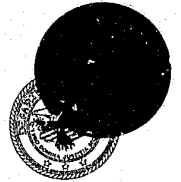


U.S. Department of Justice
Office of the Attorney General



Drug Trafficking

A Report to The President of the United States

August 3, 1989

119844

U.S. Department of Justice
National Institute of Justice

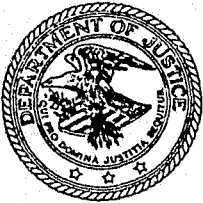
This document has been reproduced exactly as received from the person or organization originating it. Points of view or opinions stated in this document are those of the authors and do not necessarily represent the official position or policies of the National Institute of Justice.

Permission to reproduce this ~~copyrighted~~ material has been granted by
Public Domain/Office of the
Attorney General/US Dept. of
Justice
to the National Criminal Justice Reference Service (NCJRS).

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

119844
6h8611

Compiled by:
The United States Attorneys and
The Attorney General of the United States



Office of the Attorney General
Washington, D. C. 20530

August 3, 1989

The President
The White House
Washington, D.C. 20500

Dear Mr. President:

Recognizing that drug trafficking is the number one crime problem facing our country and the world, I asked our 93 United States Attorneys last fall to prepare detailed reports analyzing the business structure of drug trafficking in their districts. They were requested to use all tools available to describe how these illicit enterprises operate -- not only how the kingpins employ drug producers and shippers, but how they have turned legitimate businesses such as accounting, banking, financing, and communications to use of their nefarious activities. I am herewith transmitting to you and to Director Bennett the results of this effort.

The reports from the 93 U.S. Attorneys are drawn from intelligence files garnered from successful prosecutions conducted in their districts. These voluminous reports detail the often invisible web of drug trafficking and abuse that shroud America. It is no secret that our major metropolitan areas have long suffered from this alarming blight. However, what we learn from these reports is: no community is exempt from the ravages of the drug trade. Drug trafficking enterprises have infiltrated all of our country, from our biggest cities to the smallest villages and towns in our heartland.

This reports documents the pervasiveness of drug trafficking, how it has spread its tentacles throughout all socioeconomic groups across the country. We knew the country was awash in cocaine and crack, but we did not expect to find significant cocaine organizations in Wyoming, heroin trafficking in Iowa, LSD consumption in rural Georgia, or methamphetamine spreading to South Carolina.

The U.S. Attorneys have also painted a new portrait of organized crime, not just the traditional organizations that have been chronicled for so many years, but also the emerging groups who present equal -- if not greater -- threats. Colombian

The President
August 3, 1989
Page 2

cartels, the Bloods and the Crips, outlaw motorcycle gangs, the Asian Triads and Tongs, the Jamaican posses, and others are the contemporary "Al Capones." These crime conglomerates operate with various degrees of structure and sophistication; some are on the cutting edge of international organizational technology; others rely on cultural norms and mores that have evolved over time. A common denominator, however, is their greed -- their relentless pursuit of money.

In addition to detailing the magnitude of the problem, this report highlights the work of agents and prosecutors in pursuing drug traffickers on a scale thought impossible only a decade ago. The investigations handled today are larger and more complex than ever, not only in terms of the volume of drugs seized and the number of arrests, prosecutions, and convictions, but more important, in the Government's ability to get to the international kingpins -- wherever they are -- and to dismantle entire organizations by destroying their financial base through asset seizure and forfeiture.

Our principal efforts now target the entire criminal conglomerate, including those who operate the traffic's infrastructure: those in the transportation industry who engage in the commerce and movement of this illicit cargo; the corrupt law enforcement officer who "merely" looks the other way; the business people and bankers who launder money; and the attorneys who aid and abet drug traffickers. As the many examples contained in this report illustrate, we seek to apply the full force of the law to reach everyone involved in these transnational cartels.

No less important is the Federal law enforcement community's recognition of the importance of reducing the demand for drugs. Although we are continually engaged in struggles where the forces of law confront lawlessness and crime, we recognize that the real war will not be won in the cocaine jungles of South America where narco-terrorists prowl or on the inner-city street corners where the street gangs shoot it out. As I have often stated, the real war must be fought--and won--on the battlefield of values.

Ultimately, the drug war will not be won by drug agents or by prosecutors in the courtroom. Although law enforcement is part of the solution, we will only achieve victory when a winning battle is fought in the classroom, in the workplace, in houses of worship, in the community, and, most important, in the family. The Nation must reclaim more than its streets from the drug dealers, we must reclaim a value system that emphasizes, once

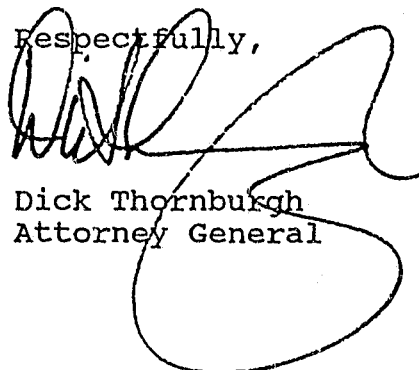
The President
August 3, 1989
Page 3

again, self-respect, self-reliance, and the integrity of our mind and spirit.

That is why efforts to reduce the demand for drugs have become an increasing part of the work of the Federal law enforcement community. This renewed partnership with the American people to return to the day of law and order, when drug use is no longer tolerated, is cause for optimism. As we strive to rid the nation of the scourge of drugs, as you have so aptly described our goal, law enforcement officials will continue to pursue all of our options with unmatched diligence, and working with the spirit and drive that have made this country great, we will be no less unrelenting in attacking the demand for drugs.

I pledge to you our full support in the implementation of your Administration's international drug control strategy. We know it may be difficult, but we will exert every effort to see that it succeeds.

Respectfully,

A large, stylized handwritten signature in black ink, appearing to read 'Dick Thornburgh', is written over the typed name and title.

Dick Thornburgh
Attorney General

Enclosure

I am asking each of you to prepare a report, to be delivered to me, that details the "corporate structure," if you will, of the narcotics trafficking business in your districts. I want to know the hows and whys of drug trafficking. I want to know the ins and outs of the drug enterprise. I want a "who's who" of the drug world.

Out of this we can compile a "Dun and Bradstreet" analysis of the business structure of drug trafficking in this country as a basis for analyzing how more effectively to combat drug importation and distribution. I ask that you analyze sales, accounting, banking, finances, communications -- everything you can identify out of past prosecutions and present investigations that makes up the complex and all too often invisible web of drug dealing in America.

Work at it. Dig for it. Empanel the special investigative grand juries provided for under law if you have to. But find out once and for all how this deadly game is being played. Demystify it. Drag it out from under the rock where it lives and breeds, so that we can fully educate the American public as to the size and breadth of these illegal and insidious business operations; and so that they, in turn, will better understand and more enthusiastically support the difficult struggle in which we are engaged.

Do that, furnish the information to me, and I promise you that no one will ever again accuse us of waging a "phony war" on drugs.

*Attorney General Dick Thornburgh
United States Attorneys Conference
Charleston, South Carolina
October 8, 1988*

DRUG TRAFFICKING

**A REPORT
TO
THE PRESIDENT OF THE UNITED STATES**

Compiled by:

The United States Attorneys
and
The Attorney General of the United States

August 3, 1989

CONTENTS

	Page
I. INTRODUCTION	1.
II. THE ILLICIT USE OF DRUGS	2.
A. Societal Costs	2.
1. Costs to the Taxpayer	3.
2. Corruption	4.
3. The Workplace	5.
4. The Environment	5.
5. Increased Crime	6.
B. Principal Drugs of Abuse	7.
1. Cocaine	7.
2. Heroin	9.
3. Marijuana	11.
4. Other Dangerous Drugs	13.
III. DRUG TRAFFICKING ORGANIZATIONS	16.
A. Patterns of Organized Crime	16.
B. Principal Drug Trafficking Organizations	17.
1. Colombian Drug Cartels	17.
2. La Cosa Nostra and the Sicilian Mafia	22.
3. Asian Organized Crime Groups	24.
4. Jamaican Posses	27.
5. Outlaw Motorcycle Gangs	30.
6. California Street Gangs	33.
7. Other Domestic Trafficking Organizations	35.
8. Trafficking by Other Foreign Nationals	38.
C. Money Laundering	40.
IV. THE FEDERAL RESPONSE	44.
A. Overview	44.
B. Investigative and Prosecutorial Activities	46.
1. Coordinated Efforts	46.
2. Financial Investigations and Asset Forfeiture	49.
3. Support Services	51.
C. Legislative Initiatives	53.
D. Demand Reducation	56.
E. International Initiatives	58.

I. INTRODUCTION

This Administration is committed to ending the scourge of drugs that is ravaging this country. In support of that commitment, the U.S. Department of Justice has established as its highest law enforcement priorities the identification and elimination of criminal drug trafficking organizations and the forfeiture of their ill-gotten gains.

As one of the first steps in implementing action in support of this priority, in October 1988, Attorney General Dick Thornburgh asked the 93 U.S. Attorneys to report on the current organizational structure and operations of illegal drug trafficking organizations active in their districts. These reports assess recent changes in the nature of drug trafficking and reflect increased knowledge and understanding of the realities of the drug trafficking situation in the light of accumulated investigatory and prosecutorial experience.

This document is a distillation of the information contained in these U.S. Attorney district reports and of the statistical, documentary, and experiential data on which these reports drew. Its purpose is to enhance understanding of the nature, the form, and the activities of those organized criminal conspirators whose purpose it is to profit from the production, distribution, and sale of illicit drugs.

These are organizations whose very existence depends on hiding in the shadows. Their clandestine operations, their secret structures, their networks and routes of supply are their primary assets. They can always replace confiscated drugs, but their ability to operate in anonymity, secretly -- beyond the pale of society and outside the purview of the forces that seek to protect society from them -- is essential to their schemes to profit from drug trafficking.

The information in this document, then, along with the thousands of pieces of data being collected by conscientious and dedicated law enforcement personnel around the country, constitutes a strike at the heart of the drug trafficking industry. Each bit of increased information about who the drug traffickers are, how they operate, and what they do increases society's ability to combat them and serves to circumscribe their ability to operate effectively. In the final analysis, the war on drugs, like most wars, will be won by the side with superior intelligence concerning the enemy's plans, movements, capabilities, and operations.

Dedicated men and women have spent hundreds of thousands of hours conducting the investigations that generated the information contained in this document, many at great risk to their own personal safety. Some have died for it. Much of the information is specific and alarming. It delineates, defines, and exposes the organizational elements of the greatest non-military assault on the minds, bodies, and well-being of our citizens in our Nation's history. It exposes excesses of greed, violence, and corruption that are hard, in their enormity, for the rational mind to grasp. And, it provides the framework of the ultimate weapons with which we must win the war against these enormities -- the weapons of knowledge and understanding.

And finally, it documents this Nation's alarming and disturbing demand for illicit drugs -- a demand which creates all of the problems outlined above. As Attorney General Thornburgh has pointed out, the war on drugs must include an attack on the demand side. This attack must be carried out, and won, on the battlefield of values.

II. THE ILLICIT USE OF DRUGS

A. Societal Costs

Drug abuse affects all aspects of American life. Research by the Research Triangle Institute estimated the annual cost of drug abuse at almost \$60 billion in 1983. According to the most current estimates, this figure rose to as much as \$100 billion by 1986. During the last several years, the American public has become increasingly aware of, and concerned over, the dangers of illicit drugs and their impact upon society.

No one has discovered a way in which to do a reliable census of illicit drug use. However, reliable estimates place the number of drug abusers well into the millions. While predominately poor urban neighborhoods remain the most visible, and probably the most fertile, ground for drug abuse activities, these activities are also evident, if not the norm, in widely varying geographic and demographic settings.

Neither the tenderness of youth nor the simplicity of rural environments is proof against the scourge of drug addiction. In Connecticut, the State Drug Abuse Commission concluded that 22 percent of the State's 7th- to 12th-grade students are "regular, substantial or extensive drug users." A society in which substantial numbers of school children are drug abusers is one in which the term "grave threat" begs the question.

The pervasiveness of the drug problem has engendered an overwhelming response by Americans in every walk of life and in all economic and social strata. Based to a large degree on intensive governmental and media information dissemination, the public views drug abuse as a real and imminent threat to the home, the schools, the workplace, and the community as a whole. Daily reports of drug-related homicides, crimes of violence, overdoses, and personal tragedy have focused public opinion and personalized the physical and psychological dangers of illicit drug use.

Public opinion polls reflect this growing concern. Drug use is the number one problem identified by high school students and their parents. Rolling Stone magazine recently published the results of a survey of "young professionals" that indicated that 26 percent of those surveyed felt that someone close to them had a serious drug problem. The increased personalization of the drug problem tends to overshadow, however, a number of economic and societal costs.

The social effects of drug abuse are devastating. Illicit drug trafficking destroys economic production by creating dependencies that hamper the ability to perform in school and the workplace, by creating incentives to turn to crime to get the money needed to feed drug habits, and by corrupting individuals with the lure of the enormous profits offered by the drug trade.

The social effects of drug trafficking are accentuated and reinforced by their direct and indirect economic impact. The money spent on illicit drugs represents resources lost to legitimate productive enterprises. The funds laundered by drug dealers corrupt everything and everybody they touch; as drug traffickers buy legitimate businesses, the effect is less to integrate the dealers into society than to draw parts of the economy into the drug culture. Further, the indirect economic effects of drugs carry over into the workplace, whether one considers the accidents caused by employees under the influence of drugs, the resultant drop in production caused

by drug abuse, or the burden placed on employers when anti-drug abuse programs must be implemented in their companies.

The abuse of drugs generates severe medical problems: death from overdoses; addicted newborns born to addicted mothers; and the spread of diseases, such as AIDS and hepatitis, through the sharing of contaminated needles by intravenous drug users. By channeling scarce resources into treatment, the drug problem increases the cost of health care for the entire nation.

1. Costs to the Taxpayer

In FY 1981, the Federal Government's drug-related expenditures were \$1.5 billion. In FY 1990, the estimated cost will have nearly quadrupled to over \$5.9 billion. These costs include drug-related law enforcement, prevention, and treatment programs. If additional expenditures are counted, such as State and local costs, assistance to foreign countries for eradication and training programs, and military and intelligence costs, the annual bill to taxpayers would exceed \$12 billion.

The cost of Federal drug-related investigations has increased from \$181.9 million in 1981 to an estimated \$760.8 million in 1990. These funds support the domestic investigative efforts of a number of Federal agencies, from the Drug Enforcement Administration (DEA) to the U.S. Park Service. A 1987 study for the President's Commission on Organized Crime estimated that 18 percent, or over \$5 billion, of State and local law enforcement investigative resources was directed at drug-related investigations.

The cost of drug prosecutions at the Federal level is illustrative of the dramatically increasing drain on limited tax resources. The U.S. Attorney for the Western District of Tennessee states that the number of Assistant U.S. Attorneys assigned to drug-related cases has increased 500 percent in the last few years. Similarly, the number of drug cases in the Western District of Wisconsin increased over 1,000 percent in the period from 1984 to 1988. Overall, Federal drug prosecution costs increased from \$44.5 million in 1981 to a projected figure of \$322 million in 1990. The funds necessary to support the Federal drug prosecution effort were often provided at the expense of other prosecutorial efforts such as white collar crime, racketeering, environmental, and antitrust litigation.

As the number of investigations and prosecutions grows, the cost of incarcerating convicted drug dealers also increases. The Department of Justice's Bureau of Justice Statistics estimates that 44 percent of the 49,925 Federal prisoners incarcerated in 1989 were charged with drug violations. The cost to the Federal Government is approximately \$12,000 per year per inmate, or over \$239 million a year for this category of offender. An additional 80,000 to 90,000 inmates are housed in State and local correctional facilities.

While the expenditure of Federal dollars to combat drug abuse is readily quantifiable, estimates of revenues lost through the illegal drug trade are difficult to depict with any real precision. The Internal Revenue Service estimates that the underground economy generated by the illicit drug trade is between \$25 and \$30 billion a year. Assuming a 28 percent Federal tax bracket, the annual loss to the Federal Government in uncollected taxes is \$8 billion, conservatively. Loss of revenue from State and local taxes calculated at 10 percent is an additional \$3.1 billion, resulting in a total estimated tax loss of \$11.1 billion.

Federal funds used to support treatment and prevention have also increased in recent years. In FY 1987, \$413.4 million was allocated for drug abuse treatment, with \$532.9 million allocated for prevention. Estimates for 1990 are \$735.3 million and \$1.1 billion, respectively.

These significant expenditures are directed at the estimated 37 million Americans who used illicit drugs in the last year and the millions of others who do not yet understand the physical and psychological consequences of substance abuse.

Illicit drug abuse is associated with significant health consequences. According to Drug Abuse Warning Network (DAWN) statistics, cocaine, heroin, and other illegal drug use was the cause of death for more than 3,000 Americans in 1987, and the number is increasing. In 1988, the U.S. Attorneys from North Carolina reported 49 cocaine-related deaths, compared to 28 in 1987. A report from the Vermont State Office of the Chief Medical Examiner indicated a 400 percent increase in drug-related deaths from 1984 through 1987.

In addition to mortality rates, hospitals and related health care institutions are reporting dramatic increases in drug-related infant addiction. The New York City Commissioner for Human Services reported a 284 percent increase in newborns testing positive for drugs during the past two years. In Multnomah County, Oregon, of the infants born addicted to drugs, 69 percent were reported affected by cocaine, 29 percent by marijuana, 22 percent by amphetamines, 5 percent by heroin, and 7 percent by other drugs (figures total more than 100 percent due to multi-drug use by mothers). Crack, the highly addictive cocaine derivative, has had its effects as well. In Tallahassee, Florida, a city of approximately 100,000, an estimated 20 crack babies are born each month, a large percentage of whom never survive infancy.

In recent years, the health aspects of the drug abuse problem have been brought into even sharper focus by the relationship between intravenous drug use and AIDS. New York City, which has more AIDS cases than any other U.S. city, has estimated that intravenous drug use was responsible for 35 percent of the known AIDS cases. Even more tragically, some inner-city hospitals are reporting sizable numbers of infants born with congenital AIDS.

Drug use exacerbates other medical problems and increases the cost of health care for the entire nation. Health insurance premiums rise and public facilities, especially in economically deprived areas, are overburdened. Drug use and the health care required to deal with the medical effects of drug abuse harm the economy. One study suggests that the cost to treat one infant born to a crack cocaine-addicted mother may be as high as \$125,000.

Finally, drug abuse diverts scarce resources that could be employed in treating other high-priority medical problems.

2. Corruption

The enormous profits that are derived from the illicit drug trade are often used for the corruption of public officials. A two-year undercover investigation in southwestern Kentucky resulted in the conviction of the Judge Executive of Morgan County and the Morgan County Sheriff. Both were found guilty of accepting \$5,000 monthly payments to protect a large cocaine distribution ring. The combination of large profits and low pay makes some State and local law enforcement officers susceptible to corruption by drug dealers. Often this corruption takes the form of simply ignoring planes landing on remote airstrips or failing to patrol rural highways. In the last few years, seven sitting sheriffs and two former sheriffs have been convicted in the Eastern District of Tennessee for accepting bribes from drug traffickers.

In the Western District of Tennessee, a marijuana and cocaine distribution ring was operated with the assistance of the county sheriff and his chief investigator. The organization imported marijuana as well as cultivated it in rural areas of the county. The sheriff and his assistant also sold drugs confiscated from other dealers to members of the distribution ring. A former sheriff in Pitkin County, Colorado, upon learning of a Federal undercover investigation, placed an advertisement in the local newspaper warning residents of the investigation and advising them to leave the area if they had recently sold drugs to strangers.

The temptation for fast dollars extends to Federal officials as well. In a case reported by the Western District of Tennessee, a Drug Enforcement Administration agent was sentenced to five years in prison after pleading guilty to using his position to assist in the smuggling of drugs into the Memphis area and to disclosing sensitive and confidential government information to drug organizations. In the Northern District of Georgia, a United States Congressman was convicted of lying to a grand jury in a case growing out of a money laundering scheme.

3. The Workplace

Estimates of the extent of drug abuse at the workplace vary, but they all indicate that it is a problem of crisis proportions. A government study published in 1984 estimated the annual cost of unrealized productivity due to drug use at \$33 billion. Drugs which at one time were viewed as a problem primarily affecting lower-income groups have moved to the boardroom and Wall Street. The use of drugs at work has effects that reach far beyond the individual user. Drug-impaired employees endanger themselves as well as their fellow workers. The results of such drug use include the loss of productivity, an increase in absenteeism, an increase in theft, and an increase in workers' compensation and health benefit claims, and work-related accidents. Unquantifiable costs include lower employee morale, increased legal liability of employees, and family financial problems.

Drug abuse in the workplace has created an additional cost to the employer that is eventually passed on to the consumer. Incidents such as the recent Amtrak tragedy in which 16 people died, and the subsequent discovery that the Conrail engineers involved tested positive for drug use, have indicated the need for drug testing. A recent prosecution in the Middle District of Pennsylvania revealed that three employees of the Peach Bottom nuclear power plant were selling large quantities of methamphetamine to fellow employees and that a number of workers had used drugs on the job. Drug testing of applicants or workers among the Fortune 500 companies has increased from 3 percent in 1982 to an estimated 40 percent in 1989.

4. The Environment

The costs of domestically growing and producing illicit drugs are borne by all Americans. Marijuana farmers and clandestine laboratory operators are responsible for polluting our waterways and underground streams, as well as creating public safety hazards in our national forests and residential communities.

Marijuana cultivators are responsible for the destruction of foliage and wildlife. Poisons such as Warfarin and Havoc are used in numerous areas where deer have acquired a taste for the cannabis plant. As a result, growers were responsible for the deaths of more than 1,600 deer in California in 1984. In some areas, farmers have used as much as 300 pounds of rodenticide per acre. Such massive use not only kills the rodents, but also birds and other small wildlife, thus introducing these poisons into the human food chain.

The carcinogenic and highly toxic chemicals used in the laboratory production of illegal substances present extreme hazards to the environment. Each year the DEA pays over \$5 million to have these chemicals removed and destroyed. However, when the laboratory operators dump these directly into the ground or local sanitation system, the chemicals cannot be readily removed and threaten water supplies. These same chemicals present dangers to law enforcement officials. In Oregon, for example, State and local regulations require all law enforcement personnel to wear protective clothing when entering laboratory sites. The Eastern District of California estimates that 4 percent of all clandestine laboratory raids result in the hospitalization of at least one investigator, making this the largest single source of on-the job injury incurred by Federal drug agents.

The public is also put at risk by these manufacturers and growers. It is estimated that one in five clandestine laboratories experience, or are discovered through, fire or explosion. Marijuana growers often protect their plots with armed guards or booby traps. Pipe bombs, punji pits, animal traps, electric fences, and guard dogs have been used by growers to deter confiscation or theft of their crops. Unfortunately, these devices can be activated by anyone, including unsuspecting visitors and law enforcement personnel. The presumption of public access to public lands does not always apply in areas of extensive illegal cultivation. Parks and forests in Hawaii and California have been closed to visitors and employees on several occasions until law enforcement authorities were able to reclaim the land. Not even the animals in refuges are safe. In Gelmer County, Georgia, a black bear was found dead from overdosing on a duffel bag of cocaine dropped in a clandestine landing area.

5. Increased Crime

The links between drug abuse and crime are real and growing stronger. The Department of Justice's National Institute of Justice reports that in FY 1988 more than one-half of the male arrestees in 14 major cities tested positive for drug use. At least 45 percent of arrestees charged with violent or income-generating crimes (including robbery, burglary, and theft) tested positive for drug use. In the end of FY 1988 alone, 82 percent of the male arrestees in Philadelphia tested positive for any drug, 75 percent positive for cocaine. The same study also found that between May 1984 and November 1988, cocaine use by arrestees in Washington, D.C., tripled, from 18 percent to 62 percent.

According to the Wisconsin Department of Health and Social Services, 53 to 79 percent of males arrested in the State's large urban areas test positive for illicit drug use. A related report by the Wisconsin Department of Corrections estimates that 80 percent of the inmates received into the State prison system have used or are using drugs.

Research also indicates that drug use increases criminal behavior. In Baltimore, Maryland, addicts committed four to six times more crime during periods of heavy drug use than in periods when they were relatively drug-free.

The growth of homicides in major cities is also suspected of being drug related. Through the middle of July of this year, 239 homicides had been recorded in Washington, D.C., compared to 165 at this time in 1988.

B. Principal Drugs of Abuse

1. Cocaine

Cocaine, first chemically isolated in 1844, is a vegetable alkaloid that is the main active ingredient in the South American coca plant. It has been used for medicinal purposes for centuries by the rural inhabitants of the coca growing regions, who ingest it by chewing the leaves of the coca plant. In the 19th century, cocaine was widely used throughout Europe and the United States as a stimulant, a pain killer, and, for a time, as a "cure" for morphine addiction. In this sense it was a type of 19th-century methadone. Late in the 19th century, medical evidence of the destructive nature of cocaine use and addiction began to grow. This led to restriction of its use by the Harrison Narcotics Act of 1914.

Cocaine, in its pure form, is one of the most powerful stimulants known. In its traditional powdered form it is called cocaine hydrochloride, or cocaine HCl. It causes a sense of euphoria and of great power in its users. It is cumulative in its effects, and a high level of concentration in the body can lead to disorientation, psychotic outbursts, and even death. Cocaine's widespread use and its position as the drug of choice among a variety of user populations make it public enemy number one in the drug cornucopia.

Four Latin American source countries -- Peru, Bolivia, Ecuador, and Colombia -- supply the vast majority of cocaine. Most of the cocaine supplied by these countries is actually processed in Colombia for export to international markets. In 1988, between 350 and 400 metric tons of cocaine were processed in South America.

Experts in the drug abuse field have estimated that over 22 million Americans have tried cocaine and that there are between two to three million cocaine-addicted individuals in the United States today. In addition, two to three times this number use the drug at least once a month and are either on the road to, or are in danger of, addiction. The number of users is estimated to be increasing at the rate of more than 5,000 daily.

Statistics for 1988 indicate increased numbers of emergency room references to cocaine as a contributing factor to hospital admission. Between 1982 and 1988, the wholesale price of a kilo of cocaine fell from a national range of \$47,000 to \$70,000 to a range of approximately \$11,000 to \$34,000. In the past 15 years, average purity rates for cocaine have risen over 300 percent, from a range of 10 to 20 percent purity to approximately 70 percent. Increased purity levels and increased emergency room incidents, coupled with a decrease in average price, are classic indicators of increased cocaine trafficking activity.

Cocaine usage is illustrative of the ubiquitous nature of drug usage and drug addiction. Far from being contained to usage by the "junkie on the street," cocaine is often cited as the drug of choice for the upwardly mobile, affluent drug user. Districts across the country have reported on cocaine's widespread use by people in all walks of life and from all social backgrounds and strata.

Representative of areas reporting on widespread cocaine usage among the affluent is Columbus, Ohio, where the cocaine clientele is characterized as "predominately white collar, upwardly mobile whites." The reports from New Jersey describe an organization of addicts, sellers, and distributors that included among its members a number of stock and bond brokers who were simultaneously employed at Wall Street brokerage firms in New York City.

The penetration of cocaine usage and addiction into America's heartland is exemplified by the fact that 86 percent of drug cases prosecuted in the Western District of Wisconsin involved cocaine. In the predominately rural Northern District of Iowa, twice as much cocaine was seized in 1988 as in any previous year. District reports in Iowa conclude that "cocaine is readily available in all communities, to all levels of society, from the metropolitan areas to the smallest rural villages." It should be kept in mind that in Iowa the phrase "metropolitan areas" refers to such places as Des Moines, Davenport, Cedar Rapids, and Council Bluffs -- not New York, Chicago, Los Angeles, or even Miami. The Middle District of North Carolina reports being "awash in cocaine;" Kansas reports that "the cocaine abuse problem has risen to an alarming level."

In recent years, variant and even more deadly forms of cocaine have been synthesized in laboratories or produced through techniques that concentrate the cocaine and make it even more powerful and deadly. The most widely used form of "altered" cocaine is known as "crack."

Crack, a form of cocaine that has been processed for smoking, has been growing enormously in usage and distribution in the past year. Crack is both less expensive and more physically and psychologically destructive than is traditional cocaine.

The process for conversion from cocaine HCl to crack cocaine is relatively simple. Cocaine powder is mixed with baking soda and water and then is heated. This produces a solid product that is "cracked" into rock-like fragments that are ready to be sold. Crack may also be combined with other drugs. Marijuana cigarettes have been sold sprinkled with crack. Crack is also "laced" or combined with Valium or heroin, which are used to counterbalance crack's intense high.

Prior to the mid-1980s, most users "snorted" cocaine or injected it subcutaneously. The development of smokeable crack cocaine has altered this usage pattern greatly. Not only is the unit cost of crack lower than that of traditional cocaine HCl, but its effects are more intense and short-lived. Crack also has the advantage of relieving addicts' fears of using needles that have been contaminated by AIDS or other communicable diseases.

With its small dosage units and low cost, crack has opened up an entirely new, lucrative market of low-income users. Indeed, there is evidence to indicate that its development was directly aimed at increasing the market for cocaine by providing a low-cost version of the drug that would have a wider market than the more expensive, regularly processed cocaine. While an ounce of cocaine HCl worth \$1,000 converts to 25,000 milligrams of crack with a street price of \$2,500, the real profit in crack is generated by its remarkably high sales volume. Crack's profitability, ease of processing, and ease of transportation, combined with the user's need for a more frequent "hit" than with other forms of cocaine, have made crack cocaine popular with pushers and have provided them with a new, easily salable product that creates a heavy and constant repeat demand.

Originally, crack was distributed primarily by local dealer networks who would buy the traditional cocaine HCl from wholesalers, convert it to crack, and then sell it to users. This system of local preparation has given way to the involvement of larger organizations in the direct processing, distribution, and sale of crack. Intense competition for market share and "turf" has led to violent crack wars in major distribution areas.

Crack is of special concern because of the alarming speed with which it has established itself in areas across the country. The crack problems of such coastal cities as New

York, Washington, D.C., Miami, and Los Angeles have been well covered in the news media, but reports from other jurisdictions around the country echo the theme of the growth in crack use and availability.

The Savannah, Georgia, office of the DEA estimates that 80 percent of the cocaine traffic in its jurisdiction involves crack, and the Southern District of Georgia reports that "crack is quickly approaching epidemic proportions in south Georgia." Authorities in neighboring Alabama say that "the major drug problem today confronting South Alabama is clearly crack" and report "a crack explosion" in Mobile. In the heart of the Midwest, Fort Wayne, Indiana -- whose motto is "City of Churches" -- has been given a new motto by drug enforcement authorities, "the crack capital of Indiana." In this city of 182,000, between 60 and 70 "crack houses," distribution centers for crack, are operating. This "epidemic of major proportions" has developed within the past 18 months.

Moving across the Mississippi and south toward the Rio Grande, an undercover operation in the small town of Temple, Texas, revealed that defendants were using stolen food stamps to buy crack.

The U.S. Attorney in the Central District of California reports that the major street gangs in Los Angeles, the Crips and the Bloods, have been establishing crack distribution outlets in cities across the country. The Los Angeles Police Department has identified 47 cities, from Seattle to Kansas City to Baltimore, in which Los Angeles street gang traffickers have appeared. Typically, these traffickers transport 5 to 20 shipments of cocaine from Los Angeles into other cities, where it is converted into crack form. The base of these crack distribution networks is Los Angeles and profits from crack sales are returned there.

These representative reports from districts across the nation illustrate the powerful appeal of crack to new markets of users and the effects of the inception of its use and distribution on locales throughout the country.

2. Heroin

Heroin was originally a German trademark brand name applied to diamorphine. The name heroin is now applied to the substance generically, from whatever source. It is a white or brown crystalline narcotic, more formally diacetyl-morphine, a refinement of the principal alkaloid of opium.

There are an estimated one-half to three-quarters of a million heroin addicts in the United States. Of these, over 200,000 are estimated to be in the New York City/Hudson Valley area. This makes heroin second only to cocaine, among addictive illicit drugs, in its widespread use and devastating social effects. Heroin available in the United States originates principally from three sources: Mexico, Southeast Asia (Burma, Thailand, and Laos), and Southwest Asia (Afghanistan, Pakistan, and Iran).

In recent years, heroin has had a much more stable user population than that of cocaine, as evidenced by the increasing average age of those individuals with heroin-related emergency room admissions. In 1978, persons over 30 years of age represented 34 percent of such admissions; by 1987, that percentage had risen to 67 percent.

In 1988, there were indications of increasing activity in heroin markets. These indications included an increase in the average purity level of heroin reported by widely separated districts. This increase in purity could be accounted for by an oversupply of heroin, combined with an increase in users who smoke heroin, a form of ingestion requiring higher purity levels.

Investigations by Federal law enforcement agencies have confirmed the ready availability of relatively pure Mexican heroin in various forms, primarily on the West Coast. The El Paso Intelligence Center reported Southwest border seizures of heroin for 1988 up 26 percent over 1987.

Other areas of the country have also experienced either increased evidence of heroin addiction or increased levels of purity (up from an average of 18 percent a few years ago to 30 or 40 percent in 1988 and even higher in some instances) in the available supply of heroin. In New Jersey, especially in the urban areas of Trenton and Newark, there appears to have been an increase in heroin usage; furthermore, the highest average level of heroin purity in the country has been reported in Newark. In certain areas of New Jersey, heroin usage appears to be expanding into suburbia and to be on the rise in more affluent social strata.

New heroin distribution operations have been reported in Rhode Island, a State in which, until recently, heroin traffic was thought to be successfully suppressed. Providence has become a distribution center that supplies areas throughout New England. The high purity level of this heroin (40 to 70 percent) has caused overdoses throughout the region.

Investigations have revealed that Durham, North Carolina, has become a local distribution center in an area ranging from Chapel Hill to Raleigh, with distribution connections in Richmond, Virginia.

These reports of increased purity levels and indications of increased trafficking activities are especially alarming in light of the advent of, and increased availability of, a relatively new type of heroin being imported from Mexico. This crudely processed, inexpensive, and potent heroin, often called "black tar" heroin, and less commonly "gumball" or "tootsie roll," is available in many areas of the country.

Like the crack version of cocaine, black tar heroin offers the supplier the convenience of easy transportation and primitive, easily performed processing. For the user, black tar heroin offers higher potency and a relatively inexpensive fix. Street sample purities have been registered at as high as 93 percent, and 60 to 70 percent purity is common. Mexican brown heroin, by contrast, often has purity levels in the 6 to 7 percent range. The ten-fold increase in purity and the relatively low price have led to increased incidents of overdoses while simultaneously stimulating demand for the product, a perfect example of the deadly logic of the drug marketplace.

Mexican heroin production accounts for between 30 and 40 percent of heroin imports into the United States. It is estimated that in the period from 1983 to 1988 Mexican opium available for processing into heroin rose from 17 to 50 tons per year and that each ton of raw opium could be processed to yield about 100 kilograms of heroin. A combination of factors, including the expansion of opium production into the warm, fertile areas of central and southern Mexico, has caused this dramatic increase in Mexican heroin production.

In addition to the growth of Mexican heroin production and the spreading availability of black tar heroin, a new synthetic form of heroin, fentanyl, promises to be even more deadly

and more of a drug problem for the United States. Fentanyl may be produced in forms a thousand times as powerful as any Mexican heroin. From the user's point of view, fentanyl and heroin are functionally interchangeable.

Fentanyl can be packaged like heroin and "cut" with the same diluents. Due to a lack of knowledge about safe dosage levels of this new and powerful form of heroin, a deadly ad hoc system of safe dosage testing is occurring among addicts, in the streets, and has resulted in a number of deaths from overdose. Law enforcement agents recently confiscated the largest amount of fentanyl seized to date, 40 ounces, during an ongoing investigation in southern California.

These indications of increased heroin trafficking bear watching, as new forms of cheaper, more powerful heroin and synthetic heroin substitutes combine with the availability of increased Mexican supplies to make the heroin market unstable and prepare the way for possible rapid growth.

3. Marijuana

Marijuana is the most widely used illicit drug in the United States. It is commonly obtained from the leaves and seeds of varieties of the marijuana plant, the most common being *Cannabis sativa*. Marijuana is usually ingested by smoking, although it is sometimes mixed with foodstuffs and chewed. Its effects include a feeling of euphoria, disorientation, a sense of heightened awareness, and, in some cases, a mild hallucinatory effect. Its continued use can create a form of psychological dependency in many users. Marijuana is most dangerous when "laced" (saturated in one way or another) with more powerful drugs such as LSD, PCP, crack, or even heroin. Mixtures such as these are extremely powerful and highly dangerous because the user is often unaware of the nature of the adulteration. This can lead to overdose or to the development of a dependency on the adulterating drug.

Marijuana is the only illicit drug that is domestically cultivated for commercial use in illicit drug trafficking. It is estimated that approximately 25 percent of the U.S. supply of marijuana in 1988 was domestically produced. Foreign suppliers of marijuana include Mexico, Jamaica, Thailand, Colombia, Laos, and Belize. The worldwide cultivation of marijuana is estimated to have increased from between 7,070 to 10,925 metric tons in 1985 to as many as 19,870 tons in 1988.

Marijuana traffickers employ the methods of other drug traffickers. There are international and domestic networks of suppliers, distributors, and money launderers. In many cases these operations are run in concert with operations supplying other drugs such as cocaine or heroin. Initial exposure to marijuana trafficking is often the basis for the corruption of individuals and organizations, leading in many cases to the recruiting of new individuals into drug trafficking.

In many ways the most overtly sinister aspects of domestic organizations that deal primarily in marijuana trafficking involve the violence and ruthlessness with which they pursue their cultivation, distribution, and sales activities. Commercial cultivators booby-trap their plots and are often armed with sophisticated weapons and surveillance equipment to protect them.

Some growers, especially in the western United States, insinuate their cultivation activities into national forests and other public lands for the purpose of concealment and to minimize risk should they be caught. By placing the activity on publicly owned property, this technique precludes the use by the government of the legal remedy of confiscation of the land on which the illegal activity is being perpetrated.

Marijuana cultivation activity in some rural areas is so intense that it distorts entire local economies though the influence of the drug monies it generates. These are often areas in which some of the local inhabitants consider marijuana cultivation to be neither immoral nor undesirable, and in which these residents welcome part-time work in cultivation as a supplemental source of income. In some rural communities, marijuana has even become the primary cash crop, and an underground economy has developed, with the prices fixed to benefit everyone involved in its cultivation.

Domestic marijuana growers are developing more advanced growing techniques. For example, they cultivate sinsemilla, the potent unpollinated female plant. Some efforts center around the development of techniques to increase the THC (the active chemical in marijuana) content in crops, for example, by using hydroponic techniques, the growth of plants in nutrient-rich water rather than in soil, which increases yield and concentrates the plant's active ingredients. To decrease the possibility of detection, indoor cultivation is also on the rise.

An investigation in Wyoming revealed a case of two men who had indoor hydroponic marijuana operations near Henry, Nebraska, and Guernsey, Wyoming. The two friends exchanged ideas and information on marijuana cultivation but maintained independent operations with independent customers. One of the men developed an automatic watering and fertilization system, and the other developed an automatic, timed track-lighting system. In addition to sharing these ideas, they purchased their growing equipment together to reduce overall costs, producing high-grade sinsemilla with an extremely high THC content. Each organization was capable of producing 100 plants at a time, and the two organizations could have produced over 1,000 pounds of sinsemilla per year, selling for as much as \$1,000 per pound on the street. The marijuana produced by these two men was substantially higher in quality than the best quality Mexican marijuana commonly available and, accordingly, commanded a substantially higher price.

Law enforcement agencies have taken note of other changes in cultivation methods. Growers harvest the top 10 to 15 inches of the flower, with the seed still intact in the closed pod. The advantage of this cultivation method is that this top portion, known as the "cola," or tail, has a higher concentration of the active ingredient and can fetch a retail price three times higher than the compressed brick variety of marijuana. The advent of "cola" marijuana has overcome one of the major disadvantages of brick marijuana -- its bulk. Instead of smuggling multi-ton loads of compressed bricks, traffickers can realize even greater profits with smaller loads of "cola." These developments make domestic marijuana cultivation more difficult to combat.

Marijuana trafficking organizations are known to work in concert to distribute and sell the drug. In one investigation, the breakup of a high-level smuggling organization led to the discovery and dismantling of a network of more than 15 U.S. and Canadian distributors who had been smuggling 60 to 70 tons of marijuana into the United States annually. Over 90 Canadian money laundering organizations based in Toronto and in West Palm Beach, Florida, were also identified. A total of 51 indictments were returned in the United States and Canada, and \$21 million in assets were seized.

4. Other Dangerous Drugs

There is a wide range of drugs that can be abused and that have pharmacological and mood-altering properties that make them attractive products for drug traffickers. Types of substances that fall into this category include "natural" hallucinogens such as mescaline and peyote; synthetic drugs such as LSD; analogues of currently controlled substances, discussed below; and drugs that are authorized for legitimate pharmacological purposes, but which are illegally diverted or specifically manufactured for the purposes of the illicit drug trade.

An example of a registered drug with legitimate medical uses that is often diverted to a ready market among drug abusers is Dilaudid. It is popular among those addicted to opiates and especially among intravenous drug users. One reason for its popularity is that, as a registered drug, it has known properties and is considered safer to buy on the street than drugs such as heroin, whose strength and purity levels are not regulated.

Chemical and pharmacological expertise has developed to the point that, theoretically, almost any viable chemical compound that can be imagined can be produced. This creates a disturbing outlook for the future of synthetic drugs. Several of the compounds that are presently the most prevalent or popular among drug abusers and traffickers are discussed below.

a) Methamphetamine

Methamphetamine is one of the most popular and one of the oldest of the currently used synthetic drugs. In powdered form it has been in use since the 1960s. The traditional method of administration of this form of methamphetamine has been either by injection or orally, through pills. Methamphetamine is also known as "crank" or "speed."

The main active ingredient in methamphetamine is phenylacetone, also known as P2P, phenyl-2-propanone, benzyl methyl ketone, or methyl benzyl ketone -- each of these names being an attempt to describe its chemical structure in something approximating English. Phenylacetone has been a controlled substance since 1979. However, like many controlled substances, it can be manufactured using a combination of non-controlled substances -- in this case phenylacetic acid, sodium acetate, and acetic anhydride.

Methamphetamine is an intense upper and often causes uncontrollable manic behavior in its addicts. "Crank" addicts are often characterized by jitteriness while on a "high" and are prone to extreme depression and anger when they find their "fix" unavailable. Methamphetamine provides some of the feeling of euphoria and strength that are characteristic of a cocaine "high" and thus is sometimes substituted for cocaine in certain addictive situations.

Almost all methamphetamine available to traffickers is produced in illicit domestic laboratories. However, a new, smokeable form of crystalline methamphetamine has been introduced into the United States from Asia, originally entering the country through Hawaii. The effects of smokeable crystal methamphetamine are somewhat comparable to, but not as intense as, those of crack. In addition, while the average crack "high" lasts approximately 10 minutes, "crystal meth," as it is sometimes called, provides an effect that can last from 2 to 14 hours. Dealers tout it as a "safe" alternative to crack cocaine. Overdoses, however, are often fatal and crystal methamphetamine has the same highly addictive characteristics and relatively low price that have made crack cocaine such a rapidly expanding menace.

Over the past six years, there has been an explosive growth in the use of methamphetamine, especially in the western regions of the United States and centered specifically in southern California, which has accounted for one-fourth to one-third of the methamphetamine seizures in the last several years. In San Diego, which has become the methamphetamine capital of the United States, the number of manufacturing laboratories seized increased from 6 in FY 1983 to 136 in FY 1988.

The problem is spreading east. During the past two years, law enforcement officials seized approximately 140 million dosage units of methamphetamine in New Mexico. Additionally, over 16,000 pounds of precursor chemicals were seized. The Northern District of Texas reports that its methamphetamine problem is as great as its cocaine problem, and the Eastern District of Texas reports that methamphetamine "is perhaps the major narcotics problem in the district." Rural areas in Louisiana, Georgia, and Arkansas, and as far east as South Carolina and Massachusetts, have reported the presence of increased crystal methamphetamine trafficking activities. Methamphetamine has the potential of becoming the crack problem of the 1990s.

b) LSD

LSD, a synthetic hallucinogen, was one of the most popular illicit drugs of the late 1960s and early 1970s. It has its origins in academic research. Recently, LSD (lysergic acid diethylamide) has re-emerged as a popular drug among certain groups of users in the southeastern United States.

In Georgia, seizures of as many as 15,000 to 20,000 dosage units have recently been reported, and the Southern District reports that LSD is in moderate demand on college campuses, on military installations, and among blue-collar workers. Georgia's Northern District reports a resurgence in LSD's popularity. At least one LSD-related death has been recorded in Atlanta last year where a 19-year-old male leapt to his death from a bridge after ingesting an overdose of the drug.

The Middle District of North Carolina reports that most LSD use is on college campuses, while that State's Eastern District reports that LSD is a growing problem around its five military installations. LSD is also reported on the increase in the Eastern District of Louisiana.

Reports from other districts around the country indicate that LSD's return to popularity may not be restricted to the southeastern States. In the Northern District of Iowa, LSD seizures have increased over 400 percent in the last two years, and the Western District of Wisconsin is experiencing a significant increase in the number of LSD cases prosecuted. While these reports do not amount to a strong indication of an LSD epidemic or a return to anything approaching the widespread LSD usage of two decades ago, they do indicate that there is new activity in this market and that its development bears watching.

c) PCP

Phencyclidine (PCP) was originally synthesized in the 1930s and was used as a local anesthetic for humans. Due to severe adverse reactions, however, the use of the drug was discontinued on humans, and its only current legal use is as an immobilizing agent for large animals. PCP is a hallucinogenic drug, producing profound alterations in perception, mood, and sensation. It is noted for inducing feelings of strength and invulnerability. Abusers often experience widely varying effects including the exhibition of bizarre behavior and disorientation.

Those under the influence of PCP are unpredictable and can simultaneously be extremely dangerous to themselves and to others. PCP has an anesthetic effect that renders its users relatively impervious to pain, and users can harm themselves substantially without knowing it. They may also exhibit dangerous or self-destructive behavior. The drug can even induce a psychotic state in which the user exhibits behavior that resembles that observed in those suffering from the most violent kinds of mental illness. Murderous rages induced by PCP are one of the drug's most alarming effects. Long-term exposure to PCP produces memory malfunction, distortion in everyday perception, loss of ability to concentrate, and impairment of judgment. In large doses, PCP can cause permanent brain damage.

PCP is a drug that can be easily produced in the simplest of laboratories. Virtually all PCP is produced in clandestine domestic laboratories, and estimates indicate that almost 80 percent of the PCP found in this country originates in laboratories in California. The drug developed a reputation on the streets in the 1970s and early 1980s as a "bad" drug, due to the bizarre psychotic and self-destructive behavior it often elicits from its users. However, PCP still holds a bizarre fascination for certain types of users due to the euphoria and sense of strength and well-being its use generates. California's urban areas have been the traditional high-visibility locations for PCP trafficking, although it is available in areas throughout the United States.

d) Designer Drugs

"Designer drugs" is a term that has been coined to describe chemical compounds that have been specifically designed as analogues to controlled substances. An analogue, in this usage, is a substance that is sufficiently different from a controlled substance to legally differentiate it from a drug on the controlled substances list, but which is similar in chemical structure and in the pharmacological effects to its illicit analogue. Chemists intent on circumventing drug regulations have become adept at creating such substances, which have effects on users analogous to the effects of controlled substances.

The legal definitions of drugs on the controlled substances list are often very narrow, both in order to enhance the strength of cases brought in the legal system and in order not to unduly inhibit or discourage legitimate chemical and pharmacological research.

One of the more infamous designer drugs is "Ecstasy," a combination of synthetic mescaline and amphetamine that has a hallucinogenic effect. Ecstasy is known by chemists as MDMA for 3, 4 methylene dioxymethamphetamine. Although controlled by DEA in 1985, this drug periodically has a surge in popularity, and it is currently in vogue in the New York club scene and in Texas and California. Other "chemical cousins" of controlled substances have been nicknamed "Adam" and "Eve" by the traffickers as part of their marketing technique.

The opiate form of fentanyl (discussed above, in the section on heroin) is one of the most successful designer drugs. Fentanyl was originally developed as an anesthetic. However, it was modified into analogue opiate form by chemists with the express purpose of creating a heroin analogue that would bypass the restrictions of the controlled substances law. The placing of fentanyl analogues on the controlled substances list did not inhibit the growth of designer drugs. Unethical chemists are creating new substances, and they are appearing on the street faster than government agencies can track them.

III. DRUG TRAFFICKING ORGANIZATIONS

A. Patterns of Organized Crime

There is no single drug problem but rather myriad separate drug problems, each interacting with and affecting the others. Similarly, there is no single pattern in the structure and operation of drug trafficking organizations. These organizations vary widely in size, sophistication, area of operation, clientele, and product. They have differing degrees of vertical and horizontal integration, differing propensities to violence, and differing patterns of interaction with other organizations. They vary in these and in a multitude of other characteristics.

Drug trafficking organizations share the obvious characteristic that they are all engaged in some way in illicit activity and, therefore, do not have access to and are not subject to the normal channels of production, distribution, sales, finance, taxation, regulation, and contract enforcement that mold and shape both the playing field and the players in the legitimate world of commerce. However, these "businesses" are subject to the same economic laws of supply and demand, the same need for efficiency in operation, and the same need for a set of rules by which to operate as are other business operations.

Understanding this dichotomy, that drug traffickers must operate outside of the normal financial and legal structures of commerce while simultaneously remaining subject to all the market and social pressures which that structure normally accommodates and ameliorates, is one of the keys to understanding the nature of drug trafficking organizations.

The story of drug trafficking organizations is the story of organizations re-creating the structures of the legitimate world of commerce, often with astonishing fidelity, but skewed by the constraints and imperatives of the illicit nature of their activities.

On the one hand, large, well-established drug trafficking organizations may have a board of directors, a CEO, and a bureaucracy that are disciplined and whose functions and benefits mirror those of executives and middle-level management in a modern corporation, complete with expense accounts, bonuses, and even "company" cars. On the other hand, the normal commercial concept of contracts, in which disputes are adjudicated by an impartial judiciary and restitution is almost always of a financial nature, is twisted, in the world of drug trafficking, into a system where the rule of law is replaced by the threat of violence and retribution and the very word "contract" is often used as a synonym for "death sentence."

Although there is no single type of organizational structure that serves to define major drug trafficking organizations, there are a few well-defined patterns. There are the major international, vertically integrated trafficking groups, best exemplified by the Colombian cartels. There are groups such as the outlaw motorcycle gangs, which operate domestically and tend to have smaller, less sophisticated operations -- lines of supply are shorter, bank accounts are fewer, and the quantities of drugs transported are not as great. Then, there are city-based drug operations such as the California street gangs, which have even less sophisticated organizational structures at the management end, but which have extensive sales networks of low-level operatives, many of whom work directly on the street and who are primarily involved in local distribution and retail sale aspects of trafficking.

A feature common to many of the largest organizations is an ability to tap alternate sources of supply and to adapt readily to changing conditions. Thus, the Colombian cartels can buy their coca leaf or paste in Peru, Bolivia, Ecuador, or in Colombia itself. When Turkish

authorities clamped down on the illicit cultivation of opium-producing poppies, drug organizations shifted production to the Golden Triangle region of Southeast Asia and to the mountainous regions on both sides of the Afghanistan-Pakistan border. This flexibility enables the major traffickers to regroup and to redirect a part of their operations without disrupting the whole.

In certain ways, the Colombian cartels are on the cutting edge of international organizational technology. They are capable of operating easily across international borders, and the fluidity of their structure results in the ability to form joint ventures and transient limited partnership arrangements among themselves and with other groups for specific goals.

The larger organizations, like large legitimate businesses, are large because they are good at what they do. They usually do not make careless errors, they do not take unnecessary risks, and their leaders are well aware of the advantages of insulating themselves and the higher echelons of their organizations from those who actually carry out the risk-taking activities involved in the enterprise.

The predilection for dealing in cash, and the imperative to get that cash into the legitimate economy so that it can be translated into goods and services from the legitimate economy, is a characteristic that pervades the organized drug trafficking world, whatever the size, area of operation, or structure of the organization. This propensity creates problems for drug traffickers, problems that become increasingly hard to deal with as the organization grows. The need to "launder" large amounts of "dirty" money is, in fact, the Achilles heel of many a drug trafficking organization.

There is so much cash involved in large, illicit drug trafficking operations that tracking the proceeds of such activities is often a more fruitful investigative endeavor than tracking the underlying criminal activities. Their wealth, their ill-gotten gains, is the one part of their activity from which even the most cautious of drug kingpins will not often isolate themselves. It is often through the tracking of their attempts to "launder" cash that the highest-level operatives in these organizations are identified and brought to final justice. In fact, monetary operations are such an overriding concern of drug trafficking organizations that an entire section of this report is devoted to exploring the mechanisms attendant to this aspect of the drug trafficking world.

B. Principal Drug Trafficking Organizations

1. Colombian Drug Cartels

The Colombian drug cartels exemplify the large, international, vertically integrated trafficking groups. All of the major elements of this type of organization are present in the operations of these cartels. They are structured in what can be characterized as an onion-like layering of organizational power, with kingpins at the center, directing operations but insulated by layer upon layer of protective subordinate operatives, until one reaches the outside layer, the skin of the organization. Here are found the individuals who deal directly with the production, supply, and sale of the illicit product: the growers, the smugglers, the small-time distributors, and the street pushers. Nurturing and tending this structure are the providers of services: the accountants, the chemists, the lawyers, the paid politicians, and the corrupt customs officials who help to support the organization and who gain sustenance from it while never fully comprehending its entire scope or true nature. Here, the operatives' services are blindly given and easily replaced.

There are four principal cartels operating out of Colombia. The two largest, the Medellin and the Cali cartels, most closely approximate the model sketched above. These cartels are named after, respectively, Colombia's second and third largest cities, in which they are based. Between them they control approximately 70 percent of the cocaine processed in Colombia and supply 80 percent of the cocaine distributed in the United States. These cartels act as true cartels in the classic sense that they attempt, through collusion, to set prices and to eliminate any effective competition.

The Colombian cartels not only attempt to limit competition by making agreements to divide market segments, they also use wealth and force to corrupt and intimidate those government officials and law enforcement agencies charged with the tasks of shutting down their operations and bringing their members to justice. In Colombia, these tactics have been widely used. When public officials cannot be bought, they are subjected to threats of violence. If this does not work, they are often assassinated. This intimidation is not restricted to government personnel. Business and community leaders, journalists, and any one else who might pose a threat to their operations are subject to either the lure of corruption or the threat of violence.

That these tactics have borne fruit is evident in Colombia, where the cartels are becoming more accepted and their employees, among the more well paid in the society, are vesting themselves with the trappings of middle-class life. Cartel chiefs control most of the modern office buildings in the city of Medellin and many of the retail establishments in the El Poblado section, where most of them live.

The Medellin cartel is generally thought to be the strongest of the Colombian cartels. It was formed in the early 1980s by four major Colombian traffickers: Jorge Luis Ochoa-Vasquez, Pablo Emilio Escobar-Gaviria, Jose Gonzalo Rodriguez-Gacha, and Carlos Enrique Lehder-Rivas. Part of the impetus for the formation of this organization was the need to combat kidnapping gangs who had targeted the families of wealthy Colombian drug traffickers and businessmen.

Today, the Medellin cartel's operations are directed by Pablo Emilio Escobar-Gaviria, his cousin Gustavo de Jesus Gaviria-Rivero, and by Jorge Luis Ochoa-Vasquez and Jose Gonzalo Rodriguez-Gacha. Among the cartels, the Medellin cartel has the most sophisticated organization. There are close ties to Colombian business interests and strong "home-office" control over overseas operations. Regular fax transmission links are maintained, and managers are sent, on a rotating basis, to supervise operations in the United States.

In the last year Jose Rodriguez, who operates out of the city of Pacho, about 80 miles from Medellin, has emerged as, perhaps, the most powerful of the Medellin cartel leaders. This development was, no doubt, facilitated by the apprehension and eventual conviction, in June 1988, of one of the cartel's other founders, Carlos Lehder. He was convicted of charges brought in the Middle District of Florida and sentenced to life imprisonment with no chance of parole.

Jose Rodriguez's organization differs slightly from those of his colleagues in the Medellin cartel. He maintains direct supervision of his transportation and distribution networks. He has representatives in South Florida and southern California who are in charge of receiving, inventory control, accounts receivable, and general organizational support. Unlike the representatives of the Pablo Escobar group, who work on commission, Rodriguez's U.S. representatives work on straight salary. They work regular business hours, wear suits and ties, and are instructed to keep a low profile.

Of the three other major Colombian organizations, the Cali cartel, founded in the late 1970s or early 1980s, comes closest to rivaling the Medellin cartel in wealth and influence. The Cali cartel works out of the Colombian cities of Cali and Buenaventura and once worked closely with the Medellin cartel, dividing up trading areas and engaging in joint operations. This close working relationship has deteriorated to the point where, since 1988, the Medellin and Cali cartels have been engaged in a vicious trade war with one another, as well as with other cocaine trafficking organizations. A tacit agreement of 10 years standing, giving the bulk of the New York City cocaine trafficking distribution to the Cali cartel, was breached, and tons of cocaine were shipped directly into that market by the Medellin organization. In other areas, such as Miami, which has always been considered an open trading area, the two organizations have jockeyed for position, often violently. The Cali cartel has recently formed alliances with the North Atlantic Coast cartel and, within the United States, is moving beyond its traditional bases in New York, Miami, and Los Angeles.

The Bogota cartel has kept a much lower profile than the two major cartels described above. It seems to have been adept at buying police protection in Colombia. Originally a smuggling organization dealing in a wide variety of contraband, it entered the drug trafficking world through contacts with American criminal organizations, notably those connected with Miami and Caribbean associates of the notorious Meyer Lansky group. The leaders of the Bogota cartel have taken pains to become well connected politically in Colombia. They have used their wealth to buy land and have set up processing plants near growing areas in eastern Colombia in an attempt to become more vertically integrated.

The North Atlantic Coast cartel is the smallest and least cohesive of the four major Colombian trafficking organizations. It is based mainly, as its name suggests, in Colombia's coastal cities, notably Cartagena, Barranquilla, Santa Marta, and Rio Hacha. Like the Bogota cartel, it was originally a smuggling organization. It graduated from marijuana to cocaine when it began providing fixed-fee shipping services to the Medellin and Bogota cartels. Operations were established in Miami, Jacksonville, Gainesville, Atlanta, New York, Boston, Los Angeles, and San Diego to support the cartel's efforts. Today, a major portion of the North Atlantic Coast cartel's activity is centered around providing smuggling and money laundering services for the other cartels.

According to one estimate, the drug cartels now own one-twelfth of Colombia's farmland. Peasants have turned to cultivating the coca plant because it is the most lucrative cash crop, offering in one season an income equivalent to many a year's effort growing traditional crops. For farmers in producing countries, coca is not an exotic plant; it is widely known and traditionally used for medicinal and recreational purposes. Its effects on people in the United States are a matter of little note to those who see its cultivation as a chance to rise above subsistence-level returns for their labors and to accrue the first substantial cash surplus that many of them have ever known.

The Colombian cartels are more than a criminal enterprise in their native land. Their influence and organization has spread to the point where they are a veritable state within a state in Colombia, operating openly and with impunity. In 1988, the Medellin cartel assassinated the Attorney General of Colombia in retaliation for his vigorous opposition to drug trafficking. The cartels are suspected of being responsible for the murder of 11 Colombian Supreme Court justices by the M-19 leftist guerrilla organization, and they are also held accountable for the murder of 30 other Colombian judges, the Minister of Justice, two newspaper editors, and hundreds of Colombian National Police Officers.

Despite these atrocities, the Colombian traffickers are popular with some elements of the population. In addition to the direct benefits accrued by farmers and middlemen, it cannot be denied that Colombians in general have benefited to some extent from the huge infusion of cash and capital brought about by the drug trade. It is believed, for example, that the Colombian Government was able to avoid rescheduling its foreign debt payments due to the positive economic effects of the drug boom. Cartel members have even financed "public works" projects for the underprivileged, such as Pablo Escobar's project of 500 houses for the poor, built in an area of Medellin that is under his absolute control. Colombia has recently enjoyed one of the highest economic growth rates in Latin America.

The reverse side of this growing influence is the sickness that is eating away at the social fabric of Colombia and which infects those citizens touched by the drug traffickers. Colombia has one of the highest drug addiction rates in the world. Encouraged by the drug traffickers who run rampant throughout the country, this drug trade includes deadly substances such as basuco. Basuco is a low-grade coca paste that is often contaminated with kerosene, sulfuric acid, and other poisons. It costs as little as 50 cents a "hit" and is one of the "presents" of the drug trade to the Colombian people.

Colombian cartel operations in the United States have been characterized by a propensity for violence that has not been seen in the American underworld since the bootleg days of prohibition in the 1920s and early 1930s. As in Colombia, the cartels have attempted to use their wealth and powers of intimidation as leverage to corrupt and intimidate law enforcement personnel, public officials, and members of the financial and business community whose cooperation or complicity would further the activities of the cartels. As in Colombia, the cartels have not been loath to back up their threats of violence with action. They have murdered informers and government witnesses, placed "contracts" on law enforcement personnel, and engaged in violent wars for "territory," which have produced record homicide rates in American cities from Washington, D.C. to San Diego, California.

That the Colombian organizations bring their violence with them is clear from convicted Medellin leader Carlos Lehder's laconic statement, "Every so often in this business, someone has to die." In the Lehder case alone, prosecutors heard accounts of torture and senseless cruelty, fire-bombings of houses and cars, and brutal murder. In one instance, the occupants of a sailboat, believed by Lehder to be FBI agents, disappeared, and their boat was found drifting aimlessly at sea.

By corrupting public officials in such places as the Bahamas, the Turks and Caicos Islands, and Panama, the cartels have been able, over the years, to develop a network of "safe haven" transshipment points. Using these points as stopover and staging areas, the Colombians found it relatively easy to transport drugs into the Southern District of Florida, sometimes using island hopping to disguise their activities and sometimes simply blending into the steady stream of legitimate traffic between the Florida coast and points south.

In the most notorious case of third country complicity in the Colombian drug traffic into the United States, Panamanian strongman Manuel Antonio Noriega was indicted for accepting payoffs from the Medellin cartel. It is alleged that Noriega provided services to the cartel that ran from protecting a cocaine laboratory that the cartel was building in Panama, to arranging for the transshipment of intermediate chemicals needed to process cocaine, to permitting the laundering of millions of dollars through Panamanian banks.

In a 1988 indictment, further evidence of third country intervention in Colombian drug trafficking to the United States was introduced in an indictment that presented videotaped

evidence that the Cuban Government was escorting drug planes to a military installation on the north coast of Cuba, allowing the cocaine to be transferred to waiting boats, and then escorting the boats into international waters. Cuba is also known to have served as a refueling point for Colombian smugglers.

Over the past decade, the cartels have found first the Southern District of Florida, and then the Central and Southern Districts of California, to be ideal areas in which to center their U.S. operations. These regions of the United States contain a combination of large metropolitan areas and close-by, relatively isolated rural areas with convenient landing strips. They also have long, hard-to-patrol coastlines or border areas, large transportation hubs, populations containing large numbers of transients and immigrants, a well-developed system of international banking and financial institutions, and access to sophisticated communications systems. This combination of elements has proven extremely advantageous to the cartels' operations.

In the early 1980s, Florida was the point at which all cocaine trafficking roads converged. It became the cocaine capital of the United States. Miami, although a market for some of these drugs, was and is primarily a transshipment point to all areas of the United States. It also remains a banking center through which flow huge amounts of cash derived from illicit drug sales.

In the mid-1980s, as law enforcement pressure on drug traffic in South Florida grew, the cartels began to shift their transshipments through Mexico. From there, drugs could easily be transported across the border into California. Los Angeles and San Diego began to rival Miami as centers for distributing cocaine and for laundering the proceeds of drug trafficking.

The operations of the Colombian cartels, from the fields of coca cultivation in South America to the final sale of crack cocaine on a street corner in Des Moines or in a schoolyard in Hartford, represent a massive production, distribution, and sales effort carried out over thousands of miles, using the nationals of different countries, the resources of many separate, coordinated organizations, and the expertise of hundreds of specialists in all aspects of drug trafficking.

Trafficking activities are widespread throughout the United States. The Colombian organizations operate in almost all sectors of the country, with many large urban areas serving as battlegrounds for drug wars between operatives of rival factions, although their activities have spread to far-flung rural areas as well:

New York City has long been a central point of Colombian-dominated cocaine trafficking. This activity has been shown to extend to the Northern District of New York, to towns such as Minden, Flycreek, Fallsburgh, Cocksackie, Newburg, and Little Falls, where cocaine processing plants have been shut down by authorities, the one in Minden being, purportedly, the largest in existence in North America. All of these factories had been run by a joint venture of the Medellin and Cali cartels. Individuals tied directly to the Colombian cartels have been convicted in Minnesota in cases involving the transport of drugs through networks based in New York. A Colombian-controlled organization in Massachusetts, the Triple X group, was operated out of Framingham by a Colombian national. This organization had a client list of hundreds and kept meticulous accountings of its activities. It was run like a business, with workers in the organization receiving "company benefits" such as regular vacations.

The widespread success of Colombian cartels in the United States has led to massive needs for money laundering services. The Medellin cartels affiliated with two groups in the

State of Connecticut that provided them with money laundering services for their cocaine operations in New York City, Newark, Miami, Detroit, Chicago, Los Angeles, and San Francisco.

2. La Cosa Nostra and the Sicilian Mafia

La Cosa Nostra (LCN), literally "Our Thing," was founded in the 1930s. It was an outgrowth of the consolidation that occurred during a period of warfare among Italian immigrant gangs operating in the ghettos created by a flood of over two million Italian immigrants in the early years of the century. The gangs were originally formed by the small number of immigrant criminals who belonged to the three major southern Italian secret societies -- the Sicilian Mafia, the Neapolitan Camorra, and the Calabrian N'Drangheta. LCN soon emerged as the preeminent American criminal empire, distinct from its Italian antecedents.

Today, the organization descendant from the original LCN consists of families that constitute formally recognized power structures within the organization. There are 25 known families, which among them have over 2,000 members and several times that many associates. The families are largely independent, local organizations joined together in a confederation that acknowledges the authority of a commission consisting of the heads of the most powerful LCN families.

Each family is led by a boss, who is supported by a principal underboss. Consiglieres, counselors, usually with significant contacts outside of the family, provide advice and mediate disputes but have no line of authority. Soldiers, the lowest-level family members, are organized into groups led by a caporegime (capo), or street boss. The structure of the various families is remarkably similar and has remained stable since LCN's early years.

Until the mid-1960s, LCN was run, on a day-to-day basis, by upper- and middle-level managers in the prime of life. Today, the seasoned upper- and middle-management level of this structure has been devastated by the government's continuous attack on LCN.

The membership losses caused by this attack, and the resulting convictions, have presented LCN with a number of problems, including leadership vacancies and, as a result, operational difficulties. Within many families, a number of leaders at the caporegime level and above were simultaneously removed. This forced sudden promotions from lower, less experienced ranks, which, in turn, has led to a new breed of soldier who is greedier, who enjoys the high profile eschewed by the older capos, and who is less disciplined and more prone to violence. Because of their youth, the new middle-level leaders do not have the old, established lines of communication within the family or with other LCN families. Also, they are more willing to become involved in drug trafficking.

From the outset, certain families have had prohibitions against drug trafficking. LCN has a tradition of not unnecessarily attracting the attention of law enforcement agencies, and older members were aware that drug trafficking would elicit a strong response from the law enforcement community. Older members also had a traditional distaste for drugs, which were considered a scourge and not a desirable LCN activity. A ban prohibiting involvement of LCN members in drug trafficking was allegedly ratified by the major LCN figures at a famous Apalachin, New York, conclave on November 14, 1957.

Despite this ban and the sentiment against involvement in drug trafficking among the older capos, individual LCN members have had a history of involvement with the importation and high-volume distribution of heroin from Southwest and Southeast Asia. Individuals found to

be involved in drug violations have come from at least 19 of the 25 known families, despite official LCN opprobrium of drug trafficking.

A recent survey of LCN-related intelligence from the Boston FBI files indicates that, notwithstanding the family rule against involvement in drug activities, approximately 50 percent of New England LCN members have had some form of involvement in illegal drug trafficking or personal drug abuse. Observance of the prohibition is not widespread and is not enforced by the family hierarchy. Individual members and capos cannot resist the lucrative drug profits. The potential for tremendous wealth, when coupled with the changing LCN membership, has given rise to a new and potentially more violent role for the LCN in drug trafficking operations.

The most obvious drug trafficking partner for LCN is the Sicilian Mafia, which is independently active in the United States. Both groups associate and criminally interact in a number of areas of mutual interest. The Sicilian Mafia is primarily involved in international heroin trafficking and is associated with LCN in several locales, including Buffalo, Boston, New Jersey, Chicago, and Detroit.

In New York, the Sicilian Mafia conspired with LCN to import and distribute almost 4,000 pounds of heroin, and untold amounts of cocaine, over a 10-year period, realizing \$60 million in profits. This famous case, popularly known as the "Pizza Connection" because many of the participants owned pizza parlors, resulted in the imprisonment of over 15 LCN/Sicilian Mafia kingpins for 20- to 45-year sentences.

Current estimates indicate that LCN and the Sicilian Mafia together are responsible for a significant portion of the total volume of heroin brought into the United States annually. Additionally, it has recently been reported that the Sicilian Mafia is exchanging heroin for cocaine, with the assistance of LCN family members, with South American cocaine moving through the United States to Europe and the heroin moving from the Middle East through Italy to the United States.

This role as middleman in cocaine distribution has led to the development of ties between individual LCN members and the Medellin cartel. These ad hoc relationships developed on the basis of a common desire to expand both their markets and their product lines. The relationships are generally initiated through introductions by mutual criminal associates. These relationships are rather tentative at first, but once trust has been established, extensive interaction results.

As LCN family members are involved in a broad array of criminal activities, it is realistic to expect them to further develop the avenues and methodologies to profit from the drug trade. They will not initiate direct confrontation with the Colombian or other major drug cartels. They are not in a position to, nor would they want to go head to head with the Colombians. They are, however, prepared to coexist and cooperate with the Colombian cartels and other drug-specific groups and organizations, as they have done for many years with the motorcycle gangs in the distribution of methamphetamine.

Specifically, LCN maintains working relationships with certain other organized crime groups in order to fulfill its racketeering objectives. The Gambino, Bufalino, and Bonanno families have strong ties to Colombian and Cuban drug cartels in the greater Miami area, providing these families with drugs for distribution in the United States. Individual LCN members work with Asian and Latin American organized crime groups and cartels that manufacture and smuggle narcotics and with ethnic street gangs and outlaw motorcycle gangs involved in high-risk, low-level distribution and street sales.

The changing character of LCN membership and the potential profits to be realized are factors which indicate that LCN's role in drug trafficking will continue to be significant.

3. Asian Organized Crime Groups

Within the past five years, Asian gangs have become a major force in the illicit drug market in the United States. Asian gangs, primarily of Chinese origin, are operating on both coasts and have become major players in the international drug trafficking scene. As with some other ethnic groups, Chinese Organized Crime (COC) leaders in this country have used their ties with overseas criminal organizations to assure a regular supply of whatever commodity they wish to distribute -- whether the commodity is Chinese video cassettes, prostitutes, or heroin.

Since the mid-1960s, three events have had an impact on the growth of Asian organized crime in this country: the liberalization of quotas for Asian immigrants in 1965; the winding down of the Vietnam War; and the agreement between the United Kingdom and the People's Republic of China under which Hong Kong will revert to the latter in 1997, after more than 150 years of colonial rule.

These events wrought profound changes within Asian American society. The first two transformed conservative, insular communities, while the third may lead some of the most dangerous Hong Kong criminals to move their operations here. The Immigration and Naturalization Act of 1965 repealed restrictions on Asian immigration dating from the Chinese Exclusion Act of 1882. With the influx of immigrants from Southeast Asia, as the war in Vietnam drew to a close, the Asian American population increased dramatically. Between 1960 and 1980, the total number of Asian Americans grew from 878,000 to 3.5 million. By 1980, 91 percent of Vietnamese Americans, 66 percent of Filipino Americans, and 63 percent of Chinese Americans -- but only 28 percent of Japanese Americans -- had been born overseas. By then, Asian Americans had become the largest ethnic group among all immigrants.

The immigration opened up the closed, rather circumscribed world of the older criminal groups. The new immigrants tended to be young, know little English and, like some immigrants before them, see criminal organizations as the quickest road to advancement. In attempts to protect themselves from attacks by American-born Chinese, Chinese immigrant youth formed street gangs. Among the first were the Wah Ching in San Francisco and the Ghost Shadows in New York.

There are two primary classifications of Chinese Organized Crime groups operating in the United States today: American COC, and Triads and similar groups. Hong Kong serves as the primary base of operations for the Triads. It is estimated that there are as many as 100,000 Triad members belonging to more than 50 Triads in Hong Kong. The major Triads are organized in five primary groups, the Wo Group and 14K being the largest. In Taiwan, the United Bamboo Gang boasts 1,200 members, and the Four Seasons Gang is 3,000 members strong.

The United Bamboo Gang has spread far beyond Taiwan in the 28 years since its founding. Today, the United Bamboo Gang has approximately 15,000 members worldwide. Charges filed in Houston and New York allege that Houston resident Chen Chih-Ye was the kingpin for United Bamboo in the United States. In that role he is alleged to have planned the murder of a California journalist, Henry Liu; conspired to import 660 pounds of heroin from Thailand to New York; and led Las Vegas gambling operations, protection schemes, and various gun and marijuana trafficking enterprises.

Traditionally, Triads have had rigid, hierarchical structures. At the apex of the organization is the Triad leader, the Shan Chu. Below the Shan Chu is the Deputy. Below the Deputy are two positions of comparable rank, the Heung Chu, the ceremonial official, and the Sing Fung, who handles recruiting. They are joined by other senior Triad officials. Below this level are a number of "Red Poles," the enforcers and hit-men who have direct control of some operational Triad groups. At the same level as the Red Poles are a "White Paper Fan," the general administrative official, and a "Straw Sandal," who handles liaison between and among the Triads and other groups. Ordinary members, or soldiers, comprise the remainder of the organization.

Currently, most Triads lack the traditional organizational structure. Most are run by a chairman, who is usually a "Red Pole." There is also a governing central committee of six to nine members. A "White Paper Fan," as a member of the central committee, is usually the treasurer.

Only a few Triads are active in North America. However, members, either alone or in conjunction with American COC groups, often engage in criminal ventures in the United States. Among the Triads with active U.S. connections are the Sun Yee On, 14K, Wo Hop To, Wo On Lok, and Leun Kung Lok.

There are many areas of similarity between Chinese organized crime and LCN. Like LCN, Chinese organized crime grew out of much older secret or fraternal societies which have evolved into criminal groups. The Triads originated in China during the 17th century to oppose the ruling Manchu dynasty. In the case of the Triads, the organization moved from political purposes into a variety of rackets. The Tongs, Chinese fraternal organizations, began, in the late 19th century, as perfectly legitimate mutual aid societies for immigrants brought to the United States as contract railroad laborers. Today, while most American Tongs still serve legitimate business purposes, several are closely tied to organized crime.

Parallels between Chinese criminal organizations and the traditional LCN go deeper than their historic connection to protective and fraternal societies. Both the Chinese groups and LCN place an unusually strong emphasis on family and on group loyalty. They both practice retribution against those who reveal secrets to outsiders; their organizational structures are characterized by the same type of fragmentation into subgroups controlled by powerful leaders; and they have the same independence from their parent overseas organizations. Both the Chinese gangs and LCN practice the use of extortion and the corruption of public officials to promote their activities, and both gained their initial power and eminence through exploitation of large populations of non-English-speaking, innocent immigrants. Finally, both the Chinese groups and LCN have historically been involved in a broad range of criminal activities of which drug trafficking is but one part.

A much greater threat than that of the Triads is presented by the sophisticated criminal organizations that have evolved from the street gangs, for example, the Wah Ching, which is the most developed of such organizations on the West Coast. The Wah Ching organization, with 600 to 700 members, 200 of whom are "hard-core," is extremely loose-knit and fluid. It has a central leader who is supported by four deputies under his nominal control. Various deputies employ groups of Viet Ching (ethnic Chinese from Vietnam), under the direction of their lieutenants, to serve as enforcers. It is believed that the Wah Ching is affiliated with the Sun Yee On Triad in Hong Kong.

In New York City, the street gangs are affiliated with the Tongs. The Tongs exhibit complex organizational structures. These include co-presidents, executive officers and staff, and a wide assortment of designated administrators and coordinators.

The Flying Dragons Gang is affiliated with the Hip Sing Tong, the Ghost Shadows Gang is attached to the On Leong Tong, and the Tung On Gang and the Tung On Tong are both headed by the same person.

The COC activity in Boston is dominated by the Ping On Gang, which is believed to have about 200 active members. The current internal functioning and degree of cohesiveness of the Ping On Gang are a matter of conjecture.

Chinese Organized Crime has expanded from control of Chinese gambling, extortion, pornography, and entertainment to include large-scale, international narcotics trafficking. While Chinese criminal organizations do not approach the scale of the Colombian cartels, the scope of their operations is impressive nonetheless. Working with Asian nationals, Chinese American criminals are the largest importers of heroin from Southeast Asia, virtually all of it originating in the Golden Triangle at the juncture of Burma, Thailand, and Laos. The February 1989 seizure of more than 800 pounds of processed heroin in New York's Chinatown reveals the magnitude of this traffic.

Reports from a number of areas on the East Coast underscore the growing prominence of Asian trafficking activities. Operation Bamboo Dragon in the District of Columbia, described in detail in Section IV, below, resulted in the arrests of 20 Asians in the United States and Hong Kong for heroin trafficking; the Royal Hong Kong Police Narcotics Bureau described the operation as one of the most significant drug cases ever made there.

Chinese organizations are the dominant force in heroin trafficking in New York City, capable of smuggling loads of 10 to 50 kilograms into the city on a regular basis. In New Jersey, Chinese groups have become a major force in the importation and distribution of heroin at the highest levels. Chinese and other Southeast Asian trafficking organizations are also heavily involved in heroin trafficking in Massachusetts. In October 1988, Customs agents in Boston seized 180 pounds of heroin, the largest such seizure in New England history. The heroin had been carefully concealed in a piece of Chinese restaurant equipment -- a bean sprout washer.

Most of the heroin that originates in the Golden Triangle is shipped to the West Coast of the United States via Hong Kong and such secondary transit points as Singapore, Seoul, Tokyo, and Taipei. The destination is New York, from where about half the heroin moves to other East Coast cities. Chinese criminal organizations operate mainly as shippers and wholesalers: they buy the raw product; process it; arrange for its transshipment; and, finally, turn it over to retailers. From what is known, Chinese traffickers work through other groups, especially LCN, who distribute the product to the ultimate user.

Although the Hong Kong Triads are involved in drug trafficking, their role cannot be categorized easily. Some of the ethnic Chinese who smuggle heroin out of the Golden Triangle, and others who ship it to New York, are not affiliated with the Triads. Traffickers may be entrepreneurs who work with organized crime groups on specific ventures, while in other cases drug trafficking is simply a means of transferring assets from Hong Kong to the United States.

To some extent, the magnitude of Chinese drug trafficking is reflected in the amount of money flowing out of Hong Kong to U.S. banks, especially those on the West Coast. However, much of this money simply represents assets that Chinese business people want to transfer to a

safe haven before Hong Kong reverts to the People's Republic of China. By merely measuring the volume of foreign money entering the United States, we fail to distinguish between legitimate asset transfers and the laundering of drug money. The important point is that there is a huge and growing inflow of money from Hong Kong, primarily to banks in San Francisco, Los Angeles, and New York. This provides the wide stream in which the drug money inconspicuously flows. Some of these funds flow into large American commercial banks, with the rest going into some 100 Chinese-owned and -operated banks. Most of these are small and cater exclusively to a Chinese American clientele; at some banks, tellers are assigned to service one or two accounts exclusively.

Traffickers in Hong Kong, Taipei, and Singapore can send funds by wire transfer or letters of credit to banks in southern California, knowing that such transfers trigger no reporting requirements. Where such electronic transfers are impracticable, drug dealers can use smurfs (see section on money laundering) to make deposits under the \$10,000 reporting limit at several bank branches on the same day. As with other regions, these transfers of drug moneys lead to huge surpluses at regional Federal Reserve banks. As of May 1989, the Los Angeles branch of the Federal Reserve had accumulated surpluses of approximately \$4 billion.

Compared to Colombian drug profits, more Asian-based drug money is invested in real estate than in personal property. An investigation centered in the Northern District of California identified a drug asset-related real estate empire. Numerous Hong Kong corporations, such as Dragonet, Ltd., and Tradewise Far East, Ltd., were found to be conducting no business in the United States other than holding title to real estate. In three instances, expensive properties held by these corporations had major drug dealers as residents. Subsequent grand jury investigations resulted in extensive seizures, numerous indictments, and, predictably, several fugitive warrants. Criminal organizations based in Asia are also investing heavily in shopping centers, apartment complexes, and office buildings. The result has been to drive up real estate prices, especially in those areas with large Asian American populations. Chinese American criminals, on the other hand, prefer investing in businesses where most transactions are based on cash: nightclubs, restaurants, travel agencies, and jewelry stores. The advantage of owning such businesses is that, besides serving as fronts for criminal activities, they are ideal for commingling legal and illegal funds in a way that avoids detection.

There is much that law enforcement organizations have to learn about Asian organized crime: only recently have they begun to give the problem the attention it deserves. The lack of agents with the background to infiltrate the Asian criminal organizations means that much about their operations remains unclear. What is clear is that the larger gangs -- the Wah Ching on the West Coast, several New York gangs dominated by Tongs and the Boston Ping On Gang -- are powerful and sophisticated criminal organizations.

4. Jamaican Posses

Approximately 40 Jamaican organized crime gangs, known as posses, operate in the United States, Canada, Great Britain, and the Caribbean. The combined membership of these gangs is conservatively estimated to number over 10,000, the majority of them convicted felons, illegal aliens, or both. Many of the mid- to high-level positions in the posse organizations are held by individuals who began their criminal careers in Jamaica and who are fugitives from justice there. The low-level positions in the posses are often filled by Americans, recruited primarily from black urban areas. These gangs generally grew out of specific geographic and political affiliations in Jamaica, but have long since become exclusively profit-oriented drug trafficking organizations.

The Jamaican posses, which began as marijuana traffickers, have been active in the United States since about 1984, but have only recently been recognized as a major drug trafficking force. They are, perhaps, the ultimate example of stepping up to dealing lethal drugs, most notably crack cocaine. Almost all posses have connections in New York and Miami, which have large Jamaican populations.

The Jamaicans' operations are structured in a distinctive manner. For example, even more than the Colombians, the posses are vertically integrated in the U.S. operations as they are involved in the United States as importers, wholesalers, local distributors, retailers, and even as money launderers. By excluding the middleman, the posses can substantially raise their profit margins, to the point where one posse controlling 50 crack houses can make \$9 million a month.

They normally purchase cocaine from Colombians or Cubans in Jamaica, the Bahamas, southern California, or South Florida, usually in small quantities of four or five kilos. Recent investigations show that Jamaican criminal groups are establishing new entry routes for drug shipments distinct from Miami, the traditional entry point.

There are indications that Jamaicans have been entering the United States by wading across the Rio Grande into Texas and that these groups may be linked to Colombian drug suppliers arrested in the Houston area. In one instance, 15 Haitian and Jamaican aliens arranged to be smuggled from Belize to Juarez, Mexico, from which point they would enter the United States, with the help of a Jamaican involved in drug trafficking.

Distribution of the drugs is directed by key posse members at "controlling points." Drugs, drug paraphernalia, and weapons are stored at "stash houses," which supply the street-level distribution points known as "crack houses," "gate houses," or "dope houses." Those at the controlling points are responsible for resupplying the street-level distribution points, usually located in apartments or rented houses.

Crack houses operated by Jamaican posses are often sophisticated distribution operations. They are shuttered from outside view, often with blackened windows. They have extensive defensive mechanisms in place, ranging from specially constructed entrance barricades composed of two-by-fours and known as "New York Stops," to lookouts using walkie-talkies to warn of police raids. Armed guards or "managers," located at the crack houses, keep intruders or law enforcement personnel from entering. Some Jamaican posses have reportedly told their guards to shoot any law enforcement officer who raids their crack house. The Northern District of Texas reports that in many cases a gun is held to a customer's head until the drug transaction is completed, in case the customer is found to be a troublemaker, an informant, or an undercover agent. The "houses" are equipped with secret hiding places for drugs and often have ladders or other emergency exit routes. The crack house's location is changed often to frustrate police attempts to identify trafficking locations.

The posses do not restrict their operations to crack houses. In some cases, even more temporary quarters will do. Posse members in Columbus, Ohio; Frederick, Maryland; and Wilmington, North Carolina set up retail distribution networks in economy motels, usually located near interstate highways. It is believed that these operations were a form of market testing; where the market proved lucrative, the Jamaicans subsequently leased rental properties for use as crack houses.

Unlike most drug organizations, Jamaican posses often do their own money laundering. They have used Western Union for wire transfers of money, purchased legitimate businesses (restaurants, auto repair shops, record stores) as fronts, and bought real estate for quick

resale. In one such case, investigators found that a doctor at the University of Mississippi Medical Center had conspired with a Jamaican dentist to launder money through a Panamanian front company that made fake loans to the Jamaican.

There are indications that Jamaican organized crime is developing working relationships with West Coast street gangs, traditional organized crime, and Colombian narcotics cartels. The exact nature of the relationships among the posses and West Coast street gangs remains unclear. It is known that Jamaican drug dealers are operating in "the Jungle," a small area in Southwest Los Angeles known for drug activity and drug-related violence, and that the Los Angeles gangs known as the Crips are moving into crack distribution markets in Kansas City, Cleveland, and Dallas, where Jamaican criminal organizations are also operating. It is also known that Jamaican criminals have had long-standing relations with Colombians, with the former buying cocaine directly from the latter.

While informants have revealed the existence and operating locations of a few specific posses, the posses impose a code of silence on their members. A Jamaican criminal, when arrested, will rarely discuss his posse and will even deny that such bands exist. Of the posses so far identified, the largest and most violent are the Shower and Spangler posses. Drug wars between the Spanglers and rival gangs have led to between 350 and 525 murders during the last five years, and the posses as a whole have accounted for at least 1,000 murders in the United States since 1985. In general, these and other posses have demonstrated a willingness to turn to violence and torture at the slightest provocation, which is unusual even among drug traffickers. Victims in some homicides were apparently shot in the ankles, knees, and hips before being shot in the head. It also appears that other victims were subjected to scalding hot water before being murdered and dismembered.

The posses' violence is directed at anyone whom they feel is in their way: members of their group, rival groups, individuals who interfere with their drug territories, wives, girlfriends, and even children. Even witnesses who have been interviewed by the police but gave no evidence have subsequently been murdered; from the perspective of the posse, this has the advantage of intimidating a whole neighborhood and discouraging anyone from cooperating with the police.

The willingness of posse members to engage police in shootouts while resisting arrest makes them even more dangerous. They have not hesitated to issue contracts on the lives of police and Federal agents who they feel are disrupting their business, even to the point of offering a \$25,000 "award" in Virginia to anyone who killed a police officer. Jamaican criminals have attempted to entrap police by identifying their telephone and beeper numbers and luring them to staged shootouts.

From the time they enter the United States illegally to the point where they launder their drug profits, members of Jamaican organized crime are adept at throwing law enforcement officials off their track. This can involve anything from substituting photos or names on valid passports to forging Social Security cards, birth certificates and INS "green cards." In the course of breaking up a fraudulent document ring in Kingston, Jamaican police discovered electronic typewriters with typefaces similar to those used by the Jamaican and U.S. Governments, as well as a variety of forged documents for each of the localities that Jamaican criminals wished to penetrate. In another case, an investigation in Pennsylvania exposed a veteran of the State Police who had been selling blank driver's license applications to members of the Shower posse, who then entered any name or date of birth that they wished.

Equipped with multiple identities and adept at all types of identification and passport fraud, Jamaican posse members are extremely mobile; they are world travelers. In one case the same passport was used by 15 different posse members, using the same name but with a different picture each time. Posse members are able to travel freely between the United States, Mexico, and Commonwealth countries such as Canada. This mobility is a distinct advantage when law enforcement personnel are often bound by the constraints of territorial and jurisdictional boundaries.

Although Jamaican organized crime is concentrated in metropolitan areas, it is starting to move outward. The experience of the Northern District of West Virginia is a case in point. After Jamaicans arrived in the Martinsburg area in the early 1980s as migrant workers to pick fruit at harvest time, many stayed on to peddle cocaine and crack. After a 1986 raid in which authorities closed down the Martinsburg operation, much of the street action moved to Charles Town, 16 miles away. In the spring of 1988, Federal, State and local enforcement officers conducted a raid and made a series of arrests of suspected street-level crack dealers in Charles Town. What they found was a well-run operation, in which dealers were selling cocaine in gram quantities at the street level, with the crack running at a purity of 90 percent or better. These dealers received their supplies from couriers shuttling between Jamaican gangs in Miami, New York, and Washington, D.C.

Crack began appearing in Roanoke, Virginia (population 90,000), in the second half of 1988. The abundance of crack there today is directly attributable to an influx of Jamaican nationals. The 25 to 40 Jamaican nationals residing in Roanoke have been identified as being associated with the Jamaican Shower posse in New York City. They purchase guns in Virginia and exchange them for crack from New York.

The posses' mobility, their large networks of distributors and couriers, and their persistent use of aliases compel enforcement agents to use innovative techniques in investigating them. Among these techniques are the review of Western Union wire transfers, telephone toll analyses, and the tracing of firearms recovered from Jamaican criminals. An increasingly useful information source is the Federal Bureau of Prisons. The Bureau has computerized listings on the approximately 800 Jamaican criminals who have passed through the Federal prison system, about a quarter of whom are still in custody. The violent nature of Jamaican posses and the threat they pose to security have led the Bureau of Prisons to attempt to set up a data base tracking links between Jamaican inmates and specific posses.

In December of 1987, the Jamaican Parliament ratified a treaty that broadened the category of offenders found in Jamaica who could be returned to the United States. Under the terms of the treaty, Jamaica must extradite fugitives wanted in the United States for any offense that would also be a crime in Jamaica. The treaty also covers fugitives wanted in the United States for conspiring to traffic in narcotics, a charge not extraditable before the treaty was ratified. The new treaty and the legislation that implements it also permit the extradition of offenders wanted for offenses involving the unlawful possession or use of firearms, another crime not formerly covered.

5. Outlaw Motorcycle Gangs

Outlaw motorcycle gangs were first thrust upon the national consciousness in the 1950s, when they were portrayed romantically in a number of Hollywood films. They again achieved notoriety in the early 1970s, when members of the Hell's Angels were hired to provide "security" for the Rolling Stones at an Altamont, California, rock concert that degenerated into a deadly riot.

Like the films their activities inspired, the outlaw motorcycle gangs were originally created in California. Like these movies, they too have achieved national "distribution." The gangs no longer spend their days on the road terrorizing small California towns and their nights swilling beer and working on their "hogs." Today, they are highly structured, often national, drug trafficking organizations that control most of the amphetamine manufacture and distribution in the United States and which have developed working relationships with a number of other drug trafficking organizations.

The Hell's Angels is the oldest, largest, and best known of the outlaw motorcycle gangs. It was founded in 1950 in Fontana, California. Throughout the 1950s and 1960s other gangs were formed. These gangs were generally structured into chapters, with a "mother" chapter and a number of subsidiary chapters. The formative years were ones of rapid growth, in which gangs came and went, were absorbed and consolidated, and in which various forms of illegal activities were practiced. Even today the gangs pursue a wide gamut of illegal activities: prostitution, burglary, rape, assault, murder, contract killings, and more sophisticated activities such as illegal banking, loan sharking, and financing of drug deals. It was not until the mid-1960s that the motorcycle gangs began to specialize in drug trafficking and to take on the highly disciplined structure that now characterizes them.

The organizational structure of the major outlaw motorcycle gangs has evolved from the "chapter" model described above to a structure resembling that of La Cosa Nostra (LCN). The national officers correspond to LCN commission members; chapter presidents perform the roles of LCN bosses; vice presidents act as underbosses; and road captains and sergeants-at-arms are the gang equivalents of caporegimes. Like LCN, these gangs operate legitimate businesses that function as fronts and/or as money laundering operations. In some parts of the United States the bikers actually work with LCN in arrangements in which the bikers control methamphetamine distribution through LCN outlets.

There are at least 500 outlaw motorcycle gangs currently operating in the United States. The four most important are the Hell's Angels, the Outlaws, the Pagans, and the Bandidos. These four gangs are national in scope and have a long record of drug trafficking.

The Hell's Angels got its start in drug trafficking in the mid-1960s, with local distribution of LSD in the San Francisco area. From this beginning the Angels expanded into extensive trafficking in cocaine, PCP, marijuana, and methamphetamine. By the early 1970s the Angels had moved into the clandestine manufacture of methamphetamine, an activity in which they are both highly skilled and highly influential. The Hell's Angels has grown to become the wealthiest and most powerful of the outlaw gangs. With between 500 and 600 members nationwide, the Angels' "Mother Chapter" is based in Oakland, California, with chapter president Sonny Barger the organization's national leader.

The Outlaws were founded in Chicago in 1959 and absorbed the Canadian "Satan's Choice" gang in 1977. This merger created the largest motorcycle gang in the United States and Canada, with approximately 1,200 to 1,500 members. It has 31 chapters, six of which are in Canada.

The Pagans were established in Prince George's County, Maryland, outside of Washington, D.C., in 1959. Located primarily in the Northeast, with their largest chapter in the Philadelphia area, the Pagans have structured their organization somewhat differently than the other national gangs. Instead of a geographically fixed mother chapter, a "Mother Club," composed of 13 to 18 chapter presidents, directs the Pagans organization. There are 700 to 800

members in 44 chapters located between New York and Florida. In addition to developing a national network of drug dealers, firearms traffickers, and murderers, the Pagans appear to have ties to organized crime, particularly LCN.

The youngest of the four major criminal motorcycle gangs, the Bandidos, was established in Houston in 1966. In the 1970s, the gang expanded and eventually established chapters as far away as South Dakota and Washington State. The Bandidos have approximately 500 members and a network of 2,000 associates.

Each of the major gangs specializes in some particular aspect of the drug trade. For example, the Bandidos are heavily involved in methamphetamine manufacturing, distribution, and sales. The Pagans dominate the PCP and methamphetamine trade in the Northeast, while the Outlaws, through their Florida chapters, which may be involved with Cuban and Colombian suppliers, are engaged in cocaine trafficking. The Outlaws also traffic in a bogus form of "Valium," manufactured in illegal Canadian laboratories and distributed from a base in Chicago.

As their structures have become more sophisticated and their activities more widespread, the bikers have developed more sophisticated ways of defending themselves and their activities. The tire chain and the rumble have been replaced by more streamlined methods. The Bandidos and the Outlaws carry tape recorders to record conversations with any law enforcement officers who might confront them. They attempt to get the officers to make statements that will contaminate any case brought against them and record the conversations for later use by their lawyers. The major gangs have begun to exchange computerized information on law enforcement officers and their informants. They have also been known to place operatives in courthouses, prisons, and police stations, to gather intelligence on law enforcement operations and planning.

Gang clubhouses vary in location and layout. They may be located on farms, in the center city, or in residential areas. While the clubhouses are used for business meetings, partying, and working on motorcycles, they also must be tightly secured against unexpected police raids or attacks by rival gangs. Some gangs place their houses under 24-hour guard, with steel-reinforced doors and standard chain-link fences topped with barbed wire as a perimeter defense. In many cases, the house itself is also protected by concrete cinderblock walls with built-in gun ports, and guard dogs often roam in the area between the fences.

Inside the clubhouses, other security measures are taken, including wooden or steel shutters that close from the inside, exterior walls fitted with sheets of armor plating, and electronic security equipment, including tracking devices, closed-circuit TV cameras, and telephone eavesdropping units. Even this is not enough to satisfy some gangs' security concerns; some have actually planted poisonous snakes in dresser drawers, kitchen cabinets, or boxes, ready to strike out at whoever rummages in their hiding place.

The major outlaw motorcycle gangs are extremely difficult to infiltrate. Like Jamaican criminals, gang members go to considerable lengths to conceal their identities, using special "street names" in their everyday dealings. By forcing candidates to engage in bizarre rituals or commit major crimes, thus binding them to membership for life, and by playing on their fears of certain reprisal if they cooperate with the authorities, the gangs have largely succeeded both in screening out undercover agents and in tightening their grip on members' loyalty. Members are almost never allowed to leave the major biker gangs -- alive.

Law enforcement officials have had some success in "turning" members who fear that their days within the gang are numbered. They have also exploited intra- and inter-gang

rivalries to gain information on gang activities. Law enforcement pressure on the West Coast has succeeded in causing the Hell's Angels to set up methamphetamine manufacturing businesses in other areas such as western Missouri. However, much more must be done before the goal of breaking up these gangs can be achieved.

It is not only the four major outlaw motorcycle gangs that are involved in drug trafficking operations. There are a number of local and regional motorcycle groups that are deeply involved in drug trafficking in their areas. These gangs often work closely with each other and with the major gangs to produce and distribute drugs. For example, members of the "Grim Reapers" motorcycle gang operated as a network of drug dealers in the Galesburg/Peoria, Illinois, area. Reportly, they were responsible for 80 percent of the cocaine trafficked in the Galesburg area and for a majority of the cocaine distributed around Peoria. One chapter of the gang also distributed methamphetamine in both areas. They received their cocaine from gang members located in California and Florida. The methamphetamine was manufactured by two members of the Bandido motorcycle gang in Texas and by members of the Satan Brothers gang in Oklahoma. In western Tennessee, outlaw motorcycle gangs involved in methamphetamine and other drug trafficking, besides the local chapter of the Hell's Angels, include the Outlaws, the Saints, the Iron Horsemen, and the Road Barons. Operating in the Middle District of Alabama are the Devil's Disciples, the Ghost Riders, the Peacemakers, the Rattlers, and the Iron Cross.

6. California Street Gangs

In addition to spawning the outlaw motorcycle gang phenomenon, California is home to one of the most dangerous and menacing developments in drug trafficking, the large-scale organized street gang. These gangs first appeared in Los Angeles in the late 1960s. Their activities have escalated from the instigation of neighborhood violence to large-scale drug trafficking throughout the United States.

Although there are many smaller independent gangs and minor organized gang groups in the Los Angeles area, the most successful and dangerous California street gangs are divided into two major organizations, the Crips and the Bloods. Each of these organizations is composed of numerous smaller gangs called "sets." It is estimated that there are approximately 190 Crips sets and 65 Bloods sets. Law enforcement officials believe that these approximately 250 sets have a combined membership of approximately 25,000.

These sets are generally geographically based. Some derive their names from local street names: "Five-Deuce Hoover Crips" (52d and Hoover Streets) or "110 Main Street Gangster Crips" (110th and Main Streets), while others have descriptive names of arcane derivation -- "Rollin 60 Crips," "Blood Stone Villains," and "Neighborhood Bloods."

The sets are structured along lines of seniority and function. They have caste-like subdivisions within each set, notably (1) original gang members (O.G.); (2) gangsters, the hard-core members, whose ages range from 16 to 22; (3) baby gangsters, who are between nine and 12; and (4) in some gangs, tiny gangsters, who are even younger. While some age groups go to the late 20s and early 30s, the most violent and active members are those between 14 and 18, many of them "wantabees" who want to prove themselves in order to be accepted by other gang members and who are precisely the ones most useful as soldiers in gang activities.

The Crips and the Bloods organizations are primarily involved in PCP and crack cocaine trafficking. They have developed clandestine laboratories for drug manufacture in the Los Angeles area and have become adept at seeking out secluded areas where their manufacturing activities will go undetected. They have also developed supply sources for the constituent chemicals needed to fuel their production activities.

Since the advent of crack cocaine, the manufacture and distribution networks in the Los Angeles area have expanded tremendously. Crack is increasingly the drug of choice for the majority of users there. The usual arrangement is for an O.G., or for a former gang member, to establish relations with Colombian or Mexican suppliers of powder cocaine HCl. The O.G. is at the head of the local distribution network and receives the cocaine either on consignment or with an up-front payment. First, he turns over multi-kilogram quantities of cocaine HCl for processing into crack, or rock, cocaine. The newly produced crack is then given out in multi-ounce quantities by the supplier to street distributors, to be sold to the end user. The street distributors typically carry only small amounts, concealing the rest in convenient locations from which they can quickly replenish their stock.

California street gang sellers use a number of techniques for distributing crack. Sometimes they employ "spotters" to direct customers to where the street distributor is waiting, or they may sell to drivers of passing cars. Another approach is to make the sale from heavily fortified "rock houses," to which the customer has only limited access. The customer may have to wait outside until the transaction is completed, with the seller out of sight, or the customer may be admitted only as far as a caged area in the front end of the house. However, crack dealers are moving away from rock houses toward street sales and sales from motel rooms. In the latter case, dealers will usually pay in cash, rent multiple rooms, and use pagers and cellular phones to contact suppliers and purchasers of controlled substances.

The Los Angeles gangs are radiating out from the areas where they originated -- up the West Coast as far as Seattle and Vancouver, into the heartland as far as Denver, Kansas City, and Chicago, and even to cities on the East Coast. Police in all these cities report that Los Angeles gangs are establishing branch operations to sell crack, sometimes in competition with other gangs who consider the cities their territory. This is the case, for instance, with the Samoan gangs in the San Francisco Bay area. In Baltimore, local law enforcement agencies have identified a trend, as Los Angeles gangs send cocaine HCl by way of their own gang members, "wantabees," or by way of local drug dealers looking for a purer or cheaper supply. Following the arrest of two Crips in Maryland and the Eastern District of Virginia, authorities began a special Organized Crime Drug Enforcement Task Force project to determine the extent of infiltration of the area by Los Angeles street gangs.

Kansas City, Missouri, is another metropolitan area to which the Bloods and the Crips have migrated and established themselves. They were identified in Kansas City in the summer of 1987; they had sent representatives there to exploit the cocaine distribution market, which at the time had a gap due to the successful neutralization of Jamaican drug factions. The gangs have generally taken up residence in the outlying areas of Kansas City but have targeted the inner city for cocaine distribution. Initially, the gangs were readily identifiable by their dress, language, and habits, but they now tend to avoid such dead giveaways to prevent unwanted attention from law enforcement.

After reviewing the situation in Kansas City, the Middle District of Tennessee feels it too is experiencing an expansion of Los Angeles drug gang activity. What is known for sure is that a drug distribution network affiliated with street gangs has been operating in Nashville for about a year. The network stretches from Los Angeles to Nashville and involves at least 50 individuals. In response, the Metropolitan Nashville Police Department has increased its street gang unit from six to 50 officers.

The Denver Police Department has documented 700 members of the Bloods and the Crips in the Denver area and reports that recruitment is active. The migration of the Bloods and the Crips to the Seattle-Tacoma area was rated the "number one" news story of 1988 by readers of the Seattle Times. The Bloods even made it to Sioux Falls, South Dakota (population 100,000), where they were the suppliers of a recently raided crack house.

One of the most frightening aspects of the California street gangs is their willingness to direct their violence at each other, at the police, at members of the public -- at anyone who stands in the way of their operations. What makes this violence especially frightening is the amount of firepower at their disposal. Where the gangs once had to make do with zip guns, small-caliber revolvers, and sawed-off shotguns, they now have the wherewithal to acquire semi-automatic rifles and large-caliber handguns. In parts of Los Angeles, the weapon of choice is the AK-47 with a 30-round clip -- a large-caliber (7.62 mm) weapon that dramatically increases the chances of inflicting deadly injury. With so much firepower, gang-related homicides in the Los Angeles area have risen steadily.

The nature of these street gangs makes their investigation difficult. The lack of audit trails, the high mobility of the many drug dealers, and the relative absence of a formal organization have hindered infiltration of the gangs. As law enforcement agencies begin to understand the gangs better, they are learning to spot their weaknesses. For instance, many gang leaders outside the Los Angeles area will often return to Los Angeles for long periods, leaving their organizations more or less to fend for themselves. Additionally, when Los Angeles gangs try to move into new geographical areas, law enforcement officials can sometimes count on information from local dealers who resent being cut out of their own territories. Experience has led agencies to develop strategies for dealing with the gangs, such as using Federal drug statutes, which tend to be more stringent than those of most States, to prosecute drug traffickers; to develop profiles of gang members dealing in drugs; and to build up case files of the gangs themselves.

7. Other Domestic Trafficking Organizations

The activities of traditional criminal organizations whose members specialize in drug trafficking are prevalent in urban areas across the country and are well documented in cities such as Chicago, Detroit, St. Louis, and East St. Louis, Illinois.

The bosses, or kingpins, of these operations supervise highly structured and disciplined organizations composed, for the most part, of extremely violent career criminals. In some cases the bosses retain control even if they have been convicted and are serving time.

The kingpin oversees the major distributors in his area as well as a body of "enforcers" who are often heavily armed with automatic weapons and explosives. These urban organizations seek to monopolize their segment of the drug trade in their area and routinely murder rival traffickers. They are also noted for using violence against witnesses and, more recently, have even been prone to attacking law enforcement officers and prosecutors.

The drug sources on which these urban trafficking organizations rely are often Mexican and South American nationals. The profit margins are unusually high in most of the cities where these urban trafficking organizations operate due to a combination of low supply and difficulty in transportation to the area. This high profitability becomes a great incentive to maintain control of trafficking territories and increases the propensity of these organizations for violent confrontation with rival groups.

Because of their relative stability and long-term involvement in their communities, many of these organizations have infiltrated the legitimate power structure of the jurisdiction and have formed close ties with city officials and local law enforcement personnel. These relationships often allow these urban trafficking organizations to gather intelligence on law enforcement operations in their area, thus decreasing their vulnerability to prosecution.

An example of such an organization is the Alex Beverly organization in Chicago. In operation for over 15 years, it was the city's largest black drug organization. The 100-member gang has been connected with a dozen drug-related homicides. Alex Beverly was convicted for conducting a Continuing Criminal Enterprise (CCE) and is now serving 40 years, with no possibility of parole.

Smaller, often regional or even local, domestically based trafficking organizations operate in areas throughout the United States. In some instances these organizations are customers of the larger organizations. In other instances, these local organizations provide the larger organizations with their local infrastructure and are hired by them to provide specific services or perform specific functions in the drug trafficking chain of operations. These local organizations are often drawn into overt conflict with larger organizations when their geographical or operational sphere of influence is invaded.

Los Angeles is not alone among major cities in spawning drug trafficking street gangs, although none are as active or as far reaching in their activities as are the Bloods and the Crips. Among the other active drug trafficking street gangs are the "Miami Boys," an organized crack trafficking street gang from Florida whose activities have spread to the Atlanta area.

The "Miami Boys" handle the importation of crack into the Atlanta area, supervise young street dealers (most in their middle teens, but some as young as 10 to 12 years old), and handle crack trafficking revenues, which are wired daily to gang leaders in Florida. The "Miami Boys" are reported to be partial to the technique of intimidating young welfare mothers into allowing the use of their apartments as rented "crack" distribution points. The welfare mothers are paid a going rate of \$100 a day; in return they acquiesce to the use of their domiciles for the storing of drugs and as money collection points.

Minneapolis-St. Paul is supplied with crack not only by the Crips and the Bloods from Los Angeles, but also by the Vice Lords and El-Rukins from Chicago. It has been estimated that 60 percent of the crack cocaine distributed in Cleveland, Toledo, and Akron is controlled by a combination of Los Angeles- and Detroit-based street gangs.

Not all drug traffickers are members of large urban criminal organizations or motorcycle gangs. A prosecution in the Western District of Washington of a cocaine distributor and several of his customers -- business people and professionals -- demonstrated the "yuppie" cocaine connection. The distributor was recorded as telling customers not to worry about being caught because "the police are after the black, inner-city dealers and not such people as us."

The profile of the highest-level cocaine dealer in Columbus, Ohio, is that of a middle-aged white residing in one of the city's more affluent suburbs. Cocaine trafficking groups in Colorado are composed primarily of upper middle-class individuals of Caucasian or Hispanic background. A 1986 investigation in Lawrence, Kansas, shocked many when 19 prominent community citizens, including the Executive Secretary to the Chancellor of the University of Kansas and a former Deputy Attorney General for the State of Kansas, were arrested and convicted on State and Federal cocaine charges.

In the Northern District of West Virginia, drug trafficking is engaged in by several indigenous organizations whose members have been entrenched in the district for a number of years and who have extensive records of criminal activity.

The Air America Organization in the Middle District of Pennsylvania was a consortium of airline pilots who brought 9 1/2 tons of cocaine into the United States, one of the largest quantities of cocaine ever smuggled by a single organization. In addition, tens of millions of dollars in cash were smuggled out of the country, directly to Colombia, by these pilots, who were paid \$1 million per successful flight.

Those individuals and informal organizations that fit these patterns are differentiated by the circumstances of their origins and the surroundings in which they operate. Yet, both young urban professionals and rural or small-town locals may sometimes turn to selling drugs, either as a sideline or as a full-time operation.

In some instances the operation of a drug trafficking enterprise is just a variation on criminal activities that predate any connection to drugs. In parts of the rural Southeast, people, often families, who once produced moonshine or engaged in local criminal activities now cultivate marijuana or traffic in cocaine. The isolation of the rural areas in which these people operate makes for ideal circumstances for drug-drops, as well as for marijuana cultivation. Many of these individuals start out trafficking in small quantities of cocaine and move on to working in clandestine rural drug laboratories.

The Northern District of Georgia attributes some of its drug traffic to a plethora of "southern style" career criminals, regionally referred to as the "Dixie Mafia." One of the district's most significant methamphetamine investigations targeted several "Dixie Mafia" defendants. The investigation determined that these established career criminals, who had well-documented records as marijuana and cocaine traffickers, were receiving monthly shipments of between 50 and 72 pounds of methamphetamine from a clandestine laboratory in Washington State.

Young professionals, so-called "yuppies," who become involved in the drug trade bring a different background and perspective to their illicit activities. Many of those who went through college and graduate school experimenting with drugs either never gave them up or began using them again when the increased income and pressures of professional life made drugs both available and seemingly attractive. As stockbrokers, doctors, lawyers, and participants in other high-stress professions, some developed dependencies on an occasional snort of cocaine or on some other drug-related experience. Occasionally these people are confronted with incentives and opportunities to become full time-traffickers, especially those professionals with access to essential chemicals or prescription drugs which can be diverted. In many instances, however, the yuppie drug dealer is merely driven by the forces which motivate his professional life, greed and the desire to get rich quick.

The different perspectives and lifestyles of the rural, blue-collar workers and young professionals engaged in selling drugs carry over into their trafficking operations. The rural traffickers usually live and operate in smaller, more stable communities and draw their partners in crime from family and friends. Young professionals form more collegial relationships, often engaging in short-term operations with old college chums or sympathetic office workers who are drawn together by an initial common interest in obtaining illicit drugs. For example, a case in Montgomery County, Virginia, involved the arrest of 17 individuals for dealing in cocaine, marijuana, and other drugs. The group, whose customers included students at Virginia Tech, included a number of the sons of prominent political figures in the area, people with whom they had gone to school and whose other interests and background made them comfortable in forming a "business" relationship.

The rural organizations tend to be structured more like traditional criminal organizations than are the yuppie groups, whose members usually do not consider themselves career criminals and whose idea of an acceptable relationship tends more toward the contractual and the communal rather than the hierarchical. Joint ventures are popular in yuppie trafficking ventures. Whereas the rural organizations seem to be more stable, with each person assuming a more or less permanent place in the trafficking hierarchy, yuppie groups are more ephemeral and more likely to be organized along the lines of the specific expertise that each member of the organization brings to an operation. Typically, yuppie organizations are established around short-term goals, while rural traffickers are more adaptable and more likely to be in for the long haul. It is not uncommon for these organizations to move their operations to a nearby town or urban center and proceed to take on the trappings of a full-fledged hierarchical trafficking organization.

8. Trafficking by Other Foreign Nationals

The influx of immigrants and the changing immigration laws and patterns of the last few decades, combined with increased mobility on the part of many residents of drug producing countries, have led to a great increase in the activities of foreign nationals engaged in drug trafficking operations in the United States.

This new activity has in no way been restricted to the Colombian cartels, the Jamaican posses, and the Asian gangs cited above. Many less well-known trafficking organizations operate throughout the United States. The area of operation of any individual group of foreign nationals may be limited to a single locality or may encompass parts of several States. In some instances, the traffickers operate through contacts with their fellow countrymen residing in drug import areas such as Miami and Los Angeles/San Diego and with nationals in their home countries. Distribution and/or import is sometimes arranged through one of the larger groups, such as the Colombians or the Jamaicans.

Mexican nationals operating in the United States represent one of the oldest groups of foreign nationals engaged in drug trafficking in this country. They have been operating in the United States for years, especially in the Southwest and Far West. They traffic mainly in heroin and marijuana; however, trafficking in cocaine is also common, and over the past few years Mexico has become an increasingly important conduit for South American cocaine. A number of factors have combined to stimulate this activity: a long, hard-to-patrol border with the United States; an extensive rural Mexican countryside, with many mountainous areas, ideal for cultivating, processing, and manufacturing illicit drugs; a tradition of corruption in elements of the Mexican Government and law enforcement agencies; and the growing drug market in the United States over the past decade.

There are a number of different, and often competing, Mexican organizations, including the so-called "Mexican Mafia," with roots in Mexican "prison gangs;" loosely knit cartels, primarily specializing in one or more illicit substances and smaller, less integrated trafficking groups of a less stable nature.

Reports indicate that the structures of Mexican drug trafficking organizations are much more family oriented than those of other large-scale trafficking groups. A Mexican trafficking operation is often vertically integrated, using family members for each stage of the operation. For example, the Central District of California reports that the Sanchez-Carranza organization relies upon family relatives living in mountainous areas of Durango, Mexico, to cultivate its opium poppy fields. These family members send the crop to other family members in Mexico, who process it into heroin. The heroin is then smuggled into the United States by couriers, many of whom are family members, and delivered to yet another set of family members, who live in the United States, for distribution throughout California and into the neighboring States of Washington, Idaho, Arizona, and Nevada. Some Mexican groups take the process a step further and employ family members in direct street sales in the United States.

Not all foreign nationals have penetrated the U.S. market to the extent that Mexicans have. In some cases, foreign nationals have found that they can engage in drug trafficking in the United States from "on the boat," without having to really "enter" the country. Pakistani nationals, members of the crews of boats docking at Baltimore harbor, have been reported to be engaging in heroin trafficking from their ships. They call at the Baltimore port every 4 to 6 weeks, usually in the middle or latter part of their itinerary. Their points of sale are Baltimore's inner-city heroin distribution organizations.

Other groups actually do get "off the boat" and spread to various parts of the country, blending in with legitimate refugees and immigrants and setting up their trafficking organizations in places where the average American would least expect to find them.

For example, in Wichita, Kansas, two separate organizations of Dominican Republic nationals are engaged in separate but overlapping cocaine trafficking operations. The principal heroin distribution groups in Rhode Island are also composed of nationals of the Dominican Republic. Unlike many of the foreign nationals operating as traffickers in the United States, the Dominicans in Rhode Island, who form the country's third largest Dominican population after New York City's and Miami's, are reported to be interested in permanent residence. The more prevalent pattern is for nationals to be transitory residents, intent on returning to their country of origin and usually sending back home a large portion of their illicit proceeds.

Haitian traffickers have become one of the primary sources of crack cocaine in southern Delaware. This network grew out of the influx of migratory Haitian workers seeking employment in Delaware's agricultural and poultry industries. Members of the trafficking network in Delaware have connections with a Haitian community located in Ft. Pierce, Florida. One of the traffickers prosecuted in Delaware was buying automobiles with the proceeds of his trafficking, sending them to Ft. Pierce, and having them shipped to Haiti, where he intended to open a taxi business.

A foreign national may engage in drug trafficking operations independently, relying on connections with his fellow countrymen for supply and distribution. These traffickers can be just as dangerous as those with formal organizational ties. In the District of Alabama, for example, a black Haitian male moved into an economically depressed housing project and began recruiting local street dealers. Considered unwanted competition by some local dealers, he

showed his propensity for violence when confronted. In one instance, he shot a man in the back of the head in an attempt to execute him; miraculously, the victim survived.

Nigerian heroin smugglers have utilized the London to New York commercial airline route as their main avenue of access. The couriers are recruited in Nigeria, usually from among those with legitimate reasons for travel to the United States. These "mules" bring the heroin into the United States for transport by automobile to its ultimate point of distribution. The Nigerian smugglers, even though not always professionals, have been loath to cooperate with authorities against their sources of supply, making it hard to develop a clear picture of the detailed structure of this heroin operation.

Organizations of Cuban nationals have been reported to be involved in cocaine trafficking operations in the Western District of Wisconsin. Such organizations were first uncovered in the wake of their development, in the early 1980s, and include many criminal refugees who arrived in this country during the Mariel boat-lift. These Cuban organizations are often traditional families in which the parents, brothers, and sisters operate different aspects of the narcotics trafficking business. In Wisconsin, as a result of their ties with other criminal refugees in Florida, these organizations developed a pipeline for bringing large quantities of cocaine into the State. The familial nature of these organizations has hampered investigations, due to the reluctance of defendants to testify against family members.

There have been two major international heroin smuggling cases involving foreign nationals in Cedar Rapids, Iowa, in less than three years. The more recent case involved the arrest of a Lebanese individual who had smuggled kilos of heroin and hashish from Lebanon on several occasions. In 1985, over 20 individuals were prosecuted for involvement in a Nepalese smuggling operation.

While most of these groups of foreign nationals do not represent a threat on the order of that of the larger groups, they are cause for concern. They are highly mobile and thus difficult for law enforcement agencies to track and prosecute. They provide a local distribution network for the major importers and distributors, in areas where these organizations have no local network in place. And, most disturbingly, they have the potential for developing organizations that could rival those of the Colombians and the Jamaicans, should the circumstances of supply, distribution, and organizational ability conspire to catapult one of them to prominence. For these reasons, it is necessary to maintain our constant attention on the activities of these trafficking organizations. It is also necessary to be vigilant in identifying any new or expanded areas of activity. This is an especially hard task given the constantly shifting patterns of social, economic, and geographic change that characterize the populations of foreign nationals residing in the United States.

C. Money Laundering

The term money laundering refers, in its broadest sense, to all activities designed to conceal the existence, nature, and final disposition of funds gained through illicit activities. The fact that most drug transactions are carried out exclusively in cash makes the money laundering process an indispensable adjunct to drug trafficking activities.

Money laundering schemes in which both small and large drug trafficking organizations hire the services of specialists in money laundering are the rule rather than the exception in the drug trafficking world. Money laundering is a highly specialized and complex proposition, especially when large sums are involved. And, while some drug organizations take care of this aspect of their operations themselves, many turn to those who specialize in this type of service.

As drug traffickers have become more sophisticated and as Federal enforcement agents have become more adept at using financial investigations to pursue them to prosecution, the traffickers have become more conscious of their need to launder illicitly obtained funds. For instance, the U.S. Attorney in Idaho reports that as recently as 1983, drug traffickers in that district seemed unconcerned about the need to launder funds; in these early investigations, the assets identified were primarily purchased with currency, without regard to disguising the source of the funds. One Idaho investigation of a suspected trafficker, in 1984, revealed that he had never held any legitimate employment, yet over a four-year period he spent over \$400,000 in cash, making no attempt to hide the money. Although he was never charged with a drug violation, he was convicted of tax evasion and sentenced to prison. Such successful prosecutions have brought home to drug traffickers the necessity of developing schemes to hide the sources of their drug income.

When drug traffickers realized the need for money laundering schemes, they found that international currency restrictions and artificial exchange rates imposed by various countries, including a number of those in South America, had already brought into existence money laundering operations whose antecedents were not drug related. These existing money laundering specialists and new ones, who have surfaced to service the drug trafficking market, act as independent contractors and have maintained their own identities, without becoming absorbed into the drug trafficking organizations.

Modern, sophisticated banking procedures and electronic transfers of funds have somewhat changed the actual manner in which money laundering may be implemented, but the basic outline of the process remains the same. In a common scheme, drug profits are moved offshore. This can be as part of a payment to suppliers or simply as a means to start the money through the laundering process. One route might be for the traffickers to deposit their cash in a foreign bank, route it through various "shell" corporations, and then return the funds to the United States for investment. The government has alleged that Ramon Milian-Rodriguez and his organization utilized this process to launder over \$1 billion through a Panamanian bank over a seven-year period.

The transfer of funds out of the country is one of the trickiest parts of the money laundering process. In many cases it amounts to a smuggling operation. Operation Greenback, in the Southern District of Florida, infiltrated an organization that was exporting millions of dollars in currency concealed in electric appliances. Other investigations have uncovered many techniques for smuggling currency, some of which use the mail system. Currency may be sent out of the country in payment for imported goods that do not exist, are not shipped, or are overvalued.

Money laundering within the United States avoids the dangers inherent in a smuggling operation. The principal obstacle is the Bank Secrecy Act, which requires banks and other financial institutions to report all currency transactions of \$10,000 or greater. Financial institutions must verify and report specific information about the customers' identities, file reports within 15 days of the transaction, and keep a copy of reports for a period of five years.

Drug dealers often use a technique called "smurfing" to circumvent these requirements. Operatives, known as smurfs, make numerous currency transactions of just under the reporting limit and involving several different banks, in an attempt to prevent triggering the reporting requirements of the Bank Secrecy Act. The Money Laundering Control Act of 1986 contains a direct response to the practice of "smurfing." The act prohibits causing or attempting to cause a domestic financial institution to fail to file a report by either misstatement of fact to the financial institution or by the structuring or assisting in structuring of transactions in such a way as to circumvent the reporting requirements set forward in the act. The Money Laundering Control Act

of 1986 also defines reporting requirements more rigidly and provides for more careful monitoring of applicable transactions.

In addition to their attempts to evade bank reporting requirements, traffickers employ a number of schemes to disguise the illicit nature of drug trafficking funds. One of the simplest forms of such subterfuge is the investment of money in real property and legitimate enterprises. For example, the District of Massachusetts reported that the booming real estate market around Boston attracted significant levels of drug proceeds. Using realty trusts, which under Massachusetts law do not require disclosure of the beneficiaries, narcotics traffickers purchased numerous homes and condominiums, substantial industrial property, a 43-acre sub-division in a Boston suburb, 30 acres of waterfront property on Martha's Vineyard, and other valuable real estate. The trusts in which these properties were held often named children or other unwitting relatives as beneficiaries and trustees.

Traffickers often attempt to hide their profits by buying small, legitimate businesses or by investing in personal property such as gold coins, jewelry, bullion, expensive automobiles, or communications equipment -- any item in which there is a cash market. In those cases where legitimate businesses are purchased, the traffickers often are acquiring a long-term money laundering asset which routinely handles large amounts of cash and can be used as a conduit for laundering illicit funds. For example, in the Western District of Arkansas, the Bandidos motorcycle gang invested the profits from its illegal methamphetamine and marijuana trafficking in a string of after-hour nightclubs. These establishments, owned and operated by the Bandidos national leadership, acted as fronts for the gang's drug and prostitution businesses, as well as money laundries.

Money is also laundered across international boundaries by taking advantage of a market created by laws in many countries that regulate the amount and the form of exchange of their currency for U.S. dollars. Currency laws in many South American countries prohibit the possession of U.S. currency above a specified limit and the taking of large amounts of capital out of the country. It is a perfect marketplace marriage, in which launderers exchange local currency in South America for access to U.S. currency already in the United States.

Launderers in the South American countries offer to purchase the pesos from local businessmen needing U.S. dollars to make purchases in the United States and from local individuals trying to move assets out of their home country and into the United States. Dollars from the traffickers are moved into the launderers' U.S. bank accounts. Pesos are transferred from businesses or individuals in the South American country to the bank account of the launderer there. The launderer in the United States transfers the dollars received from the traffickers in the United States to a U.S. bank account in the name of the South American individual or wires a money order to the receiving party. The launderer in the South American country transfers the pesos originally received from the individual or businessman in South America into a local in-country account belonging to the trafficker. The foreign national now has dollars in the United States and the trafficker has pesos in his home country -- all without any currency physically traveling across any national borders.

Traffickers can buy gold bullion or coins with drug trafficking-generated currency in the United States and then ship the gold to Mexico duty-free. The restrictions on and scrutiny of gold shipments are much less rigorous than those on currency exchange. Despite the existence of required documents for reporting export shipment value, the actual value of shipments exported is unknown.

The most sophisticated and hardest to trace method of laundering money is to buy a bank, or at least to take effective control of such a financial institution. Large trafficking organizations, such as the Colombian cartels, have both the wherewithal and the sophistication to attempt such an enterprise. By controlling an institution, traffickers can manipulate the "exempt list," the list of those exempt from reporting requirements, manipulate transactions with correspondent banks and overnight deposits, and use all the sophisticated cash transaction procedures available to a modern financial institution to aid in their money laundering schemes.

IV. THE FEDERAL RESPONSE

A. Overview

The Federal Government is dedicated to reducing drug abuse and drug trafficking by simultaneously implementing many strategies, each focused on a different aspect of the problem. Law enforcement is an essential component of our national effort.

The overall objective of drug law enforcement is to conduct investigations that lead to arrests, prosecutions, convictions, and incarceration of drug traffickers, and the removal of their ill-gotten gains; and, by this example, to deter those contemplating involvement in illegal drug use or trafficking. Effective drug enforcement is accomplished through comprehensive investigations and prosecutions that emphasize interagency and intergovernmental cooperation.

Faced with the daunting problem of organized crime in drug trafficking, the Federal Government brings to bear the expertise and muscle of four cabinet agencies, Justice, Treasury, Transportation, and Defense, as well as the intelligence community, to address the problem of drug supply reduction. Specific agencies have important roles: the Drug Enforcement Administration, which investigates the major sources of drug trafficking and provides national leadership to its State and local counterparts; the Federal Bureau of Investigation, which has concurrent jurisdiction with DEA for drug investigations and investigates other criminal activities associated with drug trafficking; the Immigration and Naturalization Service, which provides the link when aliens are involved in drug trafficking; the U.S. Marshals Service, which is responsible for the custody of non-adjudicated defendants, witness protection, court security, and for the management of seized and forfeited assets; the Bureau of Prisons, which is responsible for the incarceration of convicted drug dealers; the Internal Revenue Service, which investigates activities relating to the income tax and money laundering implications of drug trafficking; the U.S. Customs Service, which is responsible for drug interdiction and currency investigations; the Bureau of Alcohol, Tobacco and Firearms, which participates in matters related to the nexus between weapons and drug trafficking; the U.S. Coast Guard, which contributes to the drug interdiction effort off our shores; and the Department of Defense, which provides ships and planes to detect smuggling outside of the United States and otherwise assists civil authorities.

Drawing from its expertise and mission, each of these agencies has a specific contribution to make in support of our national program to control the trafficking and abuse of drugs. In each judicial district, the U.S. Attorney coordinates prosecutions arising from the investigations handled by all of these agencies, and by doing so provides the overall focal point for dismantling drug trafficking enterprises. U.S. Attorneys are uniquely positioned to provide insight into the highly complex and sophisticated organized criminal entities that are at the root of this nation's illegal drug epidemic. As the coordinators of all Federal prosecutions, U.S. Attorneys see the broad range and scope of all drug enforcement activity in their districts.

The U.S. Attorneys' considerable experience in drug investigations and prosecutions enables them to apply the full force of criminal and civil sanctions to destroy drug trafficking organizations. The full range of options available in the criminal law arsenal includes the use of investigative grand juries, electronic surveillance, immunity, and search warrants. To prosecute violators, U.S. Attorneys employ the many statutes available across the spectrum of offenses from simple possession to trafficking and even more complex violations, including the Racketeer Influenced Corrupt Organizations (RICO) statute, the drug "kingpin" Continuing Criminal Enterprise (CCE) statute and the laws governing money laundering, firearms, and public corruption. Both criminal and civil forfeiture statutes are used to remove all ill-gotten gains.

Tax charges are also used to prosecute drug traffickers. In 1988, a Federal/State/local task force with agents from the FBI, the IRS, the Tennessee Bureau of Investigation, and the Jackson, Tennessee, Police Department investigated a marijuana trafficking organization that was operating in rural western Tennessee. The 16 defendants were convicted on conspiracy, income tax, money laundering, and drug trafficking charges. The three ringleaders of the organization received prison sentences of 10, 8, and 7 years, respectively.

Regular, ongoing interagency and intergovernmental cooperation are elements necessary for the full utilization of the available intelligence resources and investigative expertise. Cooperation and joint operations are the rule, not the exception.

For example, the District of Wyoming has an enviable Federal/State partnership in which interstate drug organizations are usually investigated by State and local law enforcement agencies with DEA participation. The most useful and successful investigative technique has proven to be undercover buys, followed by "floating" the buy money through successive levels of the organization until the highest point possible in the distribution chain is reached. Federal prosecution of these organizations is preferred because of the consistency of Federal sentencing; relative ease of asset forfeiture and equitable sharing with participating State and local agencies; and the availability of the Federal grand jury as an investigative technique. Using Title 21 conspiracy and Continuing Criminal Enterprise statutes, the U.S. Attorney's Office, DEA, and the Wyoming State Attorney General's Division of Criminal Investigation have been able to destroy several interstate organizations each capable of distributing more than 50 kilograms of cocaine per year.

Working relationships, particularly at the field level, are routine and well-integrated into the daily operations of all involved. Often, however, when a new policy is implemented or a new program launched, interdepartmental and interagency agreements at the Federal level are used to clarify responsibilities and further reinforce the spirit of cooperation and the need for coordination in responding to the complex and varied situations encountered in fighting the war on drugs. These agreements often take the form of Memoranda of Understanding (MOUs). For example, DEA has entered into MOUs with the National Forest Service regarding investigations into the cultivation and trafficking of marijuana in our national forests, and with the U.S. Customs Service regarding the cross-designation of Customs Service agents to conduct investigations of drug smugglers. In short, interagency cooperation is universally recognized as the key to an effective Federal response to the Nation's drug problems.

Nowhere is the U.S. Attorney's role as a facilitator of coordination more apparent than in the Law Enforcement Coordinating Committees (LECCs). Following a 1981 recommendation of the Attorney General's Task Force on Violent Crime, all of the 93 U.S. Attorneys established LECCs to improve cooperation and coordination among the law enforcement groups in their districts.

The LECCs are designed to enhance the overall effectiveness of the criminal justice systems in their areas by bringing together the broad range of multi-level government law enforcement agencies. In larger districts, membership may include several hundred law enforcement professionals representing the spectrum of Federal, State, and local agencies; private groups such as banking and insurance security personnel; and foreign law enforcement representatives in border districts.

Almost all LECCs have drug subcommittees to focus on investigative and prosecutive action; many also have drug demand reduction subcommittees. LECCs direct their drug control activities through three general programs: task forces, training, and demand reduction.

B. Investigative and Prosecutorial Activities

1. Coordinated Efforts

The Department of Justice has forged many partnerships to combat organized drug trafficking and drug abuse. United States Attorneys are the chief Federal law enforcement officers in their districts. As such, they coordinate the drug-related activities of many Federal investigative agencies, and work with their State and local counterparts to ensure effective use of limited resources. In this manner, each participant's expertise is used to maximum advantage in pursuit of the common goal of dismantling entire organizations.

The ability to cross-designate prosecutors enables the prosecution to be instituted in either Federal or State court depending upon which is more appropriate for a particular case. Thus, Assistant United States Attorneys or, in intergovernmental investigations, Assistant State Attorneys General or Assistant District Attorneys all may be integrally involved.

This intergovernmental esprit de corps is exemplified by the Organized Crime Drug Enforcement Task Forces (OCDETF) -- the flagship of the Government's war on drugs. Other formal and informal Federal, State, and local government task forces also evidence a high degree of cooperation.

Established in 1982, the OCDETF program draws on the investigative and prosecutorial resources of nine federal agencies. Its aim is to disrupt and dismantle significant drug trafficking organizations and to deprive them of their assets through forfeiture to the Government. The 13 OCDETFs across the country target the highly complex criminal organizations that operate across jurisdictional boundaries, use a variety of criminal techniques, and protect their ill-gotten gains through sophisticated financial arrangements. Through their participation in the OCDETF program, State and local law enforcement agencies gain access to a larger intelligence base, and increase skills and expertise.

An OCDETF case is, by definition, a multi-agency case. Federal, State, and local law enforcement agencies with specific capabilities bring their skills to bear as warranted by the circumstances of the investigation. Because of the highly organized and complex nature of drug-oriented criminal enterprises, the scope of these cases often goes beyond traditional jurisdictional boundaries. Approximately 80 percent of task force cases involve more than one judicial district, and over one-third are international in scope. In all OCDETF investigations, the financial aspects of the case are explored with the same fervor as the drug trafficking violations.

In FY 1988, approximately 450 new OCDETF cases were initiated -- a record year, bringing the total number of investigations to almost 2,400 since the inception of this innovative program. Many of these complex investigations involve trafficking in more than one type of drug. In the last year, the OCDETFs have recorded a major shift toward cocaine investigations; nearly 80 percent of the current OCDETF investigations involve cocaine. Because many investigations concern more than one drug, 45 percent of these cases also involve marijuana, 24 percent heroin, 11 percent methamphetamine, 5.3 percent hashish, 4.5 percent methaqualone, and 2.8 percent PCP.

"Operation Polar Cap" demonstrates how coordinated interagency intelligence-sharing and cooperation have resulted in a great success against drug traffickers with direct links to the Colombian Medellin cartel. In Operation Polar Cap, the FBI, DEA, Customs Service, and IRS, assisted by State and local law enforcement agencies, pooled intelligence that was gathered in what were originally thought to be unrelated drug and money laundering investigations in Los

Angeles, New York, Houston, Miami, and five other cities. Further investigation by this inter-governmental effort revealed that a large-scale money laundering organization was operating nationally and internationally. Two wholesale jewelry companies located in downtown Los Angeles were critical to this criminal enterprise.

As a result of the high level of cooperation among all of the agencies, 127 defendants were charged with conspiracy to aid and abet the sale and distribution of cocaine and with illegally laundering the proceeds of drug sales -- over \$1 billion generated from cocaine sales. The defendants were also charged with conspiring to violate the Money Laundering Control Act and with conspiring to avoid the reporting requirements of the Bank Secrecy Act and the Internal Revenue Code, which requires banks and businesses to report to the IRS all currency transactions that are \$10,000 or more. Federal agents seized bank accounts at 16 different banks in Atlanta, Miami, New York, and San Francisco. Actions by the U.S. Attorney from the Northern District of Georgia led the Federal District Court in Atlanta to direct the domestic branches of the foreign banks that were named in the Atlanta indictment to freeze the drug assets in their foreign branches and to return the deposits to the United States for forfeiture. The U.S. Attorney for the Southern District of New York filed a civil lawsuit asking the court to freeze money from the first phase of the investigation and to return the money to the United States for civil forfeiture. By the time all three phases of Operation Polar Cap were completed, more than one-half ton of cocaine and over \$45 million in cash, jewelry, and real estate had been seized.

Although the grip of traditional organized crime on drug trafficking has been loosened as a result of recent successful Federal prosecutions in various parts of the country, Asian narcotics traffickers are among the emerging organized criminal groups that are filling the resulting void in narcotics trafficking. A recent OCDETF case demonstrates how an investigation of international proportion depended on the talents and resources of many different agencies -- in the United States as well as abroad -- to address this new threat.

In April 1988, Operation Bamboo Dragon concluded with the arrest of 20 individuals in the United States and Hong Kong. The two-year OCDETF investigation was conducted by FBI, ATF, Customs, and INS agents, as well as officers of the Royal Hong Kong Police and the Washington, D.C., Metropolitan Police Department.

The case began in February 1986 with intelligence gathered by ATF that a carry-out shop owner in Washington's Chinatown was trading cocaine for stolen firearms. An FBI agent successfully contacted the shop owner, and over the next several months the agent purchased cocaine and was introduced to several other Chinese drug dealers from New York. Federal agents purchased three pounds of uncut heroin and made arrangements for the purchase of another 40 pounds. Ultimately, nine persons were arrested for this aspect of the conspiracy.

As the investigation widened, another FBI agent, fluent in the dialects used by Chinese heroin dealers, was brought into contact with other gang members who were directing a wide range of illegal activities on the West Coast. As a result of several meetings in San Francisco and Washington, D.C., this agent was introduced to a major heroin dealer in Hong Kong. Special arrangements were made through the cooperation of law enforcement officials in Hong Kong to allow the undercover agent to buy 25 pounds of heroin and bring it back to the United States. Eleven individuals in the United States and three in Hong Kong were ultimately arrested as a result of this aspect of the operation. Hong Kong authorities consider it one of the most important drug investigations in their jurisdiction.

A spinoff investigation revealed information leading to seizure of 50 AR-15 semi-automatic rifles illegally converted to fully automatic function. At first agents believed these

weapons were destined for Libya; later they learned the weapons were intended for organized crime elements in the United States.

On May 27, 1988, a Federal grand jury indicted eight individuals on six counts of distribution and conspiracy to distribute heroin. All eight pleaded guilty or were convicted. Several of those convicted received prison terms ranging between 19 and 23 years. An additional 14 individuals were indicted on eight counts of intent to import and distribute heroin, and are currently awaiting trial.

Though perhaps not on such a grand scale, other task force programs are replete with accomplishment. Since its inception in 1968, the State and Local Task Force Program run by DEA and its predecessor agencies has grown in size and scope. Currently, there are 44 formal and 12 provisional task forces funded by DEA, which commits 240 special agents who work with more than 630 State and local officers nationwide on this initiative. This highly innovative program has consistently increased its accomplishments as measured by total arrests, convictions of major violators, drug removals, and asset seizures.

There is no doubt as to the effectiveness of these State and Local Task Forces. Since 1984, heroin and cocaine removals have increased 733 percent and 800 percent, respectively. In FY 1988 alone, the task forces were responsible for over 6,800 arrests (about one-third of which were of major violators) and the seizure of about \$110 million in traffickers' assets.

The Immigration and Naturalization Service (INS) assists local governments through the Alien Criminal Apprehension Program (ACAP) to make quick strikes against aliens who are low-level and mid-level drug traffickers. Once apprehended, these aliens are detained until it is determined if they are deportable. If so, the alien is removed from the United States and barred from re-entry. What began as a Federal/local partnership to focus on aliens in the drug trade has expanded into a nationwide program.

LECC training sessions often lead to innovative joint operational activities such as task forces. For instance, the Alabama Drug Diversion Task Force was established in the Southern District of Alabama; the Eastern District of California created the Methamphetamine Lab Task Force; the Los Angeles Gang Drug Task Force was begun in the Central District of California; the Eastern District of Pennsylvania started the Violent Traffickers Project; and a Crack Task Force was established in the Western District of Pennsylvania.

There has been a concerted effort by the U.S. Attorney's office in the Northern District of Indiana to use Federal/State/local task forces. This led to the successful conclusion of "Operation Family Affair," which resulted in the May 1988 charging of 63 individuals on a variety of Federal drug charges. The indictment detailed the trafficking of 40,000 pounds of marijuana and 50 pounds of cocaine; DEA estimated the street value of these drugs at about \$20 million.

Another successful cooperative effort in this district was "Operation Blowout," which concluded with the September 1988 indictment and arrest of 27 individuals for the distribution of cocaine and other controlled substances throughout northwestern Indiana. The defendants were responsible for distributing approximately 25 kilograms of cocaine with an estimated street value of \$5 million. Law enforcement officials seized cash, vehicles, and property worth \$565,000.

In a melding of task force efforts, a multi-jurisdiction Drug Gang Task Force was formed by the U.S. Attorney through the LECC in the Northern District of Georgia in 1988 to combat

the growing problem of drug gang activity in the Atlanta area and throughout Georgia. This task force operates under the auspices of the OCDETF, with coordination and organizational assistance provided by the LECC. Today, about 25 Federal, State, and local law enforcement agencies work together to develop an extensive intelligence base and to actively investigate and prosecute cases with drug gang elements. Drug gang activity can be reported by calling a 24-hour statewide hotline, which is funded by INS. "Drugbusters" bumper stickers displaying the hotline number have been distributed to law enforcement agencies for display on marked cars, as well as on privately owned vehicles.

2. Financial Investigations and Asset Forfeiture

Both the Comprehensive Crime Control Act of 1984 and the Anti-Drug Abuse Act of 1986 provided for greater authority to seize the profits and proceeds of illegal drug trafficking, as well as the currency and property used in connection with money laundering and drug violations.

As in many other districts, large seizures of cash have been made in the Western District of Tennessee, usually as a result of couriers at Memphis International Airport attempting to personally transport money out of the district via commercial airliner. Recently, most of this money has been going to California to pay for cocaine that is then brought back to Tennessee. In July 1988, a person detained by Memphis airport security had a one-way ticket to Los Angeles and \$54,000 in cash; the individual denied that the money was his and it was forfeited to the Government. In February 1989, \$250,000 in cash was seized from two individuals with tickets to southern California who claimed that they had never seen the money before!

DEA, FBI, and INS are active in seizing conveyances and the real property associated with illegal drug trafficking. The U.S. Marshals Service manages the property and arranges for the liquidation of seized property.

In the Western District of Michigan, two separate prosecutions resulted in the forfeiture of a controlling interest in a golf course, which had been financed with marijuana proceeds, and the Iron Works Gym, into which cocaine proceeds had been invested. In a third case, a major marijuana and cocaine distributor in southwestern Michigan pleaded guilty to racketeering and income tax evasion, and forfeited over \$1 million in jewelry.

As part of the District of Vermont's seizure program, land and buildings used for growing and processing marijuana are targeted for forfeiture. This tactic is becoming increasingly effective with the advent of indoor growing operations. Previously, an outdoor grower could reduce his risk of loss through forfeiture by cultivating cannabis on land rented from an unsuspecting owner. The more sophisticated indoor growing operations, however, often require building modifications, thus reducing the pool of available rentals and forcing the grower to own the site. Forfeiture has become a key instrument in fighting the production of marijuana.

Not all seized and forfeited property is sold by the Government. Some of the property and conveyances are pressed into service against drug dealers and other organized criminals; some of the cash or forfeited proceeds are used for maintenance and management of the asset removal program.

As the investigators and prosecutors have gained experience with these provisions, each succeeding year their efforts have borne more fruit. During FY 1988 alone, Department of Justice investigative agencies seized property and cash valued at over \$530 million. Most of these seizures were tied to drug-related activities.

In a uniquely valuable program, some of these assets have been shared with State and local governments through the "Equitable Sharing Program." During FY 1988, on over 8,200 occasions the profits and proceeds of drug trafficking were shared with more than 1,800 state and local law enforcement agencies that assisted the Federal Government in the war on drugs. Each year the success of the program grows. In FY 1986, nearly \$50 million was shared. In FY 1987, that amount more than doubled, and in FY 1988, over \$104 million was shared, with hundreds of millions more in the sharing pipeline. Shared assets include not only cash, but forfeited property including cars, boats, and airplanes. In FY 1988, shared property worth \$28 million supplemented over \$76 million in cash.

California has enjoyed the highest share of forfeited assets of any state, reaping a four-year total of almost \$120 million. In the spring of 1989, the Attorney General presented checks totaling nearly \$6.2 million to several local police forces in the Los Angeles area and in Arizona. This distribution comes from a "sting" operation on a known narcotics dealer and money launderer in which 10 law enforcement agencies in two States cooperated with the DEA and the U.S. Attorneys as part of a DEA State and Local Task Force investigation.

Another good example of innovative drug-related financial investigation and prosecution is Operation C-Chase, where the "C" stands for "C Note," or one-hundred dollar bills. The U.S. Customs Service initiated an investigation of money laundering operations that spanned more than two and one-half years. The investigation revealed the essential role played by major international financial facilities in sophisticated criminal networks. The accomplices were involved in laundering currency that was the proceeds of cocaine sales in Chicago, Detroit, Houston, Los Angeles, Miami, New York, and Philadelphia.

C-Chase originated in Tampa, Florida. Undercover agents were introduced to several accomplices in financial institutions and businesses. These accomplices willingly provided the agents with the introductions and expertise necessary to operate a criminal enterprise within the international financial business community.

Top-level management officials of the Bank of Credit and Commerce International (BCCI) provided the first entree to major international drug wealth-management channels. This had previously been an unattainable strategic goal of the U.S. law enforcement community. Once the trust of these high-level BCCI officials was gained, they provided the undercover agents with advice, assistance, and access to much more sophisticated money laundering schemes.

The agents continued to participate in numerous schemes, gaining experience along the way. At one point, BCCI officials, observing the extremely rapid withdrawal of funds deposited in the undercover agents' account, became concerned over the potential for law enforcement detection! They taught the agents new methods to launder money. The mechanisms used to hide the true source, ownership, and control of the drug funds varied depending on the needs of the drug trafficking clients and the amounts of currency they wished to launder.

Drug funds moved through nine corporations located in four different haven countries, a circuit that only professional insiders could decipher. The undercover agents were in a unique position to view the financial channels available to drug traffickers.

The cooperative efforts of the Customs Service, IRS, FBI, DEA, several State and local enforcement agencies, as well as authorities in France, the United Kingdom, and Switzerland,

all contributed to dismantling the money laundering networks utilized by the organization and the people targeted by Operation C-Chase.

This operation resulted in the arrests of 43 individuals for violations of money laundering and drug trafficking statutes. It identified approximately \$32 million in laundered funds and many of the banking officials who knowingly facilitated the illegal transactions. Indictments were returned against 85 violators. Approximately \$14 million in BCCI domestic assets were enjoined by restraining orders, and criminal assets estimated at \$19.3 million are subject to seizure.

3. Support Services

(a) Intelligence Assistance

The Department of Justice and its component agencies are both a source and a clearinghouse for intelligence information about drug trafficking and abuse. Through the establishment and maintenance of ongoing interagency and intergovernmental efforts, such as the specific enforcement programs described above, intelligence is exchanged on a routine basis. There are, however, specific initiatives that facilitate intelligence exchange.

The El Paso Intelligence Center (EPIC), which is managed by DEA, provides 24-hour access to all Federal law enforcement data bases, representing the 10 Federal law enforcement agencies now participating in this operation. Through EPIC, law enforcement officials from all 50 states, Puerto Rico, the U.S. Virgin Islands, and American Samoa can obtain time-sensitive tactical intelligence on the smuggling of drugs, aliens, and weapons.

The National Crime Information Center (NCIC), which is managed by the FBI, is a nationwide teleprocessing network that provides documented criminal justice information to the entire law enforcement community. NCIC is an essential tool for State and local law enforcement officers in conducting drug investigations.

The Regional Information Sharing Systems (RISS) are sponsored by the Justice Department to combat multi-jurisdictional criminal conspiracies through the rapid, but controlled, exchange and sharing of information pertaining to known or suspected criminals and criminal activity among Federal, State, and local law enforcement agencies.

The Department of Justice also operates the U.S. National Central Bureau (USNCB) of INTERPOL, the international police organization. USNCB acts as a conduit for information and intelligence exchanges among the States, the Federal Government, and the international law enforcement community.

(b) Training and Technical Assistance

To address the investigative and prosecutorial needs of practitioners at all levels of Government, the Department of Justice provides a wide array of training and technical services. In the important area of forensic support, DEA provides quantitative and qualitative drug analysis and other technical support to Federal, State, local, and foreign enforcement agencies. The FBI Laboratory, located in Washington, D.C., is one of the largest and most comprehensive crime laboratories in the world. Forensic examinations of evidence submitted in connection with criminal investigations and prosecutions support law enforcement activity across the country. The FBI also maintains a centralized clearinghouse for fingerprint records, a service that is widely used by law enforcement in drug-related investigations.

Training for all levels of the law enforcement community is a high priority of the Justice Department. Special emphasis is placed on training State and local drug law enforcement personnel through many programs designed to provide state-of-the-art investigative and management techniques.

Through its Academy and in-service field training programs, DEA teaches contemporary drug enforcement procedures and techniques for other Federal, State, local, and foreign law enforcement officers. For example, training, an important component of the DEA State and Local Task Force Program, is provided in such subjects as diversion control, forensics, cannabis eradication, and clandestine laboratory investigations.

The FBI offers a comprehensive program that includes the study of legal matters, investigative techniques, police communications, and the behavioral sciences. The FBI also conducts regular seminars on narcotics-related financial investigative techniques.

In addition to funding specific drug enforcement-related training for State and local law enforcement officers, the Bureau of Justice Assistance provides an additional \$2 million for training and technical assistance in asset seizure and forfeiture.

The LECCs sponsor cost-effective, quality seminars and conferences drawing on the expertise of field professionals from all levels of government to provide for better intergovernmental cooperation in drug enforcement programs at the local level. These seminars address all aspects of drug law enforcement including: interdiction, search and seizure techniques, money laundering, crack cocaine, drug demand reduction, drug gangs, asset forfeiture, and other law enforcement topics.

The LECC training has been crucial in informing State and local law enforcement about the important tool of asset forfeiture. In January 1989, LECC Coordinators met for a three-day seminar to learn how to train their LECC members and to facilitate the process of equitable sharing with State and local agencies. During FY 1989, at least 20 LECC-sponsored asset forfeiture training seminars have been held for State and local law enforcement agencies. For example, at a seminar on drug interdiction sponsored by the LECC in the Central District of Illinois, 120 Federal, State, and local law enforcement professionals met to learn the latest techniques to stop the flow of drugs on their State's highways. Even the composition of the trainers -- including representatives from the Illinois State Police, the State's Attorney's Office, an Assistant United States Attorney, and special agents from DEA, FBI, and the IRS -- reflected the cooperative nature of this enterprise.

Drawing from their respective areas of expertise, other Justice Department investigative components are also actively involved in training and technical assistance for State and local law enforcement agencies. For example, INS offers training in combatting smuggling and concealment and the Marshals Service trains officers in security operations.

A major source of assistance to drug law enforcement at all levels is the Department of Justice's National Institute of Justice (NIJ). Through its "Drugs, Alcohol and Crime Program," NIJ supports research to establish the various links between illegal drug use and criminal behavior. Drugs and drug-related crime are major issues in over half of NIJ's research programs.

One of the most noted NIJ-sponsored efforts is the development of the Drug Use Forecasting Program (DUF), which was started in 1987 to provide information for early detection of drug epidemics, allocating resources, determining treatment and prevention needs, and

measuring the impact of efforts to reduce drug use and crime. As a result of this demonstration program, it has been learned that, on average, almost two-thirds of those arrested for non-drug felonies had drugs in their systems when they were arrested.

DUF is also designed to determine national estimates of illicit drug use among offenders and to track and forecast national drug use trends. Twenty-one cities are currently participating; DUF will expand to 25 cities in the next year. This program holds tremendous possibilities for improving the delivery of criminal justice system services.

The Justice Department supports the drug control efforts of States, municipalities, and nongovernmental organizations through its grant programs. Enhanced as a result of the Anti-Drug Abuse Act of 1988, this initiative affords grant recipients the opportunity to test and refine new methods and programs that make a difference in the war on drugs and the operations of the criminal justice system.

The Bureau of Justice Assistance (BJA) Formula Grant Program makes awards to the States, which are responsible for a 25 percent match of the Federal funds. The States can, however, use their proceeds received under the Equitable Sharing Program for the matching amount. Over \$118 million in Federal funds will be provided in FY 1989. The grants can be used to facilitate the apprehension, prosecution, adjudication, detention, and rehabilitation of persons who violate the law, as well as to assist crime victims. Grants can be used for personnel, equipment, training, technical assistance, and information systems.

Additionally, BJA administers a discretionary grant program. In FY 1989, \$30 million will be used for programs that involve: drug abuse prevention and education, apprehension, prosecution, adjudication, corrections, and information systems.

C. Legislative Initiatives

As a result of major legislation passed by the 98th, 99th, and 100th Congresses, the Executive Branch has been given powerful new tools to address the growing international problem of drug abuse. Implementation of these new legislative authorities has been vigorous and effective.

The Comprehensive Crime Control Act of 1984 (P.L. 98-473) was the first of these progressive legislative steps toward dealing with America's drug abuse problem. At the time this bill was signed, it had been almost 14 years since the enactment of significant Federal criminal law reforms. This omnibus package of criminal law measures was the most substantial and far-reaching reform of the Federal criminal justice system ever enacted at one time. Of particular note were the sections on bail reform, sentencing reform, expanded forfeiture authority, enhanced penalties, amendments to assist in the investigation of international money laundering, and miscellaneous amendments pertaining to Federal jurisdiction regarding violent crime.

On October 27, 1986, President Reagan signed into law the Anti-Drug Abuse Act of 1986 (P.L. 99-570). In addition to considerably enhancing Federal, State, and local drug abuse prevention and treatment efforts, this sweeping legislation provided the drug law enforcement community with significant new resources for its battle against the illicit manufacture, distribution, and consumption of drugs. This Act substantially enhanced penalties in a variety of areas, including mandatory minimums for simple possession, doubling penalties for anyone who knowingly involved juveniles in drug activity, and requiring mandatory life sentences for "principals" convicted of conducting a continuing criminal enterprise. It also made money laundering a Federal crime, strengthened banking regulations to help reveal money laundering, and

provided for the forfeiture of laundered monetary instruments. Other sections of this bill addressed international narcotics control, interdiction, demand reduction, and other aspects of the national war on drugs.

The Anti-Drug Abuse Act of 1988 (P.L. 100-690) was designed to complement these earlier statutes and to provide for an omnibus Federal, State, and local effort to combat the illicit importation, distribution, and use of drugs. This far-reaching legislation created a Cabinet-level position to centralize and streamline Federal activities with respect to both drug supply and demand reduction. It expanded Federal support to ensure a long-term commitment of resources and personnel for substance abuse education, treatment, rehabilitation, and enforcement activities.

The cumulative effect of the new authorities is imposing. Already, these provisions have been used to great advantage in the prosecution of drug offenders, ensuring that they will be appropriately punished for the crimes they commit.

Of the many new provisions in these laws, the mandatory minimum sentencing provisions of the Anti-Drug Abuse Acts of 1986 and 1988 are among the most significant additions. For example, the U.S. Attorney's Office in the Western District of Tennessee reports that most drug cases of any magnitude are now handled in Federal court, as opposed to State court, because of the lengthier sentences mandated by these laws in conjunction with the Sentencing Guidelines that went into effect for offenses committed after November 1987.

The Northern District of Florida concurs, noting that the Federal system provides meaningful sentences unavailable in the State system. The severity of the sentences has proved useful in encouraging drug organization members to cooperate with law enforcement.

Under the drug "kingpin" statute in the Anti-Drug Abuse Act of 1986, the "principal managers/organizers" of drug trafficking organizations can be charged with operating a Continuing Criminal Enterprise (CCE). If convicted, they receive substantial prison sentences (in some cases, mandatory life imprisonment with no possibility of parole).

This statute was successfully used in a Wyoming case. The State Division of Criminal Investigation and DEA, with help from several local law enforcement agencies in Wyoming, Montana, and Oregon, were jointly investigating a case against an individual who operated major methamphetamine laboratories in Wyoming and Oregon from 1983 to 1985. He was the central figure in the operation, supervising its every aspect: the acquisition of laboratory supplies, the manufacturing process, and the distribution of the drug to street-level dealers. The case against him was developed by a series of undercover methamphetamine buys of no more than an ounce until a point had been reached in the chain of distribution where pressure could be applied to a seller. This seller eventually implicated his boss, and agents seized the clandestine laboratory. The primary defendant's fingerprints were found on 70 separate items of laboratory equipment and packaging materials. At his trial, the man, who had previously been convicted of blowing up a deputy sheriff's car with a dynamite bomb, was found guilty of operating a Continuing Criminal Enterprise and was sentenced to 45 years in prison without parole.

In Huntsville, Alabama, an individual operated a number of "shot houses" where up to 100 customers a day went to buy Dilaudid tablets for \$35 to \$50 each. He was convicted of conducting a Continuing Criminal Enterprise and was sentenced to life without parole.

U.S. Attorneys take advantage of all of the laws' sentencing provisions, not just the most severe ones. Enhanced sentencing for "mere" possession provides prosecutors with an effective

tool. Under Federal law, simple possession of any controlled substance is punishable by up to one year in prison and a mandatory minimum fine of \$1,000.

The Eastern District of Wisconsin has initiated a user accountability program where 10 to 15 possession cases each month are selected for Federal prosecution. The program ensures stiff penalties for some drug users who might otherwise have received only a small fine in a local court.

Committing a drug offense with a firearm now carries a 5-year minimum mandatory sentence. When a defendant has a requisite number of prior drug-related and violent crimes, the Armed Career Criminal Act can be invoked. This law provides a minimum 15-year sentence, without the possibility of probation or parole, for persons who were previously convicted of three or more crimes of violence or serious drug offenses and who ship, transport, receive, or possess any firearm that has moved in or affects interstate commerce. In 1987 in Oregon, 11 individuals were convicted under this Act, receiving sentences ranging from 15 to 30 years. In each instance, the case involved drugs. This represents the highest number of convictions under this Act in any district in 1987.

The Anti-Drug Abuse Act of 1986 established the "schoolyard" law, making it an offense to distribute drugs within 1,000 feet of a school. The Anti-Drug Abuse Act of 1988 went one step further, adding similar prohibitions regarding areas within 100 feet of playgrounds, parks, youth centers, swimming pools, and video arcades. The minimum sentence for a first offense under this statute is at least one year in prison; the maximum penalty is 40 years in prison. There is no parole in either case. In the Central District of California, four individuals were indicted for selling cocaine within 100 feet of a park containing a playground. An investigation by the Northern District of Georgia's Drug Gang Task Force led to a multi-count indictment against 12 gang members, including the charge of distributing crack cocaine within 1,000 feet of a school.

The Anti-Drug Abuse Act of 1988 has enhanced penalties for offenses involving children. A conviction on this charge carries a mandatory minimum of 20 years. In Washington, D.C., in addition to other drug distribution charges brought by Federal prosecutors, an alleged leader of a cocaine distribution organization was charged with employing juveniles to distribute drugs, a practice used by countless trafficking organizations. In the Eastern District of Pennsylvania, various defendants named in indictments of three cocaine trafficking organizations were charged with operating a Continuing Criminal Enterprise, using juveniles in drug trafficking, selling cocaine within 1,000 feet of a school, and using or carrying a firearm during the commission of a narcotics offense. Faced with all of those mandatory sentences, if convicted, they will remain incarcerated for a long time.

Often, juveniles are involved in gangs. In the Central District of California, the U.S. Attorney's office works with the Los Angeles Drug Gang Task Force to identify Los Angeles street gang members and to prosecute them under the stringent Federal drug laws. A top lieutenant in the Crips street gang was sentenced to 17 years in prison after being convicted of selling cocaine and crack. Commenting on the case, the U.S. Attorney said, "The message to members of Los Angeles street gangs should be clear and unmistakable. The new Federal laws are tough. Those who become involved in dealing crack will be going away to Federal prison for many, many years."

D. Demand Reduction

Law enforcement officers at all levels of government recognize that they have a very important role in the war on drugs; but that arresting violators and seizing their drugs and assets by themselves are not the solution to providing a dramatic reduction in drug trafficking and abuse. The demand side of the drug problem must be addressed in a far more comprehensive way.

The daily battle on the streets of America reminds all law enforcement personnel that simply reducing the supply of drugs will not solve the drug problem. The problem will be solved on the battlefield of values. Demand reduction activities by law enforcement officials are one means to practically address changing values.

In the spring of 1986, U.S. Attorneys were given responsibility for demand reduction activities in their districts. Generally, that responsibility has been delegated to the LECC Coordinator. For the most part, demand reduction activities are conducted in conjunction with the LECC program.

These demand reduction initiatives include: LECC activities, such as training or projects targeted by the LECC Drug Education Subcommittees; school-based programs, often providing speakers for assemblies; and community-based programs. Districts often begin with drug awareness activities, and then encourage educational efforts in the school and the workplace. Two days of the 1989 U.S. Attorneys' Conference will focus on demand reduction.

Many successful programs are underway. For example, the Drug Education and Awareness Program in the Western District of New York began in May 1986 as an ongoing two-track program. The first was to develop junior and senior high school and community service organization speaking programs. The LECC Coordinator, OCDETF Chief, and the Criminal Division Chief have been frequent speakers. The second track involves the United Way in an ongoing education and prevention program that has spun into the Western New York United Against Drug and Alcohol Abuse Program.

The U.S. Attorney in Maine works closely with the Governor's Office in a community-based program, which has led to a second statewide conference on drug abuse. The Federal and State multi-disciplinary strategy also included development of a televised "town meeting" on alcohol and drug abuse with follow-up workshops throughout the State.

Using a task force approach that included representatives of all backgrounds, the U.S. Attorney's Office in the Middle District of Louisiana focused on drugs in the workplace and produced a 48-page booklet, "Drugs in the Workplace -- in the Middle District of Louisiana." This publication explains the widespread use of drugs and their effects on the public. It was widely distributed to the Baton Rouge Chamber of Commerce, Federal agencies, and other interested groups for dissemination to their memberships.

In several states, the U.S. Attorneys support statewide demand reduction efforts. In the Western District of Texas, both the U.S. Attorney and the LECC Coordinator are actively involved with the Texans War on Drugs and Just Say No programs in the schools. The U.S. Attorney's Office in the Western District of Tennessee runs an informal law enforcement speakers bureau for Memphis and Shelby Counties, training speakers and coordinating efforts with all of the local departments.

Both DEA and the FBI have established formal demand reduction programs by designating special agents in each of the field divisions as demand reduction coordinators. These specialists provide leadership and coordination for law enforcement's involvement in drug abuse prevention and education efforts in the schools, the family, the workplace, and the community. Coordinators work with their State and local counterparts as well as with the LECC Coordinators, providing access to Federal information sources, model programs, and training.

In addition to participating in existing programs and bringing new programs to these communities, in conjunction with the DOJ Office of Juvenile Justice and Delinquency Prevention (OJJDP), the FBI is establishing an after-school drug abuse prevention program targeted at high-risk youth. The FBI is also engaged in an extensive video, literature, and print media campaign against drugs.

DEA also conducts several specific programs targeted at specialized audiences. Its longest standing program is the Sports Drug Awareness Program, where DEA agents train high school athletic coaches on how to start drug abuse prevention programs using student-athletes as role models. In another cooperative venture, DEA works with the Law Enforcement Explorers of the Boy Scouts of America to train them as knowledgeable role models for their peers. In the summer of 1988, DEA launched a Hispanic Drug Awareness Program to target this specific ethnic group.

In addition to traditional prevention and education efforts, young people must be taught about the health and social consequences of drug abuse. The Government must also clearly demonstrate the certainty of punishment as a result of illegal drug use or trafficking. If young people in America know they will be held accountable for their drug involvement -- that they will lose their drivers' licenses, automobiles, assets, jobs, or freedoms -- the legal consequences of drug use and trafficking will act as a deterrent. For some, the stigma of a criminal conviction may be as effective as the prospect of punishment.

User accountability initiatives are of considerable interest to the entire law enforcement community. In early 1988, DEA convened a strategy session with chiefs from five major police departments to identify effective user accountability strategies. This was followed by a major law enforcement demand reduction symposium to elicit information from state and local departments regarding effective policies and programs to focus generally on demand reduction and specifically on the user. DEA is now using that information to sponsor regional demand reduction seminars to assist State and local departments to design, develop, and implement customized demand reduction efforts in their communities.

The U.S. Border Patrol operates a popular and innovative drug information program for students and youth in border communities along the southern and northern borders. This program uses agent/canine teams, robots, and a colorful variety of printed materials to communicate the demand reduction message. These successful efforts are being expanded to include employers and immigrant/refugee assistant groups.

The Bureau of Justice Assistance currently supports four Comprehensive Community Crime and Drug Prevention Demonstration Projects. These community-wide programs integrate crime prevention activities, management support, community volunteer efforts, training in crime prevention and drug demand reduction, news media relations, and interagency coordination.

McGruff the Crime Dog, a well-known and beloved symbol of crime prevention, has promoted drug abuse prevention and education in public service announcements and "personal" appearances across America. The National Crime Prevention Council (NCPC) administers this

National Citizens Crime Prevention Campaign. Because of these successes, Congress appropriated an additional \$1 million to promote national demand reduction activities.

Numerous cooperative efforts to target high-risk, and mainstream youth are funded by the OJJDP. Many of these efforts are directly linked to the provision of drug abuse prevention/education information. By providing recreational alternatives, life skills education, and intensive personal contact with community workers, much can be done to ameliorate the influence of drugs on the lives of these youth.

E. International Initiatives

Operations Polar Cap, Bamboo Dragoon, and C-Chase all clearly demonstrate the international implications of drug trafficking and money laundering. Today's sophisticated organized crime cartels direct activities spanning several countries with virtual impunity from the laws of individual nations.

Never has international cooperation been more important as a tool to bring these felons to justice. Law enforcement agencies from around the world cooperate extensively with one another on drug cases. The United States has been able to develop good working relationships with our investigative counterparts in other nations. In fact, drug law enforcement is an area where our common goals rise above national ideology; enabling, for example, the United States to enter into formalized working relationships with the Soviet Union and the People's Republic of China to exchange drug-related information and intelligence.

There are DEA special agents stationed in 65 countries around the world, and their drug control efforts are supported by the international organized crime pursuits of the FBI and the global interdiction and money laundering work of the U.S. Customs Service. Overall, we have achieved a tremendous level of worldwide cooperation.

This was best exemplified by the IDEC Initiative conducted in the summer of 1988. Stemming from the Sixth International Drug Enforcement Conference (IDEC), where senior police officials met to exchange state-of-the-art information about the scope of and response to the international drug problem, the IDEC Initiative involved the unprecedented cooperation of 30 nations. Law enforcement officers from these nations conducted coordinated, simultaneous enforcement operations, generating considerable pressure on international drug trafficking organizations. Border and airport searches were intensified, chemical shipments scrutinized, illicit crops eradicated, and illegal drug laboratories raided and seized during the course of these operations. This marked the first time that many of the participating nations had ever been involved in multi-national drug enforcement operations. The month-long work of 30 nations led to 1,200 arrests, 11 tons of cocaine seized, 13 cocaine laboratories destroyed, 244 tons of marijuana destroyed, 7 airstrips destroyed, 120,000 coca plants destroyed, and almost \$4 million in cash seized.

In the United States, DEA took the lead in coordinating the efforts of its Federal, State, and local counterparts in border operations and in other activities. Because of these successes, the IDEC Initiative now symbolizes the power of many nations acting in unison.

As nations routinely cooperate on bilateral and multi-lateral investigations, there are often problems rooted in the differences between their legal systems. These variations impede the gathering and use of information for prosecutions. Each country has codes of law, regulations, and specific guidelines that must be met before certain actions, such as the return of fugitives or

the conduct of financial investigations, can be taken. These limitations can seriously affect the prosecution of major international drug cartel members.

For many years, the United States has been addressing this situation by developing and entering into specific treaties, Executive Agreements, and Customs-to-Customs Agreements with one nation at a time. In addition, Mutual Legal Assistance Treaties (MLATs) are intended to enable law enforcement authorities to obtain evidence abroad in a form admissible in U.S. courts. These treaties provide for assistance in the investigation and prosecution of criminal matters and include provisions for the exchange of documents, requests for search and seizure, and forfeiture of criminally obtained assets. These agreements and treaties also allow the IRS to obtain testimony, financial information, and bank records required in the investigation of international narcotic traffickers and money launderers.

In FY 1987, the United States used MLATs and other vehicles of mutual assistance over 40 times to obtain information in drug-related investigations. That utilization more than doubled in FY 1988, and the Justice Department projects that these agreements will be used about 100 times in FY 1989. Often the information obtained is essential to the prosecution of a case.

We are at a point in history when nations are striving to put aside their differences and to come to consensus. There are worldwide initiatives underway to ensure that drug traffickers cannot hide behind the shield of law in any nation. None is more significant than the U.N. Convention Against Illicit Traffic in Narcotic Drugs and Psychotropic Substances. In 1985, the U.N. General Assembly agreed to convene an international conference to examine all aspects of the global drug problem. After almost three years of negotiations and with the strong support of the U.S. Government, a final Convention was endorsed and adopted in Vienna in December 1988.

The Convention has two main purposes: first, to establish an internationally recognized set of offenses relating to drug trafficking that are to be criminalized under the domestic law of the parties to the convention; and second, to create a framework for international cooperation to enhance the prospects that traffickers and others who profit from trafficking will be brought to justice. As a law enforcement convention, it provides new tools for police, prosecutors, and judges from all the signatory nations to more effectively carry out their responsibilities across international borders, while preserving each nation's sovereignty.

The Convention focuses on the eradication of drugs and drug-producing laboratories; the international transportation of precursor chemicals used to produce illegal drugs; the tracing of laundered illegal drug trade profits back to the drug cartels; and, the worldwide extradition of drug criminals so that they can have no safe havens. Significantly, the Convention obligates parties to make money laundering an extraditable offense, to afford the widest measure of international mutual legal assistance in judicial proceedings, and to cooperate closely to enhance the effectiveness of law enforcement actions to suppress narcotics trafficking and related offenses.

Approximately 60 countries, including the United States, have signed the Convention. In mid-June of 1989, President Bush sent this Convention to the U.S. Senate for ratification.

Independently, each nation's efforts are important. Collectively, there is a synergism that makes a real difference. Similarly, U.S. Attorneys working together on both domestic and international aspects can deny drug traffickers a haven from justice.

Although the U.S. Attorneys did not emphasize their use of international information and evidentiary exchanges in analyzing how their districts are affected by drug trafficking and how they respond to it, there are many investigative options that have been used to achieve certain success, but that offer still more potential. As our experience with using MLATs and other agreements grows, these tools will become increasing potent weapons in our arsenal.

As we have seen, there is no place in our Nation that has been untouched by the international implications of drug trafficking. From the crack invasion of small farm villages in the Midwest to the long-established insidious assault of heroin into the heart of our major cities, the ravages of international drug trafficking affect all of our citizens.