bulk by the kilogram, which produces about 25,000 individual packets. They hire workers to package small amounts, ranging from 30 to 50 milligrams into a single packet of heroin. The packets are placed inside a clear, plastic, heat-sealed baggie. Each baggie is approximately 1 ½"x ½" in size.

A collection of 13 individual heroin packets are placed together with a rubber band into a "bundle." Five or 10 bundles are wrapped inside newspaper to form what are known as a "rack," "brick," "five-pack," or "ten-pack", which are then given to a runner for delivery to the caseworkers.

Heroin profits

The distribution of heroin in Philadelphia generates staggering revenues. The suppliers pay between \$80,000 and \$100,000 for one kilogram. By selling the packets individually for \$10, which is the most common street transaction in Philadelphia, a kilogram of heroin can generate \$250,000. Even after paying the owner and those in the distributing network, a supplier can still realize profits between \$92,000 and \$170,000 for each kilogram of heroin distributed.

An organization can sell 150 bundles of heroin a day. With 13 packets in each bundle, and each packet selling for \$10, an organization can generate \$19,500 in daily income. With a caseworker receiving \$20 for each bundle sold, there is a potential \$3,000 daily profit for caseworkers. With a seller receiving \$10 for each bundle sold, there is a potential \$1,500 daily profit for sellers. Each individual's earnings obviously depends upon how many caseworkers and sellers are assigned on a particular day.

Heroin brand names

The suppliers stamp a particular brand name on each packet of heroin, which identifies a particular corner with a specific name brand. The brand names are selected to entice potential buyers and often reflect popular culture or appeal to the macabre. As in any brand name, they also signify to the buyer the quality of the heroin. Buyers usually come to Philadelphia for a particular brand of heroin. Like other products, users develop loyalties to a particular Philadelphia heroin organization, oftentimes receiving special treatment or reduced prices as a reliable customer. The brand name "I'll Be Back" was found to be a popular brand among buyers and sellers from Luzerne County in 1998. Witnesses testified to knowing 150 to 200 different stamp names or marks. Among the names stamped on heroin packets sold in the North Philadelphia area are: "Hilfiger," "Nautica," "Polo," "SuperNautica," "Acura," "Half Dead," "Pure Hell," "Suicide," "Dead Calm," "I'll Be Back," "Face to Face," "CFCF" (a nickname for a Philadelphia County Prison), "Boom," "Godfather," "Millennium," "Super Hot," "Rambo," "Super High," "Knock Out," "Scarface," "Sniper," "White Bear," "White House," "100%," "Hot Water," and "Full Time."

Suppliers will periodically change the name stamped onto their packets of heroin - often after a series of arrests - in hopes of avoiding prosecution as a Corrupt Organization, where a recurring packet name could be used as evidence by law enforcement to establish a group's identifying mark.

When the names on heroin packets change, or a new corner attempts to open, owners often employ business school marketing devices. Free samples are offered in attempt to attract new customers and through word-of-mouth advertising the brand name gains popularity. As an introductory offer to lure and retain customers of a new brand name, they sell "fat bags," which are \$10 packets containing an increased amount of heroin.

Delivery of heroin by runners

The runner delivers by car; the heroin is often hidden in a compartment specially fashioned for the vehicle. The compartment can be opened only by a secret method of activation, such as by using small magnets or the simultaneous use of the ignition, windshield wipers and radio. Once the correct combination is employed or the proper actions taken, the compartment mechanically opens. The compartments look like small, metallic bread boxes. They are large enough to transport drugs, wads of money, and handguns, yet are still hidden in the vehicle. Law enforcement has found the compartments located on floorboards, inside door panels, inside dashboards and behind seats.

The runner receives the car already stocked with heroin by the suppliers. The runner does not know where the heroin is packaged and stored before he receives it. The vehicles used to transport the heroin often have license plates removed from other vehicles, making it difficult to trace vehicles by registration checks. The runner delivers the heroin to the caseworker, and receives the money in exchange for the heroin.

The caseworker receives his heroin supply and pays the runner for the most recently received supply. The caseworker receives from 25 to 35 bundles per trip. The runner can make from five to seven trips a day to deliver heroin for distribution. The caseworker must pay up to \$100 for each 13-packet bundle he receives from the runner. Some caseworkers can pay as little as \$800 for a rack or ten-pack of heroin bundles. For each bundle sold at a corner, there is typically a \$30 profit for each bundle, divided between the caseworker and seller.

Big spenders

Caseworkers, and sometimes runners, will occasionally sell directly to familiar buyers who purchase larger quantities. These buyers, once identified as “big spenders” at a corner, are introduced to the caseworker. The caseworker then provides his pager number to arrange future transactions. The caseworker and buyer agree on a meeting spot for heroin transactions, which is some place removed from the concentrated drug activity with its increased risk of arrest or danger.

Buying directly from the caseworker or runner has safety and financial benefits for both parties. The developed trust and inconspicuous meeting locations provide security and reduce the possibility of arrest, theft or assault. Caseworkers and runners do not share the profits of these large sales with the sellers. “Wholesale” heroin purchases from caseworkers or runners can cost \$500 to \$650 for a five-pack or \$800 to \$1,100 for a 10-pack. The price demanded by the caseworker, or runner, is impacted by the amount of money he must return to those in the organization that supplied the heroin. His costs and his profit equal his price.

Heroin dealers from Blair County located a North Philadelphia woman as a significant source of heroin. The Blair County dealers called the woman and indicated how much heroin they wanted to purchase by using code words such as “T-Shirts.” The Blair County dealers drove to the woman’s North Philadelphia house, carrying as much as \$7,000. The buyers waited inside the woman’s house while she contacted her source, picked up the heroin and returned with the drug. The woman, who lived with her handicapped son, had her own heroin habit and hid heroin packets inside a crucifix in her bedroom.

IV. MANDATORY MINIMUM SENTENCING

In the late 1980's, the Pennsylvania General Assembly passed mandatory minimum sentencing penalties for heroin traffickers. The law states that if a defendant is found guilty of possession with intent to deliver between two and 10 grams of heroin, the defendant receive a minimum prison sentence of two years in prison. Ten to 100 grams of heroin carries a minimum sentence of three years in prison, and more than 100 grams carries a minimum of five years in prison. The penalties are increased if the defendant has a prior conviction for selling drugs or for possessing with intent to deliver drugs.

Heroin dealers are well aware of the mandatory minimum sentencing laws. It is rare to arrest a street seller of heroin in possession of enough heroin to activate any of the mandatory minimum sentencing laws. Using a 40 milligram per packet average, a seller of heroin would have to possess 50 packets to approach the two-gram minimum for a mandatory sentence. As one agent said, "It is rare to find someone holding that much. Like I said, they stash it. They're familiar with the laws pertaining to the mandatory sentencing so they don't hold anything on their person. They may hold four or five bags on their person. If you come to them and want more, they'll have to go get it. They don't carry the amounts on them."

Out-of-town buyers arrested for buying heroin in Philadelphia usually receive a probationary disposition designed for defendants with drug habits. There are also over 30,000 Philadelphia arrest warrants outstanding for defendants who failed to appear for a court hearing after being arrested.

OBSERVATIONS AND RECOMMENDATIONS

1. Heroin is too accessible in Philadelphia. Heroin dealers sell their drug on the streets with seemingly no effective deterrent. The drug dealers know how the law works and know how to circumvent the imposition of current mandatory sentences if caught. Thus, we recommend that the Pennsylvania General Assembly pass a law which requires a mandatory minimum period of incarceration for a second conviction of possession with intent to deliver a controlled substance, regardless of the controlled substance and the weight involved.

2. When a suburban or rural law enforcement agency is conducting a heroin investigation and suspects that, because of a particular brand name of heroin, Philadelphia may be the source city, the agency should contact the Office of Attorney General's Bureau of Narcotics Investigation and Drug Control. This information will assist the Attorney General's Office in building cases against Philadelphia heroin dealers using the much tougher Corrupt Organizations statute.

3. Law enforcement, schools and charitable organizations should include, or improve their drug education programs to include, the rise of heroin use and its addictive and destructive effect on the lives of users.

The addictive quality of heroin cannot be overemphasized to young people. They must understand there is absolutely no recreational use of heroin and that using heroin destroys lives and entire families. They must be taught that based on evidence, the seeming inevitability of moving from snorting heroin to injecting heroin. They must learn that heroin users often turn to a life of crime to support their addiction and that they face a very real possibility of overdose and death.

4. The Grand Jury suggests that the appropriate authorities of the County and City of Philadelphia should make a more concerted effort to follow up on bench warrants issued for drug violations.