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President's Commission on Organized Crime

Record of Hearing IV
November 27-29, 1984
Washington, D.C.

**Organized Crime
and
Cocaine Trafficking**



November 1984

PRESIDENT'S COMMISSION ON ORGANIZED CRIME

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Executive Director and Chief Counsel

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INTRODUCTION

In the few years since its reappearance on the drug abuse landscape, cocaine has assumed a unique position among illegal drugs. No other substance has so quickly spawned its own multi-national criminal organizations. No other substance has generated enough financial power to threaten legitimate governments and force the temporary closure of an American Embassy. No other substance has given rise to groups so large and powerful that they can forcibly occupy and rule vast regions of our South American neighbors, often in concert with organized insurgent forces. No other substance has made its traffickers bold enough to murder an American agent in cold blood in an act of war against the forces of the law, as occurred in the murder of DEA agent Enrique Camarena in Mexico shortly after the hearing reported in this volume.

One measure of the growth in the deadly business of drug trafficking is the expansion of government's response to it. On the federal level, President Reagan has moved to bolster existing programs and to create new and more effective entities to advance the campaign against drug abuse in all of its forms. One such initiative is the President's Commission on Organized Crime. Notable among the others are the National Narcotics Border Interdiction System (NNBIS), designed to facilitate maximum proper utilization of military assets in the fight against drugs, and thirteen Organized Crime Drug Enforcement Task Forces around

the country, presently staffed by more than 1000 federal law enforcement officers from various agencies and some 200 Assistant United States Attorneys, working in close coordination with their state and local counterparts. The creation, composition, mission, and very title of these Task Forces bespeaks the recognition that the drug industry is criminality at its most organized. It is this fundamental and unarguable fact which brings the drug trade -- as a whole and in each of its component branches -- into the purview of the President's Commission on Organized Crime.

Created by Executive Order 12435 of July 28, 1983, this Commission's mandate is to:

". . . make a full and complete national and region-by-region analysis of organized crime; define the nature of traditional organized crime as well as emerging organized crime groups, the sources and amounts of organized crime's income, and the uses to which organized crime puts its income; develop in-depth information on the participants in organized crime networks; and evaluate Federal laws pertinent to the effort to combat organized crime. The Commission shall advise the President and the Attorney General with respect to its findings and actions which can be undertaken to improve law enforcement efforts directed against organized crime, and make recommendations concerning appropriate administrative and legislative improvements and improvements in the administration of justice.

In this volume is the record of the Commission's pursuit of this mandate as it applies to the organized crime cartels which control the 74-90 metric tons of cocaine estimated to have entered the United States in 1984. Every aspect of the situation is examined: the nature and composition of the groups involved,

the social and medical damage wrought by their product, the sources and amount of their illicit income, and the methods by which that income is transformed into usable, "laundered" funds. Also examined are our current responses to the challenges presented by these ruthless organizations. These efforts necessarily cover a broad range, which includes source country eradication, border interdiction, and domestic enforcement. The role of the private sector is also studied, in the context of education and prevention, enhanced awareness by financial institutions, and the responsibilities of citizens at large, both individual and corporate.

What follows is a presentation of facts, theories, and opinions from a wide variety of perspectives. It is by no means the final word, but rather the opening chapter in a thorough consideration which will result in a subsequent interim or final report on drugs to be issued by the Commission in the months to come.

1 PRESIDENT'S COMMISSION ON ORGANIZED CRIME

2
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4 COCAINE HEARING

5
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7 PRESS BRIEFING

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11 Washington, D. C.

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15 Monday, November 26, 1984

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P R O C E E D I N G S

MR. BRILL: Ladies and gentlemen, I'm Art Brill, the Director of Public Affairs for the President's Commission on Organized Crime, and I welcome you here this morning. I apologize for the delay.

Before I introduce Jim Harmon, our Executive Director, I'd like to first go over some logistical and administrative things that concern the media's coverage of our hearings, which as you know take place tomorrow, Tuesday, through Thursday, which start at 10:00 a.m., and they should finish about 1:00 p.m. It might go a little bit longer or a little bit less, depending on the questioning of the witnesses.

We ask that all of the media that wish to cover the hearings go through the 23rd Street entrance. There are extreme security concerns, as Mr. Harmon may allude to here during his briefing, and we ask you to go through the 23rd Street entrance. There will be a press area set up right in the middle of the lobby area with phones that you can use for call-outs.

On the left-hand side of the lobby we'll have our own little press area. I'll give you the numbers later where we can be contacted.

1 As you come into the Dean Acheson Auditorium, the
2 orchestra is basically divided into three sections. The
3 middle section will be for the media. About the first ten
4 rows will be reserved. The witness, if you are looking at
5 the audience, will be basically on the right-hand side, look-
6 ing on an angle toward the Commission and will be in a line
7 behind me. There will probably be a witness-type table or
8 a questioning-type table where the Executive Director will
9 do the majority of the questions with his staff.

10 We have to abide by State Department regulations
11 regarding stand-up type cameras, but the fixed camera posi-
12 tions are between the orchestra and the mezzanine area. We
13 will have at least one pool camera. It will be a network
14 pool camera, and I believe we're going to have another camera
15 for the independent stations. We agreed to that under the
16 proviso that all of the TV stations be allowed to use it.

17 That stairway on the left-hand side looking at
18 the audience will be allowed for a portable type TV coverage
19 of the witness.

20 We will have an agenda each day. We will not hand
21 out the agenda for all three days, but for each day as you
22 come in in the morning. Most of the witnesses will submit
23 prepared statements to the Commission for the record. These

1 statements will be available to you as the witnesses testify.
2 Then they will answer questions based on those statements.

3 We feel that the statements and the Q and A part
4 should pretty much speak for themselves. If there's any
5 need to question a witness, if you have any desire to, please
6 go through us. If you have a specific question or you want
7 to meet with them individually, it's up to them. We'll ask
8 them. Obviously there are some witnesses that will not be
9 able to because of security reasons.

10 I'll now introduce our Executive Director and Chief
11 Counsel of the Commission, Mr. James D. Harmon, Jr.

12 MR. HARMON: As Art Brill has told you, my name
13 is Jim Harmon. I'm the Executive Director and Chief Counsel
14 for the President's Commission on Organized Crime.

15 During one of the last weeks in October of this
16 year, the President's Commission on Organized Crime exposed
17 the threat posed to American society by the emergence of
18 various organized crime groups who trace their origins to
19 Asia. During that same week, the Commission reported to
20 the President and to the Attorney General measures which
21 could be taken to deny organized crime in all its forms
22 access to the financial institutions of this country.

23 The partnership suggested by the Commission in

1 that report was one which consisted of the private sector,
2 law enforcement, and the average citizen acting together,
3 all of whom could strike a real blow at the ability of
4 organized crime to launder its profits, especially profits
5 derived from the narcotics trade.

6 As the Commission prepared for those disclosures
7 and for the recommendations which followed in the report,
8 we were aware of fast moving developments in cocaine source
9 countries. There now appears to exist an opportunity to
10 damage beyond repair the world's major organized crime
11 networks responsible for the importation of cocaine into
12 this country.

13 The Attorney General of the United States has said
14 that this country is confronted with real warfare, which
15 an underground army is waging upon organized society. It
16 is almost like a military engagement between the forces of
17 law and order and the underworld army heavily armed. This
18 war must be successfully fought if life and property are
19 to be secure in this country.

20 When he spoke these words in 1933, Franklin Delano
21 Roosevelt's Attorney General described the age of Al Capone
22 and Lucky Luciano, bootlegging and the famous Kansas City
23 Masacre. The face of organized crime has changed much in

1 the past 50 years. Lucky Luciano in 1957 convinced his fellow
2 Mafia chieftans that the United States heroin market was
3 too lucrative to pass up. Today La Cosa Nostra is heavily
4 involved in the heroin traffic throughout this country.

5 In the early 1970s, Colombian criminals were
6 thought of in New York City as master pickpockets, organized
7 and trained in Bogota in a school known as the School of
8 the Ten Bells. Although Colombians still account for 75
9 percent of the pickpocket and confidence game arrests in
10 New York City, one need only look at the present Federal
11 prison population to see how things have changed. Of 633
12 Colombians now in Federal prisons, 615 are there for
13 narcotics offenses, almost always related to trafficking
14 in cocaine.

15 As Luciano saw the value and the money to be made
16 in the heroin traffic, so did Colombian traffickers named
17 Escobar, Ochoa and Garcia, who also saw money to be made
18 not in heroin, but in cocaine which could be produced and
19 refined in the countries of South America.

20 The organizations bearing their names should be
21 as familiar to the American public as are the Gambino,
22 Bonano and Luchese crime families of La Cosa Nostra.

23 The President's Commission on Organized Crime has

1 received early responses to a nationwide survey being con-
2 ducted by the Commission of 1,000 law enforcement agencies
3 located throughout this country. Seventy-seven percent of
4 those agencies responding report cocaine trafficking in their
5 jurisdictions, which on the average was a significant income
6 producer for many elements of organized crime, including
7 La Cosa Nostra, motorcycle gangs, prison gangs, and other
8 groups. The results varied geographically, but it is clear
9 that cocaine is a national problem.

10 The ability of the cocaine networks to merchandise
11 their poison through domestic organized crime groups has
12 far-reaching implications now under study by the Commission.
13 The final results of the survey will not be available until
14 the Commission submits its final report to the President
15 and to the Attorney General in March of 1986.

16 Cocaine abuse is on the rise, as evidenced by
17 hospital admissions and cocaine-related deaths. In a report
18 issued this month by the National Institute of Drug Abuse,
19 medical researchers observe that cocaine abuse has grown
20 to be a major public health threat today, that the current
21 epidemic is unprecedented, and that cocaine is the most
22 infamous drug of abuse in the United States today.

23 It is estimated that the number of people who

1 tried cocaine at least once increased from 5.4 million in
2 1974 to 21.6 million in 1982, and that the number of current
3 users of cocaine has increased from 1.6 million in 1977 to
4 4.2 million in 1982, with no indication of abatement in the
5 rising tide, according to the National Institute of Drug
6 Abuse.

7 It is sheer semantics to distinguish between physi-
8 cal and psychological addiction when speaking of heroin and
9 cocaine, respectively. The result for the user is the same:
10 dependence. Medical researchers now describe cocaine as
11 having an extremely high dependence and strong high abuse
12 potential. The form of withdrawal from cocaine may be differ-
13 ent than from heroin, but it is difficult and unpleasant
14 nonetheless.

15 The existence of a true withdrawal syndrome follow-
16 ing cocaine use seems compelling. The depression, social
17 withdrawal, eating disturbances, EEG changes and other physi-
18 cal effects must surely be more than simply the consequences
19 of what has been terms traditionally "psychological depend-
20 ence." The choice for the cocaine user is this kind of with-
21 drawal or continued drug abuse producing unacceptable irration-
22 ality and paranoid and delusional thinking.

23 There is nothing funny about cocaine. Its use

1 should be stigmatized. Its users who are pawns of interna-
2 tional crime syndicates need help. It is a mistake to think
3 of cocaine abuse as limited to the affluent or to the middle
4 class, as if that made a difference.

5 New research to be disclosed by the Commission
6 tomorrow will point to a relationship between cocaine abuse
7 and those who commit street crime in New York City. The
8 Colombian cocaine networks have succeeded in tapping a vast
9 new market. Society's most unfortunate are now included
10 among their many victims. Cocaine now is the "all-American
11 drug."

12 Every citizen has a stake in the war against the
13 cocaine networks, a war which can be won, but only with public
14 support. Something can be done; something must be done.
15 But the battle cannot be left to a handful of agents, police
16 officers and detectives. Your children's lives are your
17 responsibility, not theirs, although they are frequently
18 called upon to risk their lives in their defense.

19 Now is the time for action.

20 The cocaine networks are made up of vile, ruthless
21 people whose value is measured by the only standard which
22 they know: the dollar earned at the price of the misery
23 of its victims, the cocaine users and the cocaine abusers

1 of this country.

2 Death at the hands of cocaine networks may be
3 violent, sometimes resulting from psychosis, sometimes dealt
4 at the receiving end of a MAC-10 submachine gun, the drug
5 trafficker's weapon of choice. Hundreds of the MAC-10 sub-
6 machine guns have been seized by agents of the Bureau of
7 Alcohol, Tobacco and Firearms Sometimes death comes
8 silently at the hands of cocaine traffickers. Hundreds of
9 silencers for the MAC-10 submachine gun, the weapon of
10 choice of the Colombian cocaine networks, have likewise
11 been seized.

12 During the next three days, the President's
13 Commission on Organized Crime will explore publicly those
14 factors which affect the demand for and supply of cocaine.
15 We will begin by analyzing the demand side of the equation,
16 hearing from medical experts who will explain the medical
17 consequences of cocaine upon its users and who will present
18 a profile of the typical, average cocaine user.

19 The Commission will hear from the victims of
20 cocaine directly and a description of how cocaine use is
21 moving to elements of society in which it has not been thought
22 to be present. Our hope is that the words of the cocaine
23 victims will begin to affect demand for the drug itself.

1 The Commission will then expose the source and
2 methods of supply, the identity, nature and number of the
3 major international cocaine networks, their occasional
4 alliance with counter-government movements in other countries
5 and sometimes complicity with foreign governments, as well
6 as their resort to violence, sometimes directed against the
7 United States law enforcement agents, perhaps in contrast
8 with the Mafia which as a matter of routine does not direct
9 violence to those who would investigate its activities.

10 The Commission will explore the entire cocaine
11 marketing cycle, including cultivation, the refining process,
12 importation, distribution and the money-laundering aspect.

13 We will explain trends caused by international
14 law enforcement efforts which have resulted in serious
15 disruption in the functioning of the cocaine organizations
16 and an increase in the cost of cocaine.

17 Through testimony from insiders, including drug
18 pilots and distributors, the Commission will point out that
19 cocaine is not just Florida's problem, but one that is shared
20 with Nebraska, Indiana, Alaska and the rest of the country.

21 We will also describe efforts to reduce the supply
22 of cocaine through raids on Colombian refineries, interdic-
23 tion by air and sea, as well as in this country.

1 Finally, the Commission will explore the sophisti-
2 cated electronic counter-measures routinely used by these
3 cocaine networks to thwart investigation by law enforcement.

4 We hope, the Commission hopes, that what we say
5 might make a difference. With that in mind, I'd be happy
6 to answer any questions.

7 PRESS QUESTION: Do you stand on your point that
8 there is an opportunity now to break up the cocaine networks?
9 Why is there an opportunity now, regarding that which has
10 been going on in Colombia?

11 MR. HARMON: In part, as well as other countries,
12 which we will explore through a representative from Depart-
13 ment of State. Other nations are beginning to see that
14 cocaine is not only the problem of the United States, but
15 it is a problem which has implications for them, as well
16 as their own people, and it's only in this kind of partner-
17 ship, a partnership between law enforcement agencies of
18 various countries and the people of various countries, source
19 and user countries, that the problem can be handled satis-
20 factorily in the long run.

21 PRESS QUESTION: The Reagan Administration talked
22 more than a year ago about putting an end to drug trafficking.
23 Is that feasible, and do you see them making progress?

1 MR. HARMON: Cocaine has not always been a feature
2 of American life. It began in large measure in the early
3 '70s. That being the case, there is no reason that cocaine
4 should continue to be the drug of major abuse in this country.
5 The answer is yes, that there is substantial progress that's
6 being made, and the Commission hopes by conducting these
7 hearings at this time that we can further ongoing efforts.

8 PRESS QUESTION: You brought out the analogy with
9 1933. The bootlegging problem was solved in large part by
10 legalizing alcohol, by repealing prohibition. Are you
11 suggesting that the analogy holds all the way?

12 MR. HARMON: There is a difference between the
13 use of alcohol and the use of cocaine and heroin. The
14 Commission believes that at this point in time there are
15 many other measures short of the legalization of addictive
16 drugs that could be attempted before the legalization of
17 either cocaine or heroin is considered.

18 However, the Commission is in a position now to
19 hear for the first time itself direct medical evidence on
20 the issue, and the Commission will take appropriate action
21 and make appropriate recommendations when the time comes
22 on that score.

23 Yes?

1 PRESS QUESTION: You said the battle against
2 cocaine can't be left to a handful of policemen, agents.
3 Most people are under the impression that there are armies
4 of narcotics agents out there in the local, state and Federal
5 levels, and the Air Force in Florida battling. How many
6 people are out there? Are you going to recommend that there
7 be more? What is this "handful of policemen and agents"?

8 MR. HARMON: Well, the Drug Enforcement Administra-
9 tion has approximately 2,000 agents. A large number of those
10 are dedicated to working overseas to the extent the United
11 States law permits that. That could be one of the things
12 the Commission would look at in the long run, that is,
13 augmenting current manpower resources available to the Drug
14 Enforcement Administration.

15 The Commission has already recommended in its recent
16 report on money laundering that the manpower of the Drug
17 Enforcement Administration and the Internal Revenue Service
18 be augmented for the specific purpose of conducting financial
19 investigations, which is an indirect way to get at the
20 problem of organized crime.

21 PRESS QUESTION: Can you tell us a little bit about
22 what the Commission is going to be looking at relating to
23 the use of commercial airlines ferrying drugs to the United

1 States?

2 MR. HARMON: The importation of cocaine and heroin
3 into the country present very different kinds of problems
4 for law enforcement. That's brought about primarily as a
5 result of the difference in bulk of the two drugs. Heroin
6 is much more easily brought into the country because its
7 bulk is considerably less than that of cocaine, which is
8 why law enforcement's experience has been that cocaine is
9 brought in occasionally by private airplane actually flying
10 from air strips in Colombia and other places. In addition,
11 to a much lesser extent it is brought in by sea.

12 There is a portion of cocaine that is brought into
13 this country through secreting the drug on commercial air-
14 liners. That is an aspect of what the Commission will touch
15 upon during the course of its hearing, the way in which that's
16 done and the extent to which the airline industry is respond-
17 ing to requests to take action to prevent that, especially
18 where its own employees may be involved.

19 Yes.

20 PRESS QUESTION: Jim, you seem to be characterizing
21 the hearings as a PR effort to turn the public against
22 cocaine. Are there going to be indictments out of this?
23 Is it going to be something more than just "it's bad and

1 here's what we ought to do about it"? Are we going to take
2 some action on it?

3 MR. HARMON: It is not the job of the Commission
4 or the position of the Commission to make individual cases.
5 During the course of our work, we have uncovered the makings
6 of criminal cases and have referred those where appropriate
7 to the Department of Justice. So there will be no indictments
8 returned by the Commission during the course of this hearing
9 because that is simply not the job of the Commission. The
10 Commission has no power to do that.

11 And we hope that this set of hearings does have
12 some effect upon the demand for cocaine in this country,
13 which would have a direct effect upon the power and ability
14 of cocaine networks to function.

15 PRESS QUESTION: All right. Let me follow up on
16 that just a little bit. You say you don't have the power
17 to gain indictments, but is the information you are going
18 to reveal in this hearing going to provide someone else with
19 enough information to indict someone? Are we going to learn
20 something new here?

21 MR. HARMON: I think so, and the extent to which
22 the Commission refers specific cases to the Departments,
23 the Department of Justice, is something we are not prepared

1 to disclose publicly. I leave that to your judgment to
2 decide whether or not there are the makings of criminal cases
3 and things that you hear during the course of the hearings.

4 PRESS QUESTION: Can you put a figure on the
5 estimate of how much cocaine is coming into the country,
6 and especially in light of the fact that the recent bust
7 in Chihuahua, Mexico seemed to upset the amount of estimates
8 of how much marijuana was being brought into the country?

9 MR. HARMON: This is a specific subject that will
10 be dealt with during the course of the hearing, and I think
11 it best to leave the experts to answer that particular
12 question, except to say that recent raids in Colombia, as
13 well as the seizure to which you refer, have caused a
14 re-evaluation of the extent of the drug problem in this
15 country.

16 PRESS QUESTION: Are you saying it has gotten
17 worse, our estimate is going up?

18 MR. HARMON: There is cause for question of the
19 estimates, and I think, as I say, that will be discussed
20 more fully during the course of the Commission's hearing.

21 Yes.

22 PRESS QUESTION: Is there any evidence to show
23 that since the Posse Comitatus Bill and the creation of

1 the Vice President's Task Force that there has been a reduc-
2 tion of cocaine and heroin coming into South Florida?

3 MR. HARMON: Again, that's another subject that
4 I think is best left to be explored during the course of
5 the hearing itself. These drug task forces and the role
6 and use of the military in interdicting narcotics, especially
7 cocaine, is a major factor in dealing with foreign govern-
8 ments. For them to be able to see the commitment in the
9 United States to stemming the cocaine traffic and these task
10 forces and the use of the military are a tangible way in
11 which they can know of that commitment.

12 Yes.

13 PRESS QUESTION: What are the extreme security
14 concerns that Mr. Brill mentioned before he introduced you?

15 MR. HARMON: There are some witnesses whose lives
16 are in danger as a result of their testimony. The cocaine
17 networks have a similar code of silence to that of the Mafia,
18 and which we find to be typical of all organized crime
19 networks, including the Asian groups which we explored in
20 New York a few weeks ago.

21 Yes. Anything else?

22 PRESS QUESTION: Jim, are these witnesses who are
23 in some danger, are they members or former members of

1 trafficking organizations?

2 MR. HARMON: Yes.

3 PRESS QUESTION: How many of those will there be?

4 MR. HARMON: Three.

5 PRESS QUESTION: Is it going to be the same busi-
6 ness of the hood business?

7 MR. HARMON: It's uncertain to what degree we're
8 going to use a hood with regard to any of the witnesses who
9 testify. It may be done with one or two witnesses. A number
10 of witnesses who are in this position as insiders will testify
11 with their identities being disclosed.

12 PRESS QUESTION: Will the public be going through
13 metal detectors to get into this room?

14 MR. HARMON: Yes.

15 PRESS QUESTION: Have these people been granted
16 immunity?

17 MR. HARMON: Yes. Well, the answer to that varies
18 from witness to witness. I prefer not to answer that question
19 at this point.

20 PRESS QUESTION: Are there witnesses that are
21 unfriendly that you have subpoenaed, that you have forced
22 to come testify?

23 MR. HARMON: Yes.

1 PRESS QUESTION: Can you tell us who they are?

2 MR. HARMON: When a witness has been subpoenaed
3 and who may take a hostile view of his testimony before the
4 Commission, that always presents a fluid situation for us,
5 and there are discussions underway at this particular point
6 in time. The extent to which that becomes public will have
7 to await the actual conduct of the hearing itself.

8 Yes.

9 PRESS QUESTION: When the agenda is given out each
10 morning, will there be a witness list?

11 MR. HARMON: Yes.

12 PRESS QUESTION: That will tell more about the
13 witnesses?

14 MR. HARMON: And there will be witness statements
15 that we'll provide to you almost with regard to all of the
16 witnesses, and they'll go into probably more detail than
17 they will during the course of their actual testimony.

18 Anything else?

19 (No response.)

20 MR. HARMON: Okay. Thank you.

21 (Whereupon, the press briefing was concluded.)
22

23 - - -

1 PRESIDENT'S COMMISSION ON ORGANIZED CRIME

2
3 COCAINE HEARING

4
5 Washington, D.C.

6 Tuesday, November 27, 1984

7 The hearing in the above-entitled matter convened,
8 pursuant to notice, at 10:00 a.m.

9 BEFORE:

10 HONORABLE IRVING R. KAUFMAN, Chairman

11 MEMBERS OF THE COMMISSION:

12 Jesse A. Brewer, Jr.
13 Carol Corrigan
14 Justin J. Dintino
15 William J. Guste, Jr.
16 Judith Richards Hope
17 Philip R. Manuel
18 Thomas McBride
19 Eugene Methvin
20 Edwin L. Miller, Jr.
21 Manuel J. Reyes
22 Representative Peter W. Rodino, Jr.
23 Charles H. Rogovin
Barbara Ann Rowan
Frances A. Sclafani
Samuel K. Skinner
Justice Potter Stewart
Senator Strom Thurmond
Phyllis Teresa Wunsche

P R O C E E D I N G S

JUDGE IRVING R. KAUFMAN, CHAIRMAN

(10:10 a.m.)

CHAIRMAN KAUFMAN: We will come to order.

I would like to welcome you to this public hearing of the President's Commission on Organized Crime. In the past month, I presented the Commission's first interim report on money laundering to President Reagan and Attorney General Smith at the White House, and at a public hearing in New York, we examined new types of criminal groups with origins in Asia.

A clear picture of the changing nature of organized crime is beginning to emerge from the Commission's investigation. The traditional notion of organized crime as limited to a few ethnic groups and a few activities, such as extortion or racketeering, is no longer a valid one.

Today organized criminal enterprises transcend national boundaries. Backed by sophisticated and intricate multi-national financial and logistical networks, criminal cartels are able to insulate themselves from the legitimate economy where they can flourish and grow. Their methods are brutal, and their scope is pervasive.

The principal income-generating activity for organized crime is the production and distribution of

1 illegal drugs. Now, this activity has proved to be so
2 lucrative that the profits from it are literally beyond
3 measure. It has been estimated that drug trafficking is
4 a \$80 billion a year industry, creating a tidal wave of
5 illegally earned dollars that are reinvested into the
6 legitimate economy.

7 This figure represents a sizable drain on the
8 national treasury, and to this sum we must add the incalculable
9 social cost the drug trade has imposed on our nation.
10 Lured by the deceptively seductive attraction of mind-altering
11 substances, millions of Americans, especially the young,
12 have suffered the cruel agonies of addiction, and all too
13 often lost their lives so that ruthless gangs of criminals
14 can prosper from the miseries of others.

15 These cynical drug smugglers exploit the most vulnerable
16 members of society: the young, the disillusioned,
17 the discontented, and they exact cruel profits from the
18 ravaging of these millions of lives.

19 In this week's hearings, we will expose to the
20 American people the extent of organized crime's involvement
21 in the trafficking of the most profitable illegal drug,
22 cocaine. Only a few years ago this substance was considered
23 a minor problem whose abuse was limited to the very rich.

1 This week we will show that cocaine smuggling is actually
2 the locus of a worldwide system of production and distribu-
3 tion.

4 We will explain how cocaine merchants have
5 exploited a false image of glamor in order to create a market
6 for their product that extends to every corner of this coun-
7 try and to every level of society. We will demonstrate both
8 to drug users and those contemplating drug use that their
9 purchases support groups whose capacity for inhuman violence
10 and brutality is unequalled. We will show how users of
11 cocaine are helping to finance an international criminal
12 network of terrorism and callous disregard for human life.

13 And, finally, we will explore how law enforcement
14 authorities, legislators, and the American people can begin
15 to reverse the debilitating flow of cocaine that engulfs
16 our society.

17 Finally, just a few statistics. Recent estimates
18 by the National Institute on Drug Abuse indicate that 20
19 million people use marijuana regularly. Five to ten million
20 use cocaine, and 500,000 are addicted to heroin. Nearly
21 all, and you will hear this, nearly all of the coca leaf,
22 the world's coca leaf, comes from Bolivia, Peru and Colombia.

23 The government is spending close to \$5 million

1 in just Peru on their drug program, and you've been reading
2 in the press about countermeasures that were taken by drug
3 traffickers against law enforcement people in that country.

4 So we're dealing with a subject that's on the mind
5 of many families. It has the capacity to undermine the
6 fabric of this country and, having said that, I think we will
7 turn the hearing over to Mr. Harmon, our Executive Director,
8 and proceed with witnesses.

9 JAMES D. HARMON, JR., EXECUTIVE DIRECTOR

10 MR. HARMON: Mr. Chairman, members of the Commis-
11 sion, by way of introduction, and as you have said, Mr.
12 Chairman, for many years cocaine has been thought of as
13 harmless, a kind of "nose candy." People thought and still
14 do that it was as easy to turn off to cocaine as it was to
15 turn on.

16 Nothing could be further from the truth. This wron
17 imagine of cocaine was shared for a long time by law enforce-
18 ment. New medical evidence makes clear that cocaine does
19 have a very high potential for creating dependence upon the
20 drug. It can induce psychosis and can cause death for
21 reasons not completely clear.

22 In the view of a research scientist at the National
23 Institute on Drug Abuse, cocaine is the most infamous drug
of abuse in the United States today. As cocaine has now

1 shown its true face as a life-destroying drug, the mask has
2 dropped which disguised the nature of cocaine's purveyors,
3 the Colombian organized crime families, known among
4 Colombian citizens as Mafioso.

5 Cocaine trafficking organizations bearing the names
6 of Ochoa and Escobar should be as familiar to the American
7 public as the Gambino, Bonanno and Lucchese crime families
8 of La Cosa Nostra. These cocaine families are no respectors
9 of human life and count among their victims the Attorney
10 General of Colombia, children and 67 police officers of the
11 city of Medellin, Colombia, one-eighth of the entire police
12 force.

13 The cocaine networks are comprised of vile, ruthless
14 people whose value is measured by the only standard which
15 they recognize: the dollar earned from their victims' misery,
16 the cocaine users of this country.

17 No other organizations exist'ng solely for the
18 purpose of committing crime for profit have ever caused the
19 evacuation of personnel from an American embassy. No other
20 organized crime groups have challenged the legitimacy of
21 entire governments.

22 Those who freely choose to use cocaine take their
23 lives in their hands in more ways than one. They should

1 know that every bullet, every weapon, every plane, every
2 bribe paid to a public official is paid for by the dollars
3 which they spend to purchase cocaine.

4 There exists today an opportunity to strike hard
5 at the cocaine trafficking families which has been brought
6 about by many factors, but in the view of the staff, these
7 are probably the most important.

8 First, direct action taken by law enforcement
9 agencies and military forces of Central and South American
10 governments, often upon information provided by the Drug
11 Enforcement Administration.

12 Second, a realization by those countries that
13 cocaine is not America's problem alone.

14 Third, major seizures of cocaine in source
15 countries, as well as refining operations.

16 Next, an operation known as Chem-Con, an imaginative
17 effort by the Drug Enforcement Administration to control
18 the distribution of chemicals needed to process cocaine.

19 Next, law enforcement pressure applied in this
20 country, primarily in the Southeast, through the Narcotics
21 and Financial Task Forces and interdiction by the Customs
22 Service and the military.

23 Last, the arrest of the leader of one of the most

1 notorious of Colombia's cocaine trafficking networks, which
2 will be announced during the course of this morning's
3 hearing.

4 During the next three days, Mr. Chairman, the
5 President's Commission on Organized Crime will set the record
6 straight on cocaine. The Commission will explore publicly
7 those factors which affect the demand for and supply of
8 cocaine.

9 We will begin by analyzing the demand side of the
10 equation, hearing from medical experts who will explain the
11 medical consequences of cocaine use and who will present
12 profiles of typical users.

13 When speaking of cocaine today, it is now possible
14 in the same breath to talk of jungle laboratories in
15 Colombia, the Escobar crime family smuggling with the
16 complicity of Nicaraguan government officials, and street
17 crime in New York City.

18 Today, Mr. Chairman, after hearing the medical
19 aspects of the problem, we will turn to the cultivation and
20 processing of cocaine, the current situation in Colombia
21 and other countries, tracing the movements of some of the
22 leaders of the cocaine networks, details of the operations
23 of some of the families which operate in Colombia, especially

1 the Escobar and Ochoa families, and details concerning an
2 assassination attempt on DEA agents.

3 DR. ARNOLD M. WASHTON, M.D.

4 With that in mind, Mr. Chairman, and with your per-
5 mission, I call the first witness, Dr. Washton.

6 Mr. Chairman, Dr. Washton is the Director of
7 Substance Abuse Treatment at the Regent Hospital in New York
8 City and Research Director of the 800-COCAINE National
9 Helpline based at Fair Oaks Hospital in Summit, New Jersey.
10 Dr. Washton is a nationally recognized expert in the drug
11 abuse field. He has published numerous articles in leading
12 medical journals and books, serves on Federal, State and
13 local advisory boards and has received fellowships and
14 research grants from the National Institute on Drug Abuse and
15 the National Institute on Mental Health.

16 With your permission, Mr. Chairman, after the
17 witness is sworn, Mr. Smith will direct some preliminary
18 questions to Dr. Washton.

19 Whereupon,

20 ARNOLD M. WASHTON, M.D.

21 was called as a witness and, having been first duly sworn,
22 was examined and testified as follows:

23 MR. SMITH: Good morning. Dr. Washton, I under-
stand you have submitted a prepared statement for the record.

1 DR. WASHTON: Yes, I have.

2 MR. SMITH: Mr. Chairman, I would ask that that be
3 made part of the record, and that, Dr. Washton, you summarize
4 that statement for us now.

5 DR. WASHTON: Thank you.

6 I'm here to speak about the human cost of the
7 cocaine problem. Cocaine abuse has reached epidemic propor-
8 tions in recent years and has escalated to the point now of
9 being a major public health problem in the United States.
10 Not only have the numbers reached staggering levels, but they
11 have done so at an exceedingly rapid rate. The numbers con-
12 tinue to soar at an alarming rate.

13 It's estimated that over 25 million Americans have
14 already tried this drug, that is, one in ten. Six million
15 are estimated to be regular users, that is, at least once a
16 month cocaine use. Up to two to three million Americans are
17 thought to now be seriously dependent on this drug, with the
18 number of new users increasing at an estimated rate of
19 over 5,000 per day.

20 This increased use of cocaine has resulted in a
21 tremendous increase in the medical consequences which have
22 now skyrocketed to unprecedented levels. Emergency room
23 visits related to cocaine and cocaine-related drugs have

1 doubled and tripled over the past few years alone, while
2 treatment requests have increased over 500 percent in that
3 same time period.

4 Calls to our 800-COCAINE Helpline, a national
5 toll-free helpline based at Fair Oaks Hospital in New Jersey
6 has now received over 750,000 calls in its first 18 months
7 of existence, many calls from cocaine users themselves, othe
8 from concerned family members, professionals trying to find
9 help for a cocaine abuser.

10 The rate of calls on the helpline continue to
11 stream in at over 1,200 per day, with no tapering off in
12 sight.

13 Now, despite these alarming trends, cocaine con-
14 tinues to be viewed as a relatively benign, harmless drug,
15 with little or no addiction potential, and posing little
16 or no serious medical risk to the occasional cocaine user.
17 Most who try it believe they'll have no difficulty in
18 controlling their use and will not suffer adverse effects.

19 Of course, now we know that these popular beliefs
20 are not consistent with recent experience. Certainly our
21 surveys on the hotline, as I will show you in a few minutes,
22 bear this out. Yet the false beliefs seem to trap more and
23 more users every day.

1 Cocaine supplies are plentiful here in the United
2 States. It's estimated that over 40 metric tons enter our
3 borders every year. Cocaine trafficking is one of the
4 largest and most profitable industries in America. The over-
5 supply of the drug currently has led to a market drop in the
6 price of cocaine on the street, resulting in greater access-
7 ibility of the drug to a larger segment of the population,
8 in particular, to youngsters who are more and more becoming
9 involved with cocaine.

10 No longer is cocaine the exclusive drug of the
11 wealthy and the elite in this country. It is now the drug
12 of choice of the middle class. It's used by persons in all
13 socioeconomic levels, the largest proportion of users being
14 hard working, upwardly mobile, well educated persons in the
15 25 to 40 age group who have a good job and family. Most
16 of the so-called Baby Boom generation who started with
17 marijuana in the '60s have now switched to cocaine in the
18 '80s.

19 The societal impact of cocaine is as staggering
20 as the medical consequences. In addition to the individual
21 users, the real victims of this cocaine epidemic are the
22 American people, you and me, our families, our friends, our
23 neighbors.

1 Since most cocaine users are employed, it would
2 have to be the case that there is a substantial amount of
3 cocaine use in the workplace. Cocaine contributes to
4 reduced productivity and reduced efficiency. It is estimated
5 that drug abusers function at less than two-thirds of their
6 full work potential. There is lateness and absenteeism,
7 accidents on the job three to four times the normal rate,
8 compensation claims five times the normal rate, and greater
9 utilization of health benefits which results in all of us
10 paying a higher cost for medical insurance.

11 Many of these cocaine users are in what we call
12 critical job positions, that is, individuals whom we
13 entrust with the health and welfare of ourselves and our
14 families. We have seen evidence of cocaine abuse among
15 doctors, lawyers, airline pilots, railroad employees, people
16 who work in nuclear power plants, those who drive school
17 buses, and those who function as prison guards, not to speak
18 of the enormous amount of drug-related crime and violence
19 which has already been mentioned.

20 America seems to be paying a very heavy price,
21 indeed, for its continuing infatuation with drugs. In addi-
22 tion to the personal suffering resulting from drug use, it
23 is taking a tremendous economic cost, now estimated to be

1 over \$26 billion per year. Cocaine has clearly become a
2 cancer to our society.

3 Is cocaine addictive? Without question. Cocaine-
4 driven persons find the drug to be all-consuming. Devoted
5 husbands and fathers have been known to disappear for days at
6 a time on a cocaine binge, shirking all responsibility to
7 family, friends and job.

8 Animals given free access to cocaine will take the
9 drug to the point of overdose death from brain seizures and
10 other convulsions.

11 On our 800-COCAINE Helpline, we've had the opportu-
12 nity to conduct several surveys of cocaine users calling
13 because of their cocaine problem, seeking some type of assist-
14 ance. We have finished a study of 500 adult cocaine users who
15 called the hotline who were randomly sampled from these
16 callers to participate in an extensive research interview,
17 showing that the average caller was a white, 30-year old,
18 employed, middle class male with no previous history of drug
19 addiction, no previous history of severe psychiatric illness,
20 no previous history of drug-related or other crime.

21 By the time they call the hotline, an average to
22 four to five years after first being exposed to the drug,
23 they had become compulsive users, using an estimated \$500

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per week of the drug, suffering numerous medical, psychological and social consequences as a result of their use.

A recent but disturbing development has been the increased use of cocaine among adolescents. We had all hoped that the drug would not be accessible to this age group because of the high price, adolescents not having the money to spend on it. But now that the price has dropped as a result of oversupply, a gram of cocaine can be purchased in New York for less than the price of an ounce of marijuana. Cocaine is selling on the streets in New York for \$50 to \$60 per gram. Adolescents are getting together, a few buddies chipping in with one another on the weekend. They can buy a gram of cocaine, and it keeps them high Saturday and Sunday.

I'd like to present now the results of a survey of adolescents who called the hotline within the past few months. These are 100 adolescents randomly sampled from callers to the 800-COCAINE Hotline.

Can I have the slide projector on, please?

What you see here are the demographic characteristics of these 100 adolescents. All of these individuals were between the ages of 13 and 19 who called the hotline because of their cocaine problem. As you can see, 65 percent, the

1 majority, were males. The majority were whites. The average
2 age was 16. Most of them were juniors or seniors in high
3 school. Before cocaine, 66 percent said they were in the
4 top half of their class. Thirty-eight percent of this sample
5 said their parents earned over \$25,000 a year. Clearly,
6 this is a sample of high school students from good, middle
7 class families.

8 When asked about how they were using cocaine, most
9 said they were snorting it, although 8 percent reported free
10 base smoking, an increasingly popular but dangerous way of
11 using cocaine that gets a large amount of drug into the
12 bloodstream in a short period of time.

13 These adolescents had been involved with cocaine
14 for only a year and a half, a testimony to how rapidly these
15 kids become addicted to the drug, compared with an average of
16 about four years in adults.

17 The amount of drug they were using averaged about
18 \$95 per week. One asks where the kids get the money to spend
19 on cocaine. You'll see in just a moment.

20 School problems: most reported that they had
21 missed days of school. Their school performance had dropped due
22 to cocaine use, they were cutting classes to get high, and
23 experiencing disciplinary problems in school, and 31 percent

1 had already been expelled from school for a cocaine-related
2 behavior problem.

3 Other drug use: a high incidence of using marijuana
4 alcohol, tranquilizers, even heroin. The cocaine user
5 typically gets involved in other drug use to offset the
6 jittery stimulant effects of cocaine, and to self-medicate
7 for a variety of unpleasant side effects of the drug. It's
8 one of the little known, insidious consequences of being
9 involved with cocaine in that it leads to other drug use,
10 often to serious addiction to other substances as well.

11 Social problems: if we ask where do these teen-
12 agers get money for cocaine, we find that 44 percent were
13 dealing drugs. Many were stealing from part-time jobs, from
14 families, from friends, using lunch money or car fare to
15 buy cocaine. Some had already been arrested for a drug-
16 related crime, fired from an after school job. Auto accidents
17 13 percent reported a cocaine-related auto accident. Loss
18 of friends, loss of a mate, avoiding family contact, and
19 loss of interest in sports and other recreational activities
20 were common. The adolescents also reported fighting and
21 violent arguments. This is normally due to the extreme
22 short-temperedness and irritability that results from
23 chronic cocaine use.

1 Medical and psychiatric problems spanned a wide
2 range. The most common were sleep problems, depression,
3 fatigue, irritability. Difficulty concentrating and memory
4 problems are common among cocaine abusers. Nineteen per-
5 cent of these teenage cocaine abusers reported a drug-
6 induced brain seizure with loss of consciousness. Fourteen
7 percent reported a cocaine-related suicide attempt, often
8 resulting from the severe, chronic depression that results
9 from continued cocaine use.

10 We asked these adolescents about parental drug
11 use, an issue that I think is often overlooked in studies
12 of adolescent drug use. Forty-one percent said their parents
13 used marijuana or other drugs at least occasionally, whereas
14 100 percent said that their parents categorically disapproved
15 of drug use by adolescents. I think the issue of parental
16 involvement in drugs and thereby even parental encouragement
17 of drugs is an issue we need to pay more attention to.

18 Thank you. I'll stop at this point.

19 MR. SMITH: Dr. Washton, I know that the
20 Commissioners will have a number of questions for you.
21 Before they ask those questions, I'd like to ask you to step
22 back and to call four individuals who had their own personal
23 experiences with cocaine as an illustration of some of the

1 things that you've been talking about.

2 KARYN RICHWEIN, SETH PHILLIP WITONSKI, GUS SAVALAS,

3 KEITH O'MALLEY

4 For that purpose, I would call Ms. Karyn Richwein,
5 Mr. Seth Witonski, Mr. Gus Savalas and Mr. Keith O'Malley.

6 Mr. Marshal, could you swear the witnesses, please?
7 Whereupon,

8 KARYN RICHWEIN, SETH PHILLIP WITONSKI, GUS SAVALAS AND

9 KEITH O'MALLEY

10 were called as witnesses and, having been first duly sworn,
11 were examined and testified as follows:

12 MR. SMITH: Ms. Richwein, would you give us your
13 full name, please?

14 MS. RICHWEIN: Karyn Richwein.

15 MR. SMITH: Would you pull the microphone a little
16 closer to you?

17 How old are you, Ms. Richwein?

18 MS. RICHWEIN: Twenty years old.

19 MR. SMITH: And where do you live now?

20 MS. RICHWEIN: Pardon?

21 MR. SMITH: Where do you live now?

22 MS. RICHWEIN: Glenwood, Maryland.

23 MR. SMITH: Have you had some experience with drugs?

MS. RICHWEIN: Yes.

MR. SMITH: How old were you when you started to

1 use drugs?

2 MS. RICHWEIN: I was 12 years old.

3 MR. SMITH: And how long did you use drugs?

4 MS. RICHWEIN: About six years.

5 MR. SMITH: How long did it take you to get straight?

6 MS. RICHWEIN: Fifteen months.

7 MR. SMITH: Were you in a program during those
8 15 months?

9 MS. RICHWEIN: Yes, Straight, Incorporated.

10 MR. SMITH: During the time that you were using
11 drugs, how many drugs did you experiment with?

12 MS. RICHWEIN: I experimented with marijuana, hash,
13 ups, downs, cocaine, prescriptions, over-the-counters,
14 inhalants, hash, about ten different drugs.

15 MR. SMITH: And this was during the time that you
16 were 12 to 17 years old?

17 MS. RICHWEIN: Yes.

18 MR. SMITH: Where did you get these drugs?

19 MS. RICHWEIN: Mostly I got them from my friends
20 in school. I'd get them from people that were dealing drugs.
21 Most of those people I contacted within my school.

22 MR. SMITH: Did your use of drugs affect your
23 family life and your personal life?

1 MS. RICHWEIN: Yes. We got into a lot of fights,
2 a lot of conflicts. I threatened to leave home a lot of
3 times. My father at one point said that he didn't even want
4 me back in the house after I had run away.

5 MR. SMITH: And, in fact, it was your parents who
6 put you into the program at Straight, wasn't it?

7 MS. RICHWEIN: Right.

8 MR. SMITH: During the time that you were using
9 drugs, Karyn, did there come a time when you experimented
10 with cocaine?

11 MS. RICHWEIN: Yes. I was 16 years old.

12 MR. SMITH: How were you introduced to cocaine?

13 MS. RICHWEIN: I think the first time, I was hitch-
14 hiking and some people picked up me and my friends, and they
15 just had it, and they brought it out, and we snorted it at
16 that time.

17 MR. SMITH: And after that, did there come a time
18 when you had a chance to use coke intravenously?

19 MS. RICHWEIN: Yes. I think the second time that
20 I used cocaine I was at a party, and there were people
21 shooting up, and I asked if they would shoot me up, and he
22 said yes. So we went into the bathroom, and that was the
23 first time I had done it that way.

1 MR. SMITH: Now, at that time, you had experimented
2 with approximately ten different other drugs?

3 MS. RICHWEIN: Right.

4 MR. SMITH: How would you say that the high of
5 shooting up cocaine compared to all of those other drugs that
6 you had known?

7 MS. RICHWEIN: The high that I felt when I was
8 on cocaine was so much greater than anything I had ever
9 experienced before. Everything I saw was brighter. I felt
10 a lot happier. My boyfriend and I had been in a lot of
11 conflicts that night and all of a sudden I didn't care any
12 more, and I just felt really good, and after that time I
13 just wanted to feel that way again. Every time that I would
14 ever do another drug, it was always to feel that way again.

15 MR. SMITH: Did you ever shoot cocaine again?

16 MS. RICHWEIN: No.

17 MR. SMITH: Why not?

18 MS. RICHWEIN: I could never afford it. It was
19 really -- it was available to me, but I didn't have the money.
20 So I'd shoot up other drugs trying to feel the same way as
21 I did on cocaine.

22 MR. SMITH: What other drugs did you shoot up?

23 MS. RICHWEIN: A lot of the drugs that I shot up

1 I didn't even know what they were, and I still to this day
2 don't know what they were. Prescriptions, things that --
3 pills that my friends would have from their doctors. I'd
4 crush them up and shoot that into my arm.

5 MR. SMITH: You crushed up prescription drugs and
6 shot them into your arm?

7 MS. RICHWEIN: Yes.

8 MR. SMITH: Did you know what you were using?

9 MS. RICHWEIN: No.

10 MR. SMITH: Did you mix them with anything?

11 MS. RICHWEIN: Well, one time that I can think
12 of when I was shooting up a prescription drug, I mixed it
13 with water from a toilet in a public bathroom and shot that
14 into my arm.

15 MR. SMITH: And this was to try to duplicate that
16 high you'd known from cocaine?

17 MS. RICHWEIN: Yes.

18 MR. SMITH: Karyn, at the time that you went into
19 Straight, Incorporated, at the time that your parents got
20 you in that program, if you'd had an unlimited supply of
21 cocaine available to you, could you walk away from it?

22 MS. RICHWEIN: No.

23 MR. SMITH: Thank you.

1 MR. SMITH: Mr. Witonski, would you give us your
2 full name?

3 MR. WITONSKI: Seth Phillip Witonski.

4 MR. SMITH: How old are you, Mr. Witonski?

5 MR. WITONSKI: Seventeen.

6 MR. SMITH: Where are you living now?

7 MR. WITONSKI: Right outside Philadelphia.

8 MR. SMITH: You're in fact still in a program;
9 isn't that right?

10 MR. WITONSKI: Yes.

11 MR. SMITH: Is it the same program that Ms.
12 Richwein mentioned?

13 MR. WITONSKI: Yes, Straight, Incorporated.

14 MR. SMITH: How long had you been using drugs when
15 you went into the program?

16 MR. WITONSKI: Four years.

17 MR. SMITH: Starting at what age?

18 MR. WITONSKI: Twelve.

19 MR. SMITH: And among the drugs that you used,
20 did you use cocaine?

21 MR. WITONSKI: Yes.

22 MR. SMITH: What other drugs did you use?

23 MR. WITONSKI: Pot, alcohol, hash, hash oil, ups,

1 downs, prescriptions, over-the-counters, LSD, mushrooms,
2 mescaline, crystal methadrine, nitrous oxide, rush, tostic,
3 and that's it.

4 MR. SMITH: In your experience with all of those
5 drugs, how would you rank cocaine?

6 MR. WITONSKI: Well, I think that hurt me the most,
7 just with time missing school, financially having to go out
8 of my way to get money, steal money from my parents, from
9 my friends' parents, stealing alcohol to sell for drugs,
10 getting nose bleeds, not being able to sleep at night, get-
11 ting in fights over money with friends about how much drugs,
12 you know, if they gave me enough. My body was really messed
13 up. I couldn't -- I didn't eat for a few days, and my body
14 chemistry was really messed up, where I would lose weight a
15 lot of times. I'd wake up in the middle of the night, and
16 I'd have to run into the bathroom, and my nose would be
17 bleeding, and I couldn't sleep. Some days, times, I'd
18 sleep for like two days at a time because I didn't sleep for
19 three days, and then I'd just sleep for two days.

20 MR. SMITH: Mr. Witonski, how long did you steal
21 money from your family to buy cocaine?

22 MR. WITONSKI: Probably for about three and a half
23 years. Ever since the first time I used it until I came

1 into the program.

2 MR. SMITH: How much money did you steal from your
3 family, do you think?

4 MR. WITONSKI: Well, altogether I stole a lot of
5 times, about five days a week, I'd steal about \$60 a day.
6 I stole \$10,000 worth of silver that I sold for \$2,000. I
7 stole --

8 MR. SMITH: You stole this out of your own home?

9 MR. WITONSKI: Yes.

10 MR. SMITH: You stole your mother's silver?

11 MR. WITONSKI: Yes.

12 MR. SMITH: Did there ever come a time when you
13 actually threatened your mother?

14 MR. WITONSKI: Yes. I threatened my mom with
15 knives and chains, and just threatened to put her head in
16 the wall, and I just threatened to hurt her if she told my
17 dad things or if she didn't get out of the room or if she
18 wouldn't stop talking to me, I'd hit her.

19 MR. SMITH: Did you mean it?

20 MR. WITONSKI: Yeah, a lot of times. A lot of
21 times she'd stop doing it, and a lot of times she wouldn't,
22 but I was pretty serious.

23 MR. SMITH: Seth, how did you get into the program?

1 MR. WITONSKI: Well, my -- I was tricked into
2 coming. I thought that my dad was going to pick up some
3 papers in this building. I just thought that I could go
4 in there and get a soda or something, and I went into a room,
5 and then there was some people in there. I couldn't really
6 leave. I was pretty much tricked in there.

7 MR. SMITH: And your dad left you there?

8 MR. WITONSKI: Yeah.

9 MR. SMITH: How many schools had you been through
10 in the two years before you went into the program?

11 MR. WITONSKI: Five.

12 MR. SMITH: You flunked out of all of them?

13 MR. WITONSKI: Some. I got kicked out of some.
14 I flunked out. Some I've ran away from and they didn't want
15 me back, and some I just didn't want to go to. So I wouldn't
16 go to school, and then I got expelled.

17 MR. SMITH: By the time you went to those five
18 schools, had you been to a special school?

19 MR. WITONSKI: I went to one school that was like
20 pretty much a "drug" school where the teachers would use
21 drugs. I saw teachers use cocaine. I saw teachers drink
22 alcohol. One teacher was growing pot in his garden in his
23 backyard, and it was pretty much -- we'd learn in history

1 class how to make stills, make alcohol. It was pretty much
2 like a secondary school. It wasn't really -- we didn't really
3 learn anything.

4 MR. SMITH: Is that the last school you were in
5 before you went in the program?

6 MR. WITONSKI: No. I went to two after that.

7 MR. SMITH: Seth, at the time that your parents
8 lured you into the program at Straight, Incorporated, if
9 you had had an unlimited supply of cocaine available to you,
10 could you walk away from it?

11 MR. WITONSKI: No.

12 MR. SMITH: Mr. Savalas, would you give us your
13 full name, please?

14 MR. SAVALAS: Gus Savalas.

15 MR. SMITH: How old are you, Mr. Savalas?

16 MR. SAVALAS: Fifty-two.

17 MR. SMITH: Have you used drugs in the past?

18 MR. SAVALAS: Yes, I have.

19 MR. SMITH: Where are you living now, by the way?

20 MR. SAVALAS: Los Angeles, California.

21 MR. SMITH: When did you first start using drugs?

22 MR. SAVALAS: Oh, back when I was about 18 years
23 old, marijuana mostly.

1 MR. SMITH: How many drugs have you used over the
2 course of your life?

3 MR. SAVALAS: Just about everything there is. I've
4 experimented with just about every drug available, except
5 injecting things into my body. I can't do that.

6 MR. SMITH: Do those drugs include cocaine?

7 MR. SAVALAS: Yes.

8 MR. SMITH: When were you first introduced to
9 cocaine?

10 MR. SAVALAS: Late '50s, 1959, 1960, around that
11 time.

12 MR. SMITH: What were you doing for a living at
13 that time?

14 MR. SAVALAS: I was in the record business.

15 MR. SMITH: The record business?

16 MR. SAVALAS: Music business.

17 MR. SMITH: Was cocaine a part of that business?

18 MR. SAVALAS: Yes, it was.

19 MR. SMITH: What part did cocaine play in the music
20 industry?

21 MR. SAVALAS: Well, it was kind of a swap-off kind
22 of thing, you know. Instead of payola, you give a program
23 director or a music director a little cocaine, and they

1 would play your record possibly, and it was a status symbol.

2 MR. SMITH: Were there other drugs being used in
3 the record business at the same time?

4 MR. SAVALAS: Yes, of course.

5 MR. SMITH: And what was coke's reputation among
6 all of the drugs in use?

7 MR. SAVALAS: Well, it was above the rest, I would
8 say. To coin a phrase, it was like "the snort of kings,"
9 you know, like horseracing is the "sport of kings."

10 MR. SMITH: Did there come a time when you actually
11 went to jail for your use of drugs?

12 MR. SAVALAS: Yes.

13 MR. SMITH: What was the charge and how long did
14 you serve?

15 MR. SAVALAS: I served two years for manufacturing
16 PCP.

17 MR. SMITH: What years were those?

18 MR. SAVALAS: 1977 to 1979.

19 MR. SMITH: After you got out of jail in 1979, did
20 you go back to work?

21 MR. SAVALAS: Yes.

22 MR. SMITH: What were you doing?

23 MR. SAVALAS: I was in the garment business. I

1 was a manufacturer's rep for a few clothing lines.

2 MR. SMITH: And after you'd been released from
3 jail on this sentence having to do with narcotics charges,
4 did you go back and get involved with cocaine once again?

5 MR. SAVALAS: Yes, I did.

6 MR. SMITH: When was that?

7 MR. SAVALAS: I'd say probably about six months
8 after I got out. It was available, and I took advantage
9 of it.

10 MR. SMITH: And how did you use it?

11 MR. SAVALAS: Mostly -- well, just snorting it.
12 That's all.

13 MR. SMITH: Did there come a time after you began
14 snorting cocaine when your use of it changed significantly?

15 MR. SAVALAS: Yeah, when I got divorced. It was
16 part of the social scene. I became a bachelor again, and
17 it was part of the social scene, pass them around and you've
18 got a date or whatever. You know, that kind of thing.

19 MR. SMITH: Would you say it's an integral part
20 of the singles scene in Los Angeles where you live?

21 MR. SAVALAS: Yes, definitely.

22 MR. SMITH: Mr. Savalas, after 1981, did there
23 come a time when you got involved with what's known as

1 "free basing"?

2 MR. SAVALAS: Yes, in the beginning of this year,
3 around February of this year.

4 MR. SMITH: What's free basing?

5 MR. SAVALAS: Basically what it is is cleaning
6 out all of the impurities in the cocaine as it comes to you,
7 the cut, any other impurities that might be in it by mixing
8 it with -- there are many ways to do it, but mixing with
9 a little baking soda was the way I learned how to do it.
10 About 20 percent baking soda, put in a little water, and
11 boil it over -- cook it over some boiling water till it clears,
12 and then cool it down and you get a rock, which is basically
13 your clean cocaine, and then you crush that up and smoke
14 it in a pipe, and it melts down.

15 MR. SMITH: When did you start free basing?

16 MR. SAVALAS: Last February.

17 MR. SMITH: Now, when you started that, you had
18 been using cocaine off and on on a casual basis for a number
19 of years; is that right?

20 MR. SAVALAS: Yes.

21 MR. SMITH: Was free basing in a class by itself,
22 would you say?

23 MR. SAVALAS: Totally. It's the most insidious

1 drug in the world.

2 MR. SMITH: Why don't you tell us in your own words
3 what happened to you after you started free basing earlier
4 this year?

5 MR. SAVALAS: Well, you totally lose your person-
6 ality. I'm basically an extroverted person. I became
7 totally introverted, cut off my friends, cut off my business.
8 I wouldn't answer the phone, was totally involved in myself,
9 and was constantly chasing that first hit. It was -- it
10 was like nothing I've ever experienced in my life. I've
11 never felt I was caught up in any drugs before until this,
12 and it just totally got a hold of me and would not let go.
13 I just could not stop.

14 I went from one day a week maybe to weekends, and
15 then four days a week, five days, and was even doing it
16 between -- during lunch breaks and that kind of thing.

17 MR. SMITH: Well, you said you couldn't stop. You've
18 stopped now, haven't you?

19 MR. SAVALAS: Yes, I have.

20 MR. SMITH: What stopped you?

21 MR. SAVALAS: I was arrested, and I took a good
22 look at myself, and wasn't very --

23 MR. SMITH: When were you arrested?

1 MR. SAVALAS: In October.

2 MR. SMITH: Just last month?

3 MR. SAVALAS: October 16th, yes.

4 COMMISSIONER THURMOND: Speak a little bit louder.

5 MR. SAVALAS: October 16th.

6 MR. SMITH: And what's the status of your case
7 in Los Angeles now?

8 MR. SAVALAS: It's pending.

9 MR. SMITH: Mr. Savalas, at the time that you were
10 arrested on October 16th, how many days a week were you free
11 basing?

12 MR. SAVALAS: On an average, about five.

13 MR. SMITH: In the ten months between February
14 and October, how much did you spend on cocaine in your
15 estimate?

16 MR. SAVALAS: Between 15 and \$20,000.

17 MR. SMITH: If you had had an endless supply of
18 cocaine in October, just a month ago, the day of your arrest,
19 could you have walked away from it?

20 MR. SAVALAS: No, absolutely not.

21 MR. SMITH: Would you have used it all?

22 MR. SAVALAS: I would have used it until I was
23 probably dead.

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MR. SMITH: Thank you.

Mr. O'Malley, would you give us your full name,
please?

MR. O'MALLEY: Keith O'Malley.

MR. SMITH: Are you employed, Mr. O'Malley?

MR. O'MALLEY: Yes, I am.

MR. SMITH: Where is that?

MR. O'MALLEY: I'm currently the Director of
Suburban Clinic's Addiction Recovery Treatment Program in
New Jersey.

MR. SMITH: In New Jersey?

MR. O'MALLEY: Yes.

MR. SMITH: Do you live in New Jersey?

MR. O'MALLEY: Yes, sir.

MR. SMITH: You've used drugs in the past?

MR. O'MALLEY: Yes, sir.

MR. SMITH: When did you first start using drugs?

MR. O'MALLEY: I experimented with drugs in high
school, 16 years old.

MR. SMITH: Did those drugs include cocaine?

MR. O'MALLEY: Yes, sir.

MR. SMITH: When did you first try cocaine?

MR. O'MALLEY: When I was 16.

1 MR. SMITH: Did there come a time after you
2 started when you stopped using cocaine for a while?

3 MR. O'MALLEY: When I was in high school, I just
4 tried cocaine and marijuana a few times. I'd say after --
5 when I was 22 years old I started reusing.

6 MR. SMITH: Before you started again at age 22,
7 what line of work did you go into?

8 MR. O'MALLEY: I was a police officer.

9 MR. SMITH: How long were you a police officer
10 altogether, Mr. O'Malley?

11 MR. O'MALLEY: Six and a half years.

12 MR. SMITH: How old were you when you became a
13 cop?

14 MR. O'MALLEY: Twenty, 20.

15 MR. SMITH: And you started using cocaine again
16 after you joined the force?

17 MR. O'MALLEY: Yes, sir.

18 MR. SMITH: How old were you when you started
19 again?

20 MR. O'MALLEY: Twenty-two.

21 MR. SMITH: Where did you get the coke that you
22 used then?

23 MR. O'MALLEY: I originally started using again

1 and obtained the cocaine through fellow police officers.

2 MR. SMITH: Were they also using it?

3 MR. O'MALLEY: Some, yes.

4 MR. SMITH: Did you use it on the job?

5 MR. O'MALLEY: Yes, sir.

6 MR. SMITH: Did they use it on the job?

7 MR. O'MALLEY: Yes, sir.

8 MR. SMITH: How often did you use it while you
9 were --

10 CHAIRMAN KAUFMAN: Would you state what police
11 force that was?

12 MR. SMITH: Mr. Chairman, I'm prepared to provide
13 that information in executive session, if I may. It's the
14 subject of an ongoing investigation.

15 Mr. O'Malley, how often did you use coke during
16 the years that you were a cop?

17 MR. O'MALLEY: My use increased to daily.

18 MR. SMITH: Well, how often were you using it by
19 the time you quit?

20 MR. O'MALLEY: Daily.

21 MR. SMITH: Did you use it in the squad car?

22 MR. O'MALLEY: Yes.

23 MR. SMITH: Did it affect your performance as a

1 police officer?

2 MR. O'MALLEY: Absolutely.

3 MR. SMITH: How so?

4 MR. O'MALLEY: It impaired my judgment tremendously.
5 I became irritated all the time. It affected my ability
6 to get to work, to be on time, missing days of work. The
7 most important thing, of course, was my judgment was affected.

8 MR. SMITH: Give us an example of how it affected
9 your judgment as a police officer.

10 MR. O'MALLEY: For instance, one time I ran into
11 a burning building, which thinking back now I'm not suze
12 I had the guts to do.

13 MR. SMITH: Did you ever fire your service
14 revolver under the influence of cocaine?

15 MR. O'MALLEY: Well, during that whole period of
16 time I -- I considered myself under the influence of drugs.
17 So, yes.

18 MR. SMITH: Can you remember any specific instance
19 in which you would attribute the use of your service
20 revolver to your drug dependency?

21 MR. O'MALLEY: Well, there was a time we were
22 chasing a suspect that was wanted on a minor warrant offense,
23 minor warrant, and I discharged my revolver, and thinking

1 back -- without thinking, without giving thought to the
2 situation we were in -- and thinking back on it, that's
3 something I would have never done if I was in my right fram
4 of mind and my judgment hadn't been impaired.

5 MR. SMITH: How many times did you fire at that
6 fleeing suspect?

7 MR. O'MALLEY: Just once.

8 MR. SMITH: What happened to your police career?

9 MR. O'MALLEY: It's gone.

10 CHAIRMAN KAUFMAN: I can't hear you.

11 MR. O'MALLEY: It's gone. I'm no longer a police
12 officer.

13 MR. SMITH: What happened to you?

14 MR. O'MALLEY: I was charged departmentally and
15 criminally charged.

16 MR. SMITH: Have you been charged criminally?

17 MR. O'MALLEY: Yes, sir.

18 MR. SMITH: What were the charges?

19 MR. O'MALLEY: Official misconduct, attempted
20 bribery, relating to my drug use.

21 MR. SMITH: You were actually shaking down drug
22 dealers, weren't you?

23 MR. O'MALLEY: Well, if you, for instance, stop

1 a motor vehicle stop, and if that -- more or less that
2 suspect, if he had drugs on him, you know, we could -- I
3 could obtain the drugs and he'd go free, where he should
4 have been arrested.

5 MR. SMITH: You could take the drugs and let the
6 person go?

7 MR. O'MALLEY: Yes, sir, if that's what you mean
8 by shaking down drug dealers.

9 MR. SMITH: Officer O'Malley, by the time that you
10 were arrested, if you had had an endless supply of cocaine
11 available, could you walk away from it?

12 MR. O'MALLEY: Oh, no.

13 DR. WASHTON (JOINS PANEL)

14 MR. SMITH: Dr. Washton, I wonder if you'd join
15 this panel and make yourself available for any questions that
16 the Commissioners might have.

17 Do you have any conclusions or remarks to offer on
18 the basis of what you've heard from these witnesses?

19 DR. WASHTON: My only comments about what has been
20 said by these witnesses is that it's a testimony. These
21 are living examples of the horrors of cocaine and the
22 victims of this drug. The statistics I showed earlier are
23 easy to dismiss merely as numbers. Hearing the reports of
these individuals makes it very clear that what we're talking

1 about is a problem of human suffering that affects not only
2 the individual, but society as well.

3 Each of these individuals has families. They've
4 been in contact with numerous other people who in some way
5 or another have been adversely affected by their own drug
6 use.

7 MR. SMITH: Dr. Washton, in your opening remarks,
8 you listed a number of professions and trades that have been
9 affected by cocaine use: doctors, lawyers, police officers.
10 Has your survey actually revealed individuals in those trade
11 and professions that have been impaired by cocaine?

12 DR. WASHTON: Absolutely. All of those profession
13 I've mentioned represent at least one, in many cases more,
14 individuals from those positions who have called our 800-
15 COCAINE Hotline or have appeared for treatment at one of
16 our facilities.

17 MR. SMITH: In your survey, I believe that one
18 of the responses from cocaine abusers, your survey of 500
19 abusers, 66 percent report violent behavior. Is that typical
20 of cocaine use?

21 DR. WASHTON: In many cases it is. What happens,
22 especially with free basing, is that the cocaine makes the
23 individual severely paranoid. The cocaine user starts to

1 have delusions, thinking that others are plotting against
2 them, and become suspicious even of close family members and
3 friends. Sometimes it leads the person to be so suspicious
4 and so overly concerned about the possibility of others doing
5 harm to them that they strike out first.

6 In addition, cocaine is becoming involved more
7 and more in domestic violence. One of the phenomena that
8 we've been seeing that's been developing over the past year
9 is increased use of cocaine by women. Now that the price
10 has dropped, it's become more accessible to this particular
11 group. Women and their male partners are using cocaine
12 together. When the use becomes chronic, often it ends in
13 some kind of domestic violence.

14 MR. SMITH: In your prepared statement, I notice
15 the remark that based on your survey results, you've taken
16 the position that cocaine is now available everywhere in
17 the United States. Are you confident in that statement?

18 MR. O'MALLEY: Absolutely. We continue to receive
19 calls on the 800-COCAINE Hotline not only from major
20 metropolitan areas, but from rural areas in this country,
21 from many small towns. We get calls from Butte, Montana,
22 from Laramie, Wyoming, from portions of Alaska, from
23 Louisiana and Alabama, not just from New York, Los Angeles,

1 San Francisco and Chicago.

2 MR. SMITH: Mr. Chairman, I have no further ques-
3 tions of these witnesses. They're available for questionin-
4 by the Commissioners.

5 CHAIRMAN KAUFMAN: Thank you.

6 If the Commissioners would permit me, I'll ask
7 a few questions first and then recognize the Commissioners
8 as they raise their hands.

9 I cannot see the witness, Mr. Smith, and I am just
10 wondering whether you could step down so that I could have
11 a line of view. Just move the chair right down. Okay.

12 Doctor, I notice you're associated with the
13 Regent Hospital.

14 DR. WASHTON: That's correct.

15 CHAIRMAN KAUFMAN: Coming from New York City, where
16 is that located?

17 DR. WASHTON: On East 61st Street in Manhattan.

18 CHAIRMAN KAUFMAN: Is that a publicly supported
19 hospital?

20 DR. WASHTON: No, it's not. It's a private
21 psychiatric facility.

22 CHAIRMAN KAUFMAN: I see. The 800 line, how is
23 that paid for generally?

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DR. WASHTON: From contributions. It's offered as a public service of Fair Oaks Hospital.

CHAIRMAN KAUFMAN: Now, can you tell me, Doctor, if you can, what is it about cocaine that has made it so popular and so much in demand in this country?

DR. WASHTON: I think it's a combination of factors that have to do with the properties of the drug itself, as well as some cultural and sociological phenomena that figure in with it. What I mean by that is if there ever was a drug that fit in with the tenor of the times, I think cocaine is it.

Marijuana appeared to be it back in the '60s, a drug that gave the user feelings that very much fit in with the counter-culture revolution and other so-called activities back at that time.

We must recognize that the Baby Boom generation is the generation that brought drug use into our culture in such large numbers. They started with marijuana when they were college students and young adults in the '60s, a drug that made them feel more mellow, more laid back, as it's often described. Marijuana also produces a mind-altering psychedelic-like effect.

Now many of these individuals are hard-driving

1 business executives, taking a drug that makes them feel like
2 Superman and Superwoman. Cocaine produces feelings that
3 people like. It makes them feel increased physical, mental
4 and sexual capabilities. Individuals report that the euphoria
5 as you have heard here today by these witnesses is unmatched
6 by other drugs.

7 The drug is readily available, and animal studies
8 show quite clearly that if you give animals an opportunity to
9 receive supplies of any of the drugs of abuse, including
10 heroin, the only one that they will really kill themselves
11 with, take to the point of severe overdose and toxic reaction,
12 is cocaine.

13 CHAIRMAN KAUFMAN: So it is fair to say then that
14 outside of perhaps marijuana, that cocaine is the drug of
15 principal use today by Americans?

16 DR. WASHTON: I think it's the drug of choice of
17 middle class America, in particular.

18 CHAIRMAN KAUFMAN: And have you seen a diminution
19 in the use of heroin during this period?

20 DR. WASHTON: I wouldn't say diminution. I think
21 perhaps a leveling off at the rate at which it's been
22 increasing.

23 CHAIRMAN KAUFMAN: Do you think any of the statisti

1 we get are accurate?

2 DR. WASHTON: I think our statistics tend to be
3 gross underestimates. For example, the statistic that there
4 are 500,000 heroin addicts in this country, when there are
5 500,000 heroin addicts in treatment in this country, and we
6 estimate that there are probably five to ten addicts on the
7 street for every one in a program.

8 CHAIRMAN KAUFMAN: How about cocaine?

9 DR. WASHTON: Cocaine, the estimates are even more
10 grossly underestimated, the reason being -- and there's a
11 very specific reason for that -- that cocaine users, because
12 most of them tend to be middle class individuals with good
13 jobs, have a great deal of concern about the confidentiality
14 issue, are not likely to show up at a publicly supported
15 drug abuse treatment facility where they would get counted
16 in our statistics.

17 CHAIRMAN KAUFMAN: Based upon your expertise, if
18 you had to hazard an opinion as to the number of users of
19 cocaine in the United States, what would you say?

20 DR. WASHTON: It's hard for me to guess at how
21 many have simply tried the drug at least once. I think per-
22 haps the government statistics would be accurate on that,
23 over 25 million. How far over, I don't know.

1 CHAIRMAN KAUFMAN: How about regular?

2 DR. WASHTON: The estimate of five to six million
3 regular users, I think, is an underestimate. I would say
4 there are probably at least ten million who are using the
5 drug at least once per month.

6 CHAIRMAN KAUFMAN: All right. Thank you.
7 Senator?

8 COMMISSIONER THURMOND: Thank you, Mr. Chairman.
9 I believe you spoke about cocaine as the drug
10 of the times. What did you mean by that? Is it the fact
11 that people today are under more pressure? If so, is it
12 the pressure of jobs or the pressure of work? What did you
13 mean by "it's the drug of the times"?

14 DR. WASHTON: What I meant by that is that it is
15 a drug that is appealing to what continues to be the largest
16 segment of our population, the so-called Baby Boom generation,
17 the 25 to 40 age group, the people who have already been
18 in large numbers comfortable with the idea of so-called
19 recreational drug use, which started with marijuana.

20 We have a very large segment of the population
21 receptive to the idea of trying drugs, particularly drugs
22 that have powerful effects.

23 What I also meant by that statement is that given

1 that cocaine produces an energizing feeling in the user, an
2 exhilarating feeling in the user, not a laid back feeling
3 like marijuana does, that your hard-driving, Baby Boom genera-
4 tion, lawyer, doctor, other professional or highly skilled
5 worker who's achievement oriented is going to find the
6 effects of cocaine, at least at the beginning of their use,
7 to perhaps even facilitate their functioning at the
8 beginning. They can work longer hours under cocaine. They
9 find themselves or think they can get more work done and
10 more efficiently. It's a trap that's laid for the beginning
11 user.

12 Shortly after using cocaine, and especially when
13 one escalates their use to become more frequent and at higher
14 doses, the user develops tolerance to these effects very
15 rapidly. Eventually the drug effects reverse themselves so
16 that the drug that was taken originally for increased
17 physical, mental and sexual capabilities is now making the
18 user feel chronically depressed, more euphoric, chronically
19 lethargic, not physically energized, a complete loss of
20 sexual desire instead of finding the drug enhancing their
21 sexual performance.

22 So the users get trapped into an escalating,
23 vicious cycle, which leaves them in rather poor condition.

1 COMMISSIONER THURMOND: A few years ago we held
2 a hearing in the Internal Security Subcommittee of the
3 Judiciary Committee in which experts testified about
4 marijuana and other drugs. I recall they testified that
5 the use of marijuana over a considerable period of time would
6 permanently affect the brain. Do you concur in that, or
7 would you have any information about marijuana as compared
8 with cocaine?

9 DR. WASHTON: I can share only my clinical obser-
10 vations from having treated literally thousands of drug
11 abusers at this point. There is no doubt that chronic
12 marijuana use takes its toll. Particularly in adolescents,
13 it appears that marijuana use deprives them of being able
14 to complete the maturation process. They don't develop
15 fully either psychologically and perhaps not even physically.
16 Individuals who have been chronically using marijuana or
17 other drugs during these formative years, once they stop
18 using these drugs often have to make up for a lot of lost
19 time.

20 There is no doubt that marijuana impairs memory,
21 impairs judgment. With chronic use, the individuals simply
22 seem to be less responsive, less intellectually capable.

23 COMMISSIONER THURMOND: As to the two drugs,

1 marijuana and cocaine, which is more susceptible to be used
2 by more people?

3 DR. WASHTON: It's a hard question to answer because
4 with cocaine, you have the issue of the much higher price
5 of the drug that prevents more people from its use, but there
6 is no doubt that the abuse potential of cocaine, I think,
7 is significantly greater than that of marijuana. Given
8 initial exposure to cocaine, the numbers who are likely to
9 proceed at some point to regular or even compulsive use are
10 significantly higher than would be the case for marijuana.

11 COMMISSIONER THURMOND: And these young people
12 indicated they began using it in high school, I believe;
13 is that correct, both of you?

14 MS. RICHWEIN: Yes.

15 COMMISSIONER THURMOND: Doctor, do you have any
16 figures to show what percent of high school students use
17 cocaine?

18 DR. WASHTON: There have been recent nationwide
19 surveys and surveys in New York State, as well, that show
20 that somewhere between ten and 15 percent of high school
21 seniors admit to having tried cocaine.

22 COMMISSIONER THURMOND: Ten to 15 percent of high
23 school seniors using cocaine?

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DR. WASHTON: Correct.

COMMISSIONER THURMOND: Is there an educational program in the high schools of the nation to show the effects of cocaine and the dangers of marijuana?

DR. WASHTON: More and more communities are trying to make such efforts, but I'm afraid that the effort has not been systematic or widespread enough. I've been working in my own community on the local and on the state level to try to get the school systems to offer a comprehensive drug abuse education program about cocaine and all other drugs. I think it's an issue that's been ignored for too long, and certainly one of my recommendations about how we might prevent further escalation of the cocaine problem.

COMMISSIONER THURMOND: What do you recommend the public to do? What do you recommend that Congress can do to lessen the use of cocaine and marijuana, too, among the students of the nation?

DR. WASHTON: Well, I think greater efforts, for example, at preventing drug supplies from getting into the country, although it's probably not realistic to expect that we'll prevent that 100 percent. The more we do prevent, the higher the price of the drug will stay or perhaps even go higher than it is currently. Access is an important factor,

1 especially with regard to the use of drugs by youngsters.

2 When cocaine was much more expensive, we saw many
3 fewer adolescents involved with the drug. I think that's
4 one thing we can do.

5 I think the issue of drug use by parents and by
6 teachers who clearly are role models for our children must
7 be addressed. Teachers certainly fit in with the definition
8 of those in critical job positions, no less so than an
9 airline pilot or doctor or lawyer who may be using cocaine.
10 A drug using teacher certainly has the potential to cause
11 negative impact on the lives of others.

12 I think a comprehensive educational program should
13 be instituted, not in high school, but long before that point
14 so that we can work on changing children's attitudes about
15 drugs or hopefully providing them with a healthy attitude
16 about this issue from the beginning.

17 I think we have a choice. Are we going to be a
18 society that continues to operate as if for some people
19 recreational, so-called "recreational," and I put that in
20 quotes, or so-called occasional drug use is going to be
21 accepted? Are we going to accept the idea that drug use
22 is a personal choice, or is it our goal to be a drug-free
23 society and to take the stand very clearly and transmit

1 this message to our children, that drug use is not a personal
2 choice?

3 If anything we each have the responsibility to
4 not become involved with drugs, both for our own well-
5 being and for those around us.

6 COMMISSIONER THURMOND: Thank you very much.

7 CHAIRMAN KAUFMAN: I wonder if the Commission will
8 indulge me a question to both Karyn and Seth, jointly.

9 Is there any advice you can give to your contem-
10 poraries as to how to avoid getting started on the use of
11 drugs and what advice could you give to parents either
12 preventing or understanding the problem if they find their
13 children are using drugs?

14 MR. WITONSKI: Okay. I think the best thing that
15 helped me was on both sides of the story because it was
16 easy for my parents or health teachers at school to tell
17 me I'd feel good if I used drugs or I'd see things, you know,
18 but the thing that helped me out is, you know, looking at
19 the other side, where it's going to affect me all around
20 because, you know, before I used drugs, when I was in ele-
21 mentary school, the teachers, you know, said all of those
22 things like I'd see colors and I'd hear noises, and I thought
23 that would be fun. I thought it would be like going to an

1 amusement park or something. I didn't really know about
2 the negative effects, how I'd be missing school, I'd be wast-
3 ing money. My friends would be a bad influence for me.

4 So I think like, you know, looking at both sides
5 of it, giving the negative effects, not just the physical,
6 you know how it's going to affect the chemistry of my body,
7 but how it's going to affect me outwardly with school,
8 friends, how my family is going to go down.

9 Also, I think like the consequences at school
10 really were nothing. Maybe I'd get a couple of detentions
11 for having drugs in school or something, and I didn't really
12 think it was some big deal. You know, if I got caught, so
13 what, because the consequences weren't anything I couldn't
14 really handle. Maybe greater consequences somewhere. I
15 don't know, maybe fines, or I know like some schools send
16 the kids through these programs for a couple of weeks or
17 something or they have to go every day after school, some
18 kind of consequence, you know, that the kids think are more
19 than, "Well, I'm just going to get a detention," maybe some-
20 thing, you know, that would affect them more.

21 CHAIRMAN KAUFMAN: Karyn and Seth, if you were
22 parents and you found that your children were on drugs, is
23 there any suggestion you would make that you believe would

1 be helpful, that your parents failed to follow through on,
2 that you think might have been effective in your particular
3 cases?

4 MS. RICHWEIN: Yeah, I think, first of all, my
5 parents were not very aware of how serious the problem was,
6 and because I've been through it myself, I know that when
7 I have children I will be aware of it. There are signs to
8 look for in a child who may be using drugs, where my parents
9 just thought, "Well, she's growing up. She's becoming a
10 teenager. She's having problems." But the reason I was
11 dropping out of school and threatening to run away and to
12 hurt my parents and stealing cars wasn't because I was grow-
13 ing up. It was because I was on drugs.

14 CHAIRMAN KAUFMAN: I'm assuming that your parents
15 found out you are on drugs. What do you think they ought
16 to do?

17 MS. RICHWEIN: Well, I think the first thing that's
18 important is to sit down and talk with me about it and ask
19 me, you know, how I'm feeling about myself, what do I think
20 I need to do. But then I think it's up to the parent to
21 take the kid, find a program for them, and there are good
22 programs around.

23 The one that I'm in, the one that I was in, and

1 I've been in a few, but the best one and the only one that
2 I feel really helped me, but I was put there against my will,
3 and if it would have been up to me, I would have never done
4 it, but my parents stepped in and did that for me, which
5 is what I needed.

6 CHAIRMAN KAUFMAN: All right. I'll yield to the
7 members of the Commission.

8 Commissioner Guste.

9 COMMISSIONER GUSTE: Dr. Washton, what motivates
10 most people that call your hotline to call?

11 DR. WASHTON: Usually the negative consequences
12 of their continuing drug use. Almost invariably, they call
13 on the heels of a crisis. Either they're about to lose their
14 job or have already done so. They have run out of money
15 for cocaine and are feeling desperate. They are suffering
16 such severe depression from cocaine that they are starting
17 to have suicidal thoughts. They've gotten into an automomo-
18 bile accident as a result of cocaine. They're on the verge
19 of losing their spouse, their family, everything they've
20 worked for.

21 COMMISSIONER GUSTE: So they have more or less
22 hit the bottom on their own?

23 DR. WASHTON: Unfortunately, before somebody calls

1 for help, things usually have progressed to the point of
2 getting so bad that they are forced to come to the realiza-
3 tion that they need outside help. The issue of early
4 intervention, how do we get people to recognize this at an
5 earlier stage in the problem, is perhaps one of the most
6 important issues that we could address on the clinical side.
7 Unfortunately, right now we don't have the answers.

8 COMMISSIONER GUSTE: And what is the basic theme
9 that your program emphasizes as you try to treat these people
10 and get them to quit?

11 DR. WASHTON: We view cocaine addiction and other
12 forms of drug dependency as a chemical dependency, an
13 addictive disease. What that means is that we must recog-
14 nize that the person has truly lost control over their drug
15 use. Any attempts to want to return to occasional or so-
16 called recreational drug use are out of the question for
17 this person. The treatment must focus directly and imme-
18 diately on achieving abstinence not only from the drug of
19 choice, cocaine, but from all mood-altering drugs, and this
20 is verified in our program by supervised urine testing to
21 make sure that patients are, in fact, drug free.

22 Too often drug abusers enter long-term psychotherapy
23 where the goal of the therapy is that hopefully the person

1 will end their drug use when they understand finally why
2 they're using drugs. Our philosophy is exactly the opposite.
3 We don't feel that patients can make progress in treatment
4 unless they have already stopped the drug use, and so the
5 minute they enter the program, that is the focus: stopping
6 drug use.

7 Also, it's imperative that any effective treatment
8 facility, and I'm sure this is the case of the program these
9 individuals are in, must deal with the life style issues
10 surrounding drug use. Becoming a drug abuser becomes a life
11 style. It cannot be treated as an isolated biological or
12 pharmacological problem. We can't expect that a single
13 detoxification episode in a hospital or any other facility
14 for just a few weeks is going to cure the problem. There
15 are no cures. We talk only about long-term recovery.

16 COMMISSIONER GUSTE: Isn't it a fact that in your
17 program, like Alanon and others, that you emphasize that
18 a person must recognize that he can't do it alone, that he
19 needs some assistance, that he needs to pray and ask God's
20 help?

21 DR. WASHTON: Absolutely. The self-help groups
22 that have been developed -- Alcoholics Anonymous, of course,
23 is the best known. More recently that has branched out.

1 We now have Narcotics Anonymous in New York. We have Pills
2 Anonymous, Cocaine Anonymous, where the cocaine abusing per-
3 son is inducted into a ready-made peer support network. Often
4 despite our best efforts in trying to help someone to
5 overcome their drug problem, if the doctor says something
6 to the patient as compared to a recovering peer, there is
7 no question that their peer is going to carry more weight
8 and have more credibility with them than we do, and I think
9 we would be foolish to ignore that very important aspect
10 of treatment.

11 Self-help also is consistent with a highly valued
12 aspect of American life and the way we view ourselves. We
13 do prefer to see ourselves as self-reliant, people that can
14 help themselves, and I think often the contribution of self-
15 help in the treatment of a chronic drug abuser is overlooked
16 in favor of too much medicalization of the problem, too much
17 intervention sometimes on a professional level. I think
18 the combination of the two is probably best: self-help
19 combined with professional intervention work well hand-in-
20 hand, and that is the basis of our program.

21 CHAIRMAN KAUFMAN: Commissioner Methvin, you wanted
22 to ask a question?

23 COMMISSIONER METHVIN: Dr. Washton, studies at

1 the Tulane Medical Center by Dr. Robert Heep show that
2 chronic use of marijuana causes impairment of the brain cells
3 in the septum, which is right here about an inch back in the
4 medial forebrain. It scrambles the cells; it pollutes and
5 destroys the synapses. The septum is, of course, the
6 brain's main pleasure center, the center of alertness, of
7 interest, also of sexual pleasure.

8 Do you know of any studies on cocaine comparable
9 to those which show what brain center is involved in cocaine
10 and what cocaine's impact on that brain center would be?

11 DR. WASHTON: It's a very good question and raises
12 a point that's worth bringing up, which is that our current
13 state of knowledge about the neurobiological effects of
14 cocaine is truly in its infancy, and one of the recommenda-
15 tions I would like to make is that the National Institute on
16 Drug Abuse and other arms of the government involved in
17 funding research redouble their efforts in this regard.

18 We know precious little about how cocaine affects
19 the brain. We really know it only on a very general level.
20 It affects noradrenergic activity, if you will. Norepine-
21 phrine is a chemical that mediates much of our normal behavior
22 in the brain. We know that chronic cocaine use depletes
23 norepinephrine. That is thought to be the underlying

1 mechanism that creates the depression from chronic drug
2 use and other types of aberrant behavior.

3 Unfortunately we know too little about these brain
4 mechanisms. I'm hoping that future research will give us
5 more answers.

6 COMMISSIONER METHVIN: Mr. Chairman, I'd just like
7 to comment that the state of brain science today is such,
8 and the number of brain scientists we have is such, that
9 this problem could be solved, I think, in fairly short order.

10 A second question, if I might ask, the National
11 Institute on Drug Abuse and Rand Corporation criminologists
12 have recommended a national testing program to test everyone
13 arrested on criminal charges in this country. If I'm not
14 mistaken, from FBI statistics, that is a yearly test of about
15 six million people. A program such as this has been adopted
16 in the City of Albany, Georgia, with 100,000 people, and
17 when a person on probation there is tested and found to be
18 back on drugs, he goes to the "pokey."

19 This program has cut automobile accidents,
20 automobile accident fatalities, crime, robbery, burglary,
21 you name it, everything, by a huge proportion in that city.

22 How much does it cost to administer a simple,
23 accurate, medical test, a urine test I believe you refer

1 to in your paper, per arrestee, and how much would such a
2 program cost nationally?

3 DR. WASHTON: Without question, we now have the
4 technology available to do sensitive and highly specific
5 assays for drugs of abuse both in the blood and in the urine,
6 and you raise a good point.

7 I would like to add to it that not only have we
8 routinely overlooked the testing of those that enter the
9 criminal justice system by the route you've described, but
10 when somebody is stopped for driving while intoxicated in
11 this country, they may pass a breatholizer test with flying
12 colors while at the same time have significant levels of
13 cocaine and other drugs of abuse in their blood or urine.

14 I think it's time that we recommend that that kind
15 of testing also become routine for persons stopped for
16 driving while intoxicated, especially now that there is such
17 a large and visible national movement underfoot to address
18 the DWI problem.

19 In answer to your question, a sensitive, specific
20 urine test, not only for cocaine but one that spans the entire
21 spectrum of all of the commonly used drugs of abuse, certain-
22 ly if this were done on a wide scale, the price of such tests
23 could be reduced probably to the \$30 to \$40 range per sample.

1 COMMISSIONER METHVIN: Per sample?

2 DR. WASHTON: Correct.

3 COMMISSIONER METHVIN: Thirty to \$40 per sample?

4 DR. WASHTON: Correct, and of course, if we're
5 talking about extremely large numbers, the prices perhaps
6 could be even lower. Right now the tests tend to be some-
7 what more expensive than that because the volume is low.

8 Your average clinician, by the way, the average
9 physician, psychologist, other mental health or medical
10 professional in this country, does not receive training in
11 the diagnosis and treatment of cocaine or any other form
12 of substance abuse as a routine part of their clinical
13 training. In my training I was never presented with a drug
14 abuser, never taught how to identify one, let alone how to
15 treat one. I know this is true routinely of my colleagues,
16 both those who now specialize in drug addiction, as well
17 as the average family physician. Education of health
18 professionals is absolutely imperative if we ever hope to
19 have a well educated population of parents or well educated
20 population of youngsters who are aware of the dangers of
21 cocaine and other drugs.

22 CHAIRMAN KAUFMAN: Commissioner Skinner.

23 COMMISSIONER SKINNER: Thank you, Mr. Chairman.

1 First of all, I'd like to commend the four panelists,
2 not only you, Doctor, but the four. It takes a great deal
3 of courage to come forward and discuss not only your
4 experiences, but how you're handling them, and I think this
5 Commission recognizes the kind of effort that takes, and
6 you all should be commended. I think that probably is a
7 very major first step in dealing with the problem.

8 Doctor, I'd like to just take a minute and talk
9 about prevention. As I would define your role, your research
10 has been in the treatment, but I want to talk for a minute
11 about the Federal Government's role in prevention of the
12 problems, and specifically cocaine.

13 Would you describe for us your assessment of the
14 Federal Government's role in both money and effort in the
15 education of students, such as was discussed here, as well
16 as parents, in the schools, in their home communities, and
17 whether you think that's adequate and what could be done
18 in that area?

19 Much in the way alcohol has been done, we have
20 been educating the American people on the dangers of alcohol
21 and driving. We have seen a decrease in the use of alcohol,
22 especially while driving. What is the Federal Government's
23 role, and is it adequate?

1 DR. WASHTON: I don't have any information about
2 monetary figures, but I can say from my own experience in
3 going around the country speaking to community groups,
4 school boards and others that it's rare to find a community
5 where there is a drug abuse advisory board to the school
6 system in that community on any consistent basis. I think
7 we have to start by having every community in the country,
8 every municipality, form a drug abuse advisory board consist-
9 ing not only of knowledgeable professionals, but the
10 community members, to formulate policies.

11 I'm not sure whether beyond the stipulation that
12 drug use is not condoned in the schools and not allowed and
13 expressly prohibited, I'm not sure that there is any school
14 system, at least not that I'm aware of, that has a very clear,
15 detailed policy on drug use, drug abuse and drug abuse
16 prevention in all of its facilities. I think that would
17 be a starting point.

18 The preventive efforts of self-help groups like
19 the National Federation of Parents for Drug-Free Youth, I
20 think, are making inroads into this problem. I think they
21 are way ahead of the school systems. They are way ahead
22 of the government efforts.

23 In my own community where I volunteer my time as

1 a drug abuse expert, not only out of concern for the
2 community at large but for my own children who are in that
3 school system, I find that I am called upon very little to
4 offer advice and suggestions, even in this location. In
5 fact, I had the privilege of giving a talk to a local
6 community and church group where I live only a week or so
7 ago, and the majority of the most outstanding members of
8 the community were totally unaware of the cocaine epidemic
9 and the fact that it had infiltrated our local schools.

10 CHAIRMAN KAUFMAN: Commissioner Rogovin.

11 COMMISSIONER ROGOVIN: Doctor, I echo my colleague,
12 Mr. Skinner's compliments to you and to the panelists.

13 You said something that I ask leave to follow up
14 with. Is there a personality profile of the individual who
15 becomes the cocaine abuser, defined for my question's purposes
16 as a regular user of cocaine, as distinguished from those
17 individuals who test cocaine, use it and then drop it? And
18 if there is such a personality profile, what is it?

19 DR. WASHTON: No such "addicted personality" has
20 been identified despite repeated efforts. This is something
21 that has been attempted now for literally decades with regard
22 to alcohol. It's been asked time and again: is there a
23 personality profile of the person who will go way beyond

1 social drinking and become an alcoholic? I'm afraid not.

2 I think as important an issue here with regard
3 to identification of potential abusers is the issue of whether
4 or not we are going to condone any drug use at all. Given
5 that we know that certainly a drug like cocaine has tremendous
6 abuse potential, and given that we can identify in advance
7 who will go on to become an abuser, the only answer in my
8 mind is to say "no" at the very outset, to not try it even
9 once, to teach our children to say "no" to drugs and not
10 submit to peer pressure, and to have the value in this
11 society which says that drugs are not a part of American
12 life. It would be much more powerful and pervasive than
13 the attitude which has been perpetuated now for at least
14 a decade and a half, which says that drug use is a personal
15 choice, and as long as you don't become an addict, what's
16 the harm in it?

17 I think we're starting to see now that the
18 experience of the '60s was a very destructive human experiment
19 and we're now only starting to become aware of the full
20 impact of that human experiment in the form of both
21 adult and adolescent drug use.

22 COMMISSIONER ROGOVIN: One second question, Mr.
23 Chairman, unrelated, but a follow-up to something Mr. Skinner

1 raised.

2 Many of us middle aged American adults are former
3 cigarette smokers. Many in that class are former cigarette
4 smokers primarily because their children, as a consequence
5 of anti-smoking education campaigns in the public schools,
6 and perhaps the private schools, garnered a great deal of
7 family pressure on parents to stop smoking.

8 Do you see any possible utility in that model in
9 terms of prevention activity directed toward cocaine and
10 other drugs?

11 DR. WASHTON: Absolutely. Not only efforts of
12 that type, but also the emphasis on the positive rather than
13 the negative. Another movement that has taken place, another
14 phenomenon, in the past few years is the fitness movement,
15 and we see people overcoming all kinds of personal problems
16 through getting involved in physical exercise, a regular
17 schedule of recreational activities. There are alternatives
18 to substance abuse.

19 I think wherever we have such pervasive substance
20 abuse, it's symptomatic of individuals whose lives are lack-
21 ing in some other way. Couple that with the tremendous
22 access to drugs, the peer pressure, the social encouragement,
23 and of course, what you have is what we're experiencing now,

1 a drug epidemic.

2 COMMISSIONER ROGOVIN: Thank you.

3 CHAIRMAN KAUFMAN: Commissioner Brewer.

4 COMMISSIONER BREWER: Thank you, Mr. Chairman.

5 Dr. Washton, we hear of cocaine abuse among profes-
6 sional athletes, and there is a feeling that they express
7 that this abuse enhances their performance on the football
8 field, on the basketball court, and so forth. What is your
9 opinion as to whether or not that is accurate, that it
10 enhances their performance, and what would be the short-
11 term and long-term effects if they do continue to abuse
12 cocaine?

13 DR. WASHTON: To my knowledge, there has never
14 been a study that has actually documented facilitated per-
15 formance as a result of cocaine or other similar type drugs,
16 which leads us to think that what the drug is doing is at
17 least instilling the belief in the user that their performan-
18 ce is better.

19 We know that in a number of ways the cocaine
20 intoxicated person is less capable of performing physically
21 and mentally than when they are in the unintoxicated state.
22 The cocaine intoxicated person is highly distracted, super
23 sensitized to extraneous noises, often will show a startled

1 reaction to stimuli, noises, something on the radio, if some-
2 thing comes on TV, somebody knocking on a door, things that
3 would normally happen that would not produce any dramatic
4 response in an unintoxicated person. Judgment becomes
5 impaired, and of course, there is for the professional
6 athlete the physical toll of cocaine use.

7 Once the euphoria wears off, which, by the way,
8 is very shortlived the cocaine high lasts for no more than
9 20 to 30 minutes after each dose, and it's followed imme-
10 diately by an equally unpleasant dysphoric reaction known
11 as the "cocaine crash." When you come down from cocaine,
12 you don't go back to where you started from, but you go far
13 below it. Instead of feeling euphoric, you're now feeling
14 instantly dysphoric or depressed, highly irritable, restless
15 and craving for more drug.

16 I can't imagine that the football player who might
17 take a snort of cocaine before getting on the field is going
18 to be performing better at that 20 or 30 minute point where
19 they are in the middle of a cocaine crash.

20 CHAIRMAN KAUFMAN: Commissioner Miller.

21 COMMISSIONER MILLER: Dr. Washton, at what grade
22 level would you commence a drug abuse prevention program,
23 and in general what kind of a program would have any hope

1 of success?

2 DR. WASHTON: I think you'd have to start very
3 early in the elementary school years. I see from experien
4 with my own children who are in these early grades -- of
5 course, they're in a family that pumps them with an awful
6 lot of information about drugs, makes them super aware, if
7 you will -- that they are capable, perfectly capable of
8 assimilating the information because they see on TV, in the
9 movies and elsewhere so much about drug use. If they have
10 the proper information, at least they can question what the
11 are looking at.

12 In a kid who knows nothing about drugs, who happens
13 to catch a five minute segment of a movie in which the lead
14 ing star in the movie is shown using drugs, and the child
15 (a) doesn't know about drug use and its consequences, and
16 (b) doesn't get to see the rest of the movie which will
17 hopefully show that that person ends up with some kind of
18 problem or in some kind of difficulty, what we have done
19 is educate our child in that very brief instant about the
20 positive or attractive qualities of drug use.

21 I think starting in the second, third, fourth grad
22 is not too early.

23 COMMISSIONER: Second, third or fourth grade?

1 DR. WASHTON: Correct. I started talking to my
2 kids about drugs when they were in kindergarten.

3 CHAIRMAN KAUFMAN: Commissioner Dintino.

4 COMMISSIONER DINTINO: I'd like to address this
5 question to both Keith O'Malley and Dr. Washton.

6 Keith, you were a police officer, and you were
7 using drugs, and you stated that there were other police
8 officers that were using drugs; is that correct?

9 MR. O'MALLEY: Yes.

10 COMMISSIONER DINTINO: I don't want to get
11 specific, but to your knowledge, are you aware of any other
12 departments within your state where officers were using
13 drugs?

14 MR. O'MALLEY: My purpose in coming here is not
15 to make any points besides the fact to make you realize that
16 this abuse is in all forms of life right down to the police
17 officer, who we all think is beyond making a mistake. That's
18 the extent.

19 If you believe that in your major police depart-
20 ments around the country that there is no drug abuse, you
21 are sadly mistaken, and I'm not saying that it is widespread.
22 You know, it is a very small percentage, but it is there.
23 You've got young police officers coming up in a time where

1 drug abuse is out there, and this is the group I came up
2 with. But by no means am I trying to say that it's a full
3 blown problem, besides the fact that there are a few police
4 officers, I'm sure, in every department who are having a
5 problem with drugs.

6 COMMISSIONER DINTINO: What age category would
7 you describe that in the police field are users? Would it
8 be the younger, the older, throughout the department?

9 MR. O'MALLEY: If we're excluding alcohol, I'd
10 say we're in the 20 to 30 year old range.

11 COMMISSIONER DINTINO: And, Dr. Washton, in your
12 experience and the thousands that you have treated, have
13 you found a number of police officers coming for help,
14 rehabilitation and whatnot?

15 DR. WASHTON: We see them coming into treatment
16 in no higher proportion than we would see for any other line
17 of work. We definitely have not seen an inordinate number
18 that would identify that as a particularly high risk profes-
19 sion for drug abuse.

20 COMMISSIONER DINTINO: I guess maybe that is the
21 point I was trying to get at. We have millions of users
22 and addicted individuals throughout the nation, but in a
23 police officer we have a dangerous situation because we

1 have someone who is carrying a firearm, who is supposedly
2 protecting the public, and he is on a high.

3 I am wondering about this urine test that you talked
4 about, 30 or \$40 per person; would you make some kind of
5 suggestion that maybe police officers ought to be subject
6 to that kind of a test? What would be your recommendation
7 in that area?

8 DR. WASHTON: I think given the estimates of how
9 prevalent drug use is throughout our society, we have to
10 start to look first at these critical job positions like
11 police officers, like people who work in nuclear power plants.
12 It has already been done in the military with good success
13 in instituting the urine screening procedure. I think we
14 have to start to take a look at the feasibility of establish-
15 ing such policies.

16 At the very least, we should test somebody's urine
17 for all drugs of abuse in an employment physical, when they
18 apply for the job. Is there a reason not to do it for any
19 police officer or anyone else in a critical job position?
20 When they come and apply for the job, they have to have a
21 mandatory physical. Why not take a urine sample and test
22 it for drugs? Why not at the annual physical? This is being
23 done more and more in the private sector by corporations

1 who have realized that there is a great deal of drug use
2 in the workplace. It's costing these corporations an enormo
3 amount of money in lost manpower and health benefits, et
4 cetera. Many now have very clearly defined policies about
5 drug use that include urine testing procedures.

6 The Transit Authority in New York, for example,
7 you cannot get a job with the New York Transit Authority
8 without getting a comprehensive urine screen, and if your
9 urine shows positive for drugs, you're not going to get a
10 job. If you're already in the system and your urine is
11 positive for drugs, you won't have a job very long.

12 COMMISSIONER DINTINO: Thank you, sir.

13 Thank you, Mr. Chairman.

14 Go ahead, Keith. Did you want to say something?

15 MR. O'MALLEY: I'd just like to add that I have
16 to agree with you. I don't know if you implement that system
17 when you start screening a person who's an applicant to be
18 a police officer and make it mandatory and make it clear
19 to him that that's going to happen throughout his career,
20 I know I would have been stopped a lot sooner, and I don't
21 see how you're violating anybody's rights. I think you're
22 entrusting somebody with the public trust, and a person who
23 is going to be ultimately in danger situations, I don't

1 think that's too much of a demand for somebody to submit to
2 something like that.

3 COMMISSIONER DINTING: Keith, thank you, and you
4 are very courageous for appearing today and testifying. Thank
5 you.

6 CHAIRMAN KAUFMAN: Are there any other questions?

7 (No response.)

8 CHAIRMAN KAUFMAN: I don't see any other hands
9 raised.

10 I want to extend my personal gratitude and that of
11 the Commission to the members of this panel, particularly to
12 you, Dr. Washton. I think it is a great public service that
13 you're rendering and have rendered today.

14 Karyn and Seth, I think that you're a great example
15 to these kids who are going through this problem, and you
16 have shown them that you had the courage to lick it and that
17 it can be done.

18 And to you, Mr. Savalas, and to you, Mr. O'Malley, I
19 think you have given us a message which is important to the
20 public, and I know at great personal sacrifice, maybe humili-
21 ation. We are very grateful to all of you. Thank you.

22 DR. ERIC WISH, DR. BRUCE JOHNSON

23 MR. HARMON: Mr. Chairman, members of the

1 Commission, the next two witnesses, Drs. Eric Wish and Bruce
2 Johnson, will inform the Commission as to a class of
3 cocaine users and abusers who have not had the opportunity
4 or not sought out the opportunity to avail themselves of
5 Dr. Washton's services.

6 Dr. Bruce Johnson holds a Doctorate from Columbia
7 University and is at present a research scientist for the
8 New York State Division of Substance Abuse Services where,
9 from time to time, he is a colleague of Dr. Eric Wish.

10 Dr. Wish, if I could first address very preliminary
11 questions to you, have you in the past undertaken a study
12 of drug use among persons arrested in a certain portion of
13 East Harlem in New York City?

14 DR. WISH: I have.

15 MR. HARMON: Would you please describe that for
16 the Commission?

17 DR. WISH: Okay. Good afternoon, by the way. It
18 is a pleasure and a privilege to testify before this panel
19 today, and I'm going to present some striking preliminary
20 findings from a new study of drug use and crime in approxi-
21 mately 6,000 males arrested in New York City.

22 I say that the information in the study is prelimi-
23 nary. I mean it in the sense that all of my data files

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have not been completed in the sense of all of the interviews are still being cleared and entered into the files, but I will let you know when I think some of my findings are more tentative and should just be seen as trends and which ones we can be really confident of.

My findings will demonstrate the large amount of cocaine use in the population of arrestees in New York City. They indicate that far from being solely the drug of the educated and rich, cocaine has become another street drug used by large numbers of uneducated, criminally active persons in New York.

My findings rely heavily upon the results from urine tests of arrestees.

I would suggest that through systematic urine testing of arrestees, we as a society may have a valuable tool for combatting drug use and crime.

I'm going to stress five major points. One: a little more than one-half of all male arrestees in New York City who were charged with serious offenses have evidence of recent illicit drug use. Two: arrestees are more likely to have recently used cocaine than to have recently used heroin. It looks like the drug of choice in arrestees may also be cocaine.

1 Three: cocaine-using arrestees under age 20 may
2 constitute the best group for intervention in order to stop
3 the progression to the injection of multiple hard drugs.

4 Four: the criminal justice system in New York City,
5 much like the systems in the rest of the country, has an
6 important opportunity to break the vicious circle of drug
7 abuse and crime in offenders, an opportunity that, in my
8 opinion, is currently being lost.

9 And five: the typical drug abusing arrestee is
10 uneducated and unskilled. Their drug use is only the tip of
11 the iceberg of their problems. A successful solution to
12 the problem of drug use and crime in arrestees will probably
13 require urine testing for arrestees to identify the drug
14 user, followed by the application of a comprehensive set
15 of enforced interventions designed to address the multiple
16 life problems of the drug abuser.

17 Now, Mr. Harmon, to answer specifically your
18 question, I'm going to talk about two research studies funded
19 by the National Institute of Justice. One is a study of
20 116 drug dealers arrested in East Harlem, and the second
21 is a larger study of 6,000 men arrested and processed in
22 Manhattan Central Booking.

23 I was called to testify, I believe, because of

1 a reference to a study of the drug dealers in Harlem in which
2 we reported that cocaine was very prevalent in this small
3 group of arrestees. I want to tell you just a little about
4 what we did there.

5 We set up a research cubicle in the police station
6 in East Harlem and asked the arrestees, shortly after arrest,
7 to be interviewed, to participate in a voluntary interview
8 and to provide us with a urine specimen for analysis. We
9 paid them \$5.00 for the interview and for providing the
10 specimen.

11 As I say, participation in the study was voluntary.
12 A very high proportion of people asked did participate, and
13 the actual interview information and urine tests were confi-
14 dential and protected by a Federal certificate of confi-
15 dentiality and protected from subpoena and use in civil and
16 criminal proceedings.

17 I'm going to rush through the smaller study so I
18 can get to the big study, but I want to just show you the
19 types of men we studied in the East Harlem area. We know
20 from other studies we've done that these people oftentimes
21 don't have telephones and are very transient. They oftentimes
22 live in single-room occupancy hotels.

23 Basically I want to show you that almost one-half

1 the people were between the ages of 21 and 30. The ethnic
2 composition is what you would expect from the East Harlem area.
3 Sixty percent were single and had never been married. I want
4 you to note very carefully that a little more than half, 55
5 percent of these ~~persons~~ had less than a high school education.
6 Seventy-eight percent were unemployed at the time of arrest.

7 This was really the first indication that we had
8 that cocaine was actually much more prevalent than we
9 expected in arrestees. As you can see, 83 percent of these
10 persons admitted to having used cocaine at some time in
11 their lives. Twenty-three percent admitted to having used it
12 every day in the past month, but 51 percent indicated having
13 used cocaine within 48 hours prior to arrest.

14 You will note that these figures are higher than
15 we found for heroin, which was 53 percent for lifetime use,
16 22 percent for daily use in the past month, and 37 percent
17 in the 48 hours prior to arrest.

18 Now that was based on self-reports. I'm not going
19 to show you the urine test reports. I'm just going to tell
20 you that 84 percent of the people that we asked to provide
21 urine specimens gave us a specimen. Of these, 87 percent were
22 positive for illicit drugs. This is the highest drug posi-
23 tive rate I've ever heard of in any arrestee population.

1 Of those that provided specimens, 69 percent were
2 positive for cocaine, 50 percent were positive for opiates.
3 Again, these are persons who are arrested by undercover
4 officers for dealing hard drugs in the Harlem area.

5 The urine tests showed that cocaine was more preva-
6 lent than heroin. Now, when you have a positive urine test
7 result, it is generally sensitive to use within the last 24
8 to 48 hours for opiates or cocaine. For PCP, for which I'll
9 be showing you results later, it can be detected as many as
10 five days after use.

11 Forty-three of the original 116 arrestees came into
12 a research storefront in East Harlem for a second longer
13 interview. I just want to show you that although they were
14 arrested for a drug offense, this is the type of criminality
15 they admitted to in their lifetime. In the past year, 79
16 percent of these 43 people had said they committed a robbery,
17 burglary or an assault in their lifetime. Twenty-one
18 percent said they had done this within the past year.

19 Furthermore, 56 percent said that they had done
20 at least four or more of the above offenses in their life-
21 time, and 12 percent said they had done four or more of these
22 offenses in the past year.

1 These were, as I say, a very homogeneous group
 2 of drug dealers in the East Harlem area. We might expect
 3 a considerable amount of drug use in them, but what about
 4 a sample of all arrestees in the city?

5 Well, you may know that the District of Columbia
 6 is the only jurisdiction in the country that routinely
 7 tests all arrestees for drug use by urinalysis. This has been
 8 going on, actually off and on, since 1971. Now, in New
 9 York City, there is no urine screening of arrestees. There
 10 is no way to directly ascertain the drug involvement of
 11 arrestees.

12 So our goal was to go in there as a research pro-
 13 ject, set up urine screening, and to interview people who
 14 were being brought to Central Booking. Again, this was a
 15 voluntary research effort, and the information was
 16 confidential.

17 We approached about 6,400 men charged with serious
 18 offenses. About two-thirds of them were charged with a
 19 felony offense. The persons were processed between March
 20 and October 1984. Basically everyone goes through Central
 21 Booking except people charged with very minor offenses who
 22 may be released at the precinct.

23 Approximately 95 percent of the persons that we

1 approached agreed to an interview, and the findings that we
2 are presenting today are preliminary, and they use the data
3 that are available now. I want to emphasize that the find-
4 ings apply mainly to male arrestees arrested anywhere in
5 Manhattan and charged with a relatively serious offense.

6 MR. HARMON: Dr. Wish, before you get to your con-
7 clusion, I wonder if it would be possible to deliver your
8 conclusions from the witness chair itself so that everyone
9 can pick up the benefit of what it is that you have to say.

10 DR. WISH: I'd like to be able to point to the
11 slides as I go. Is that okay?

12 MR. HARMON: Is there any way we can bring the
13 screen a little bit closer?

14 (Pause in proceedings.)

15 DR. WISH: I'd like to say in doing this research
16 both in the East Harlem area and in Central Booking, I've
17 had very strong support of all facets of the criminal justice
18 system in New York City, and they really made this study
19 possible.

20 You can see that about 20 percent of the people in
21 the study -- again, there were 6,403 people approached --
22 about 20 percent were under age 21. Almost half were between
23 the ages of 21 to 30.

1 You can see that, again, similar to what we found
2 in the East Harlem area in terms of education, approximately
3 56 percent of these people had less than a high school or
4 were not high school graduates.

5 In addition, you can see that the charges there,
6 the maximum charges, and arrests were not primarily drug
7 offenses. There were about 20 percent of people altogether
8 who were charged with some type of drug offense, so that
9 we're really getting the whole spectrum of offenses here.

10 In addition, not shown on the table, and in very
11 marked contrast to the type of persons that Dr. Washton
12 was talking about, 46 percent of these people were unem-
13 ployed. Only 34 percent were employed full time.

14 Next slide.

15 We found the same pattern of drug use in these
16 persons. Now, this was based on 4,715 arrestees whom we had
17 interviews for. We found the same pattern of a higher preva-
18 lence of cocaine use than heroin use in the arrestees. Forty
19 percent of the arrestees indicated that they had ever used
20 cocaine in their lifetime. Twenty-six percent indicated
21 that they had never used heroin.

22 In terms of use in the prior 24 to 48 hours, that
23 is, the 24 to 48 hours prior to arrest, 19 percent indicated

1 that they had used cocaine, and 12 percent indicated that
2 they had used heroin. So these were based on self-reports,
3 and we know that people don't always tell us truthful infor-
4 mation about their drug use, especially in sensitive
5 circumstances.

6 What did the urine tests show? In view of the
7 panel's apparent interest in urine testing, I wanted to
8 emphasize that we used two tests here: thin layer chroma-
9 tography, which is the general mass screening test used
10 throughout the country. It is primarily used to monitor
11 people in treatment programs, in criminal justice programs,
12 and what we learned in some of our earlier research is that
13 when we compared self-reports of unapprehended persons in
14 another study with the thin layer chromatography results,
15 there was very little agreement between the self-reports
16 of recent drug use and the urine tests. So we found out
17 that what our lab had been doing was what most labs across
18 the country do. They first test through the cheaper, thin
19 layer chromatography general screen, and then if they find
20 a positive result, they move on to what is the more sensitive
21 test, a drug specific test known commercially as the EMIT
22 test.

23 We had found that the thin layer chromatography

1 didn't look like it was as good as the EMIT test on that
2 small sample of people, and now on a larger sample here,
3 approximately 4,000 people, what you do find as you can see
4 in the first column there is that the thin layer chromato-
5 graphy is generally fairly ineffective for detecting street
6 quality cocaine or heroin. In fact, if you were to go by
7 the thin layer chromatography results, you would say that
8 14 percent of the people were positive for cocaine. When
9 you go by the more sensitive test, you find that 41 percent
10 of all of the male arrestees had evidence of recent cocaine
11 use in their urine.

12 The second most frequently found drug was heroin,
13 and you can see the results there. Twenty percent were
14 positive for the opiates. There is a low and high estimate
15 there, and that depends upon whether you consider persons
16 with a marginal test result as positive or negative. The
17 low estimate is the most conservative way of interpreting
18 the test.

19 You can see in the table there that 54 percent
20 of all male arrestees were positive for cocaine and/or
21 opiates and/or PCP. This translates into approximately
22 40,000 people per year coming through Central Booking.

23 I am going to show you some findings now that

1 are based on a smaller sample of the whole group of people
2 in the study. These people were sampled so that we got
3 about 50 people at each of several age ranges. We wanted
4 to look at initially the trends of drug use in persons accord-
5 ing to their age. So I don't really want you to pay
6 attention here to the exact numbers as much as to the trends
7 that show up.

8 What you find is that there is a generally increas-
9 ing percent who say that they have used cocaine at some time
10 in their life with age. So it starts off at 19 percent of
11 those age 16 or 17, moves on to 21, 30, 44, up through the
12 40s until the arrestees age 26 to 30. Fifty percent of them
13 say they have used cocaine at some time in their lives.

14 In addition, if you go down to the second half
15 of that table, we asked people who admitted using cocaine
16 how they usually took it, and you find something that I
17 think is very interesting in terms of policy implications,
18 and that is arrestees under age 20 were relatively
19 unlikely to be injecting the drug. They were using it
20 usually through snorting, but as the arrestees got older,
21 you find a higher and higher percentage who say that they
22 were taking cocaine by injection and, as you can see, there
23 was also an increasing tendency for injection of cocaine

ms
1 and heroin with age of the arrestee.

2 Again, these are self-reports. What did the urine
3 tests show? Could I have the next slide?

4 Again, you find an increasing trend to a drug posi-
5 tive urine test according to the age of the arrestee. So of
6 the arrestees age 16 to 17, approximately 41 percent of them
7 were positive for any of the drugs listed in the table. That
8 is cocaine, opiates, methadone or PCP. The proportion posi-
9 tive increased with each year until, as you can see, in the
10 31 to 35 age group there are actually 78 percent of the people
11 who were positive for drugs.

12 Now, if you look at what people were positive for,
13 you find that again the cocaine starts off with about 21
14 percent of persons age 16 to 17 being positive for cocaine,
15 and it just continually -- it's not totally unidirectional,
16 but it just tends to get greater at each age so that by the
17 time of 31 to 35 year olds, you find that 67 percent are
18 positive for cocaine.

19 The last age group, the people 36 and above,
20 actually are a group of arrestees who have an average age
21 of about 42. In those persons we find that the drug use
22 tends to be falling off. At least we are not finding it
23 in their urine.

1 I also want to point up in that chart that you
2 find in the persons under age 20 very little presence of
3 opiates or methadone in the urine. This is further shown
4 when you look at the last row of the table there, where we
5 find that the probability of finding multiple drugs in the
6 urine, two or more drugs, increases with the age of the
7 arrestee, so that it looks like what's happening is that
8 the younger arrestees are using cocaine. They're not inject-
9 ing, and that with age persons move on to the injection of
10 both cocaine and opiates.

11 MR. HARMON: Dr. Wish, at this point I wonder if
12 you could summarize your findings so we could have the time
13 to get the benefit of Dr. Johnson's view of the more objec-
14 tive basis of your findings.

15 DR. WISH: Okay. I have two more slides that will
16 go real quickly.

17 This is just a visual presentation of the cocaine,
18 of the prevalence of the drugs in the urine. You can see
19 that the cocaine, which is the top chart, is the most
20 prevalent drug found. You can see the increasing likelihood
21 of finding it with age.

22 My final slide compares self-reports of use of
23 each of these drugs in the 24 to 48 hours prior to arrest

1 with the results of the urine test, and what you can find
2 here is that with only two exceptions, at each age level
3 the percentage who report use of the drug within the last
4 24 to 48 hours is considerably below the percentage that
5 are detected to be using that drug by the urine test, and
6 what I think that means is that even in a research interview
7 in a criminal justice environment, where people are made
8 to feel as safe as possible about the findings, that they
9 still under-report their recent use of drugs, and I think
10 this indicates that in order to detect drug use in the
11 arrestees, we are going to have to use some type of urine
12 testing.

13 MR. HARMON: Now, Dr. Wish, then by way of summary,
14 do your findings show to your satisfaction that there is
15 a relationship between cocaine use and those persons who
16 commit the various street crimes, a wide range of street
17 crimes, in New York City?

18 DR. WISH: Yes, and I think that these are the
19 highest rates of cocaine use found in any population.

20 MR. HARMON: Dr. Johnson, do you share the view
21 of Dr. Wish that cocaine is not a rich man's drug alone?

22 DR. JOHNSON: Yes, certainly.

23 MR. HARMON: Could you explain the basis of your

1 belief and the nature of the research which you have conducted?

2 DR. JOHNSON: Right. During the past roughly eight
3 years, I have been the director of three different research
4 programs funded by the National Institute on Drug Abuse and
5 the National Institute of Justice. This research has focused
6 very carefully on studying street level persons and the kinds
7 of drugs they use, the kinds of crimes that they commit. We
8 place a heavy emphasis on going into local communities, and
9 we particularly studied the East Harlem and Central Harlem
10 areas, where we go out in the streets, recruit people who
11 seem to be in their life, bring them in, and interview them
12 in considerable detail about crimes they've committed in
13 the past 24 hours or the past seven days and get details
14 about the kinds of drugs they've used and the kinds of crimes
15 that they have committed.

16 We have interviewed probably something like 500
17 people over those last six or eight years.

18 MR. HARMON: From your experience, Dr. Johnson,
19 what is he like, the cocaine user and abuser, at the street
20 level?

21 DR. JOHNSON: Yes. Well, cocaine users at the
22 street level have several interesting characteristics I'd
23 like to describe for you. Fortunately right now heroin

1 abusers appear to be rare among persons under the age 25.
2 That is, those under 25 appear to be at a high risk for
3 cocaine abuse and injections, such as Dr. Wish's informa-
4 tion here indicates. That is, cocaine clearly is the "in"
5 drug among young adults, ages 18 to 25, especially in the
6 low income areas of the city, while heroin is not. This
7 is a change, incidentally, from the late '60s and early '70s
8 when heroin was a major problem, and it's mainly that group
9 of people who got addicted to heroin in the late '60s and
10 early '70s and simply have gotten older and are now the kinds
11 of people that are high risks of heroin use in the kind of
12 arrestee populations that Dr. Wish has studied and upon whom
13 much of our research has been based.

14 Virtually, interestingly enough, all heroin abusers
15 use cocaine. Many use it as frequently as they do heroin.
16 They frequently combine heroin and cocaine in the same
17 mixture and inject it in what they call a "speed ball," which
18 is a better way, they claim, "to go slow-fast," and there is
19 good pharmacological evidence of that in other studies.

20 These low income cocaine users have a life style
21 exhibiting multiple problems. Not only do they consume
22 cocaine routinely, but they are also heavy users of alcohol
23 and marijuana and sometimes pills, frequently during the

1 same day.

2 In addition, they typically have multiple other
3 problems which are based on their low income background,
4 low educational achievement, no or few legal skills,
5 chronic unemployment or underemployment. They do not have
6 welfare or other legal income. They frequently lack
7 residence and stable family ties, and may be criminally
8 victimized, to mention only a few of the problems they face.
9 All of these problems need to be addressed. Solutions to
10 one will not automatically solve the other.

11 Now, interestingly, cocaine is simply one substance
12 which is handled by street drug distributors. I know of
13 your interest here in drug dealing, and we've learned a great
14 deal about that in the past few years. These poor cocaine
15 abusers do not have legal incomes with which to purchase
16 these drugs, nor do they have families they can steal from
17 because the families frequently do not have much money.

18 Virtually all engage in a variety of drug distri-
19 bution crimes to obtain cocaine. Some cocaine dealers sell
20 only cocaine, but many street distributors handle a wide
21 variety of substances in addition to cocaine, such as heroin,
22 marijuana and pills.

23 In the retail cocaine market, thousands of cocaine

1 users-distributors perform a variety of roles in addition
2 to the direct sale of cocaine. They also steer buyers to
3 cocaine sellers. They're employed by dealers as "touts"
4 to go out and find potential buyers for the dealer. They
5 "cop" cocaine and other drugs for buyers and sellers who
6 never meet. Most street distributors or dealers are really
7 persons who steer, tout and cop. The role of dealer, steerer,
8 tout and copman are rapidly changed. One person may perform
9 all of these roles several times during the same day.

10 For working in the cocaine and drug business,
11 cocaine abusers are typically paid in cocaine and other drugs
12 rather than in cash. Virtually every combination of drug
13 use and sales activity can be located. Such street distri-
14 butors are perhaps the major crime problem, as well as drug
15 use and sales problem, in New York City. They can be found
16 in virtually every neighborhood of the city. In some
17 communities, low income communities, drug distributors
18 routinely approach and hassle ordinary citizens to buy their
19 drugs, and until Operation Pressure Point, which is currently
20 underway, they've controlled the street life in Lower East
21 Side, Harlem and many other neighborhoods of the city.

22 Cocaine abuse is a major problem in efforts to
23 treat drug abusers. Almost 28,000 heroin abusers are

1 enrolled in methadone programs in New York City. The
2 methadone, however, reduces their need for heroin, but many
3 continue pre-existing patterns of cocaine abuse while
4 receiving legal methadone. As well, many heroin abusers
5 not in treatment also consume cocaine just as extensively.
6

7 The cocaine abuse problem has become more exten-
8 sive and more diversified since 1980. We currently are see-
9 ing that the wholesale price of cocaine appears to be
10 dropping and the purities appear to be increasing, although
11 there is no good evidence of that, one way or the other. That
12 is what is believed on the streets, however.

13 Cocaine free basing is more common than previously
14 it was amongst this low income population, and product
15 differentiation appears on the increase. The worst appears
16 yet to come. If the wholesale price of cocaine declines
17 further, not only will the rich be able to afford more of
18 it, but there will be more cocaine in the relatively low
19 quality street bags purchased by the cocaine abusers on the
20 streets.

21 Let me just add in closing that my remarks here
22 apply mainly to New York City. We are not certain how
23 applicable these findings may be outside the city or in other
large cities.

1 MR. HARMON: Now, Mr. Chairman, I have no further
2 questions. The witnesses are available for the Commission.

3 CHAIRMAN KAUFMAN: Let me ask you one brief ques-
4 tions, Dr. Johnson, since I reside in New York City.

5 DR. JOHNSON: Yes.

6 CHAIRMAN KAUFMAN: Are you telling us that the
7 concept that we had in the past of the street mugger as
8 one who was heroin addicted in the main and, therefore, try-
9 ing to support his habit is a concept that is undergoing
10 change, and that now that a cocaine user is probably
11 responsible as much as a heroin addict, if not more, for
12 the street offenses in New York City?

13 DR. JOHNSON: My sense is that people who engage
14 in robbery and street mugging are frequently involved in
15 both. I'm not so certain about those under age 25. I
16 feel more comfortable with those age 25 and over using both
17 heroin and cocaine. They haven't given up; at least those
18 over 25 have not given up their heroin. They've certainly
19 taken on cocaine, and they're doing a lot of both.

20 CHAIRMAN KAUFMAN: Are they using both drugs simul-
21 taneously?

22 DR. JOHNSON: That's right. That is, many of the
23 people that we have studied are using cocaine and heroin

1 on the same day, frequently in the same mixture which they
2 inject together as a "speed ball." That's I would say their
3 preferred pattern; their preferred drug of choice is a "speed
4 ball."

5 CHAIRMAN KAUFMAN: Would you say that there's a
6 new category also of mugger or street crime offender,
7 consisting of only the cocaine user?

8 DR. JOHNSON: Yes. My impression is that for reasons
9 that are unclear, the youths under 25 who are involved in
10 a variety of crimes, including street mugging, are mainly
11 into cocaine. For a variety of reasons that are not fully
12 understood, they are not using heroin, but certainly Dr.
13 Wish's data suggest that they are using cocaine as well,
14 and perhaps he would want to comment on that.

15 CHAIRMAN KAUFMAN: I will simply say at this point,
16 and I will ask the Commissioners if they have any other
17 questions, but I want to thank you on behalf of the
18 Commission. It has been very helpful.

19 Any questions?

20 COMMISSIONER METHVIN: Dr. Johnson, you are
21 familiar with the Rand Corporation studies in California,
22 Texas and Michigan, which seem to say the same thing. I
23 gather that the high rate predatory criminal, the violent

1 criminal in your findings would support the findings of the
2 Rand Corporation studies that drug use and drug abuse would
3 be a key indicator in separating out the really high rate
4 offender from the more spasmodic offender?

5 DR. JOHNSON: Yes. As a matter of fact, I've done
6 a great deal of research and essentially reproduced the same
7 kind of analysis that Rand report did, and I end up with
8 virtually the same conclusions. In a forthcoming book that
9 will be out in February, I document the crime rates, the
10 dollar incomes that have been received by such persons. I
11 haven't directly presented the difference between their
12 cocaine use and their heroin use, but I assure you that most
13 of those people are using both cocaine and heroin.

14 COMMISSIONER METHVIN: In your opinion, your
15 analysis would provide a tell tale indicator for identifying
16 the high rate predator and a basis for a strategy of
17 selective incapacitation; in other words, judging the real
18 "baddies" and keeping them in longer and thereby cutting
19 the crime rate.

20 DR. JOHNSON: Well, while I think that the infor-
21 mation that we obtained by a urinalysis can tell us a great
22 deal about their patterns of drug use at the time of the
23 crime or shortly thereafter, I'm less comfortable that it

1 will provide a direct indicator of who the serious criminals
2 are because there's a lot of people who are seriously crimin-
3 al, at least by self-reports, who when arrested are arrested
4 for a minor crime and whose official records may not be
5 particularly serious, and that you will have a lot of persons
6 who are arrested for, say, a theft or a relatively low level
7 residential burglary, who will in fact be much more serious
8 offenders than their official records would indicate.

9 COMMISSIONER METHVIN: But the urine test would
10 perhaps tip that off, would it not?

11 DR. JOHNSON: Well, Dr. Wish's data suggests, from
12 my reading, that there's not much difference in the urine
13 test results of persons who are arrested for robbery,
14 burglary, theft and everything else.

15 COMMISSIONER METHVIN: Could I ask you both to
16 address the question -- excuse me. I didn't mean to cut
17 you off, Dr. Wish, if you want to add something.

18 DR. WISH: I think that the information isn't there
19 right now to warrant selectively incapacitating anyone just
20 because they're positive for a urine test result. In fact,
21 it would be impossible to do so in some place like New York
22 City where, as I said, there are probably 40,000 people a
23 year who would be positive.

1 However, there is a current study going on in the
2 Washington, D. C. area now in which the judges are assigning
3 persons to either receive treatment, to receive urine monito
4 ing, or to a control group to find out the usefulness of uri
5 tests at the pretrial decision stage. So, in other words,
6 when a person is released on his own recognizance, the urine
7 test is then used to put the person in one of these conditio
8 and that is where I think we should be looking at.

9 That is, right now we have a lot of people coming
10 into the criminal justice system who are involved with hard
11 drugs, and we're not detecting that drug use, and so they're
12 just back out on the street, usually in days, and back to
13 using the drugs and committing crimes. However, I think wha
14 we need to do is to test persons right after their arrest
15 and then use that information at the pretrial decision stage
16 to set up a whole list of coordinated programs to deal with
17 that person's drug abuse problem, as well as the other
18 problems that we find that these persons typically have.

19 COMMISSIONER METHVIN: I'm sure you know, and I
20 want to make clear that the Rand Corporation study does not
21 recommend using drug testing alone as the basis for selectiv
22 incapacitation. They have five different indicators.

23 Could both of you address the cost of the most

1 sensitive EMIT test if applied on a mass scale?

2 DR. WISH: Okay. Because we are affiliated with
3 the New York State Division of Substance Abuse Services, we
4 use that laboratory, and I can tell you what the costs are
5 there. I would assume that if urine testing were to be
6 adopted in a jail facility, maybe their own private laboratory
7 could be set up or brought in right there, on site, to do
8 the testing. The costs could be cut.

9 The thin layer chromatography screen, which still
10 should be done, now costs 1.80. Now, that test tests for
11 I am not sure if it's between 14 and 20 substances, but as
12 my research has shown, it is a very poor indicator of recent
13 use of opiates or cocaine.

14 The EMIT test is drug specific so that the test
15 for opiates is \$1.00. The test for cocaine is \$1.00. Those
16 would be the two substances you would probably want to be
17 testing on an ongoing basis, and then we may want to test
18 for additional drugs on a sampling basis to see whether or
19 not the drugs are being used in that jurisdiction. The PCP
20 test is one of the more expensive, and that is \$3.50.

21 CHAIRMAN KAUFMAN: Mr. Harmon, let me ask you.
22 You have three more witnesses?

23 MR. HARMON: There are five more witnesses, Your

1 Honor.

2 CHAIRMAN KAUFMAN: Dealing with another aspect?

3 MR. HARMON: Yes, Your Honor.

4 CHAIRMAN KAUFMAN: Dealing with what generally?

5 MR. HARMON: One is the Medical Examiner, Deputy
6 Chief Medical Examiner of Dade County, and then agents to
7 describe the current situation in Colombia, the organization
8 of the Colombian cocaine networks, as well as a specific
9 instance of an attempt to assassinate DEA agents.

10 CHAIRMAN KAUFMAN: Well, as soon as we're through
11 with the questioning, we'll take a short recess and then
12 we will go into that other batch of witnesses.

13 Any more questions?

14 (No response.)

15 CHAIRMAN KAUFMAN: Thank you very much, gentlemen.

16 What is it, Doctor?

17 DR. WISH: Mr. Chairman, could I make one other
18 concluding point?

19 CHAIRMAN KAUFMAN: Yes, please.

20 DR. WISH: I think in this country in the last
21 few years we have been stressing considerably the reduction
22 of supplies, and I think that is good, and it is effective.
23 On the other hand, I don't think we've been stressing enough

1 the reduction of demand, and I hope that the panel will look
2 at that area and make some recommendations in that area.

3 CHAIRMAN KAUFMAN: You will recall that I asked
4 previous witnesses, what is it about the Americans today
5 that brings about this great demand for the substances, and
6 I have never gotten a definitive answer, and I hope some
7 day we will be able to get one. I realize it requires quite
8 a bit of work.

9 COMMISSIONER SKINNER: On that issue, I think your
10 testimony before our first hearing, I think it was quite
11 obvious that prevention rather than dealing with supply is
12 something that some of the Commissioners questioned the
13 emphasis and whether there is enough emphasis.

14 I wonder if you could summarize for the Commission
15 what you think in the area of prevention or diminishing of
16 demand, what the Federal Government should be doing in deal-
17 ing with that.

18 DR. WISH: I think that prior testimony has covered
19 the education, and I think that I can't stress enough the
20 need to start it at an early age, but we have to do something
21 with the thousands of people in our major cities who are
22 already into this problem, and I think from my findings you
23 can see that there is an opportunity here to intervene with

ms

1 the younger arrestees before they are injecting multiple
2 hard drugs, and I think to do that what we need to do is
3 to first identify the magnitude of the problem, probably
4 through urine testing, and then we need to set up a coordi-
5 nated approach to provide all of the services that affect
6 these problems rather than a piecemeal approach, just to loo
7 at the drug treatment or just to look at sanctions. I think
8 we need to have a new coordinated approach of basically
9 enforced treatment, treatment with sanctions.

10 CHAIRMAN KAUFMAN: Are you in effect saying that
11 what we really need is a psychological study of the American
12 phenomenon, and that is why this has become the greatest
13 market in the world for mind altering drugs, and what is it
14 about the American public, many members of the American
15 public, that require these drugs?

16 DR. WISH: Well, Mr. Chairman, I cannot --

17 CHAIRMAN KAUFMAN: In other words, we have been
18 doing this backwards. We apprehend the importer of the
19 drugs. We try to do something about the exporter, but why
20 have we created such a great market in this country?

21 DR. WISH: In the population that I deal with,
22 when you look at their lives, when you look at how they feel
23 about their lives, they have dropped out of school at an

1 early age; they've gotten into trouble at an early age, even
2 before they got involved with drugs. They are extremely
3 depressed. They have no future, no hope, and the drugs
4 ameliorate those problems in a short-term way.

5 COMMISSIONER SKINNER: One final question. Is
6 it realistic -- no one has addressed it yet, but I'm going
7 to -- is it realistic for us to see a mandatory drug testing
8 program for students at least at the high school level
9 nationwide? Forget the legal ramifications and implications.
10 As I understand it, the early detection and counseling,
11 assisting them early on before it gets to six and seven year
12 habit proportions is of benefit. Isn't the cleanest way
13 to identify these people from what you said in much the way
14 the military does and some employers do, mandatory testing
15 of students at the high school level?

16 DR. WISH: I think that there are a lot of costs
17 in doing that. When I talk about this issue around the
18 country, people are very concerned about their civil
19 liberties, as they should be. I feel that in a criminal
20 justice environment, where there is a probability that the
21 person is abusing drugs, as my data have shown, then there
22 is enough of a possibility that it's warranted to do the
23 testing, but in other populations, serious hard drug use

1 is very, very less frequent, and I don't think I would want
2 to see the type of society where people are being required
3 to provide urine specimens at just random times all the way
4 down to a really young person.

5 COMMISSIONER SKINNER: You can do it as a conditio
6 of employment in the military, but you can't do it as a con-
7 dition of schooling in schools; is that your position?

8 DR. WISH: Well, I'm saying it could be done, but
9 I wouldn't advise it.

10 CHAIRMAN KAUFMAN: All right. Thank you very much
11 gentlemen. You have been very helpful. We appreciate it.

12 And we will take a ten-minute recess at this point
13 (Whereupon, a short recess was taken.)

14 DR. CHARLES V. WETLI

15 MR. HARMON: The next witness, Mr. Chairman, is
16 the Deputy Chief Medical Examiner of Dade County, Florida,
17 Charles V. Wetli.

18 Would you please swear the witness?
19 Whereupon,

20 CHARLES V. WETLI, M.D.
21 was called as a witness and, having been first duly sworn,
22 was examined and testified as follows:

23 MR. HARMON: Dr. Wetli, the Commission has heard
the ways in which cocaine can have and does have a

1 significant impact upon living across the spectrum of
2 American society. Would you explain to the Commission, please,
3 based upon your experience, the ways in which cocaine can
4 and has induced death based upon your experience in Florida?

5 DR. WETLI: Professionally as a forensic pathologist,
6 our main job in Dade County, Florida, which encompasses the
7 Greater Miami Area, is to investigate anybody who dies
8 suddenly and unexpectedly while they're apparently in good
9 health or under any circumstances which suggest something
10 other than a natural death.

11 The cocaine problem has been there, and perhaps
12 Florida has been the forefront of it, for the past number
13 of years, but of course, it is nothing new. If I could have
14 the first slide on please.

15 Okay. Back about 100 years ago, cocaine we have
16 found happened to have been a very popular type of drug.
17 It was served as a tonic, as Vin Mariani. It was a very
18 recreational drug. Sigmund Freud espoused its use for
19 treatment of heroin addiction and a variety of other things.

20 Without going into all of the history of it,
21 basically cocaine ran into a lot of disfavor and was
22 essentially outlawed and became a forgotten drug until the
23 late 1960s, early 1970s, when articles such as this started

1 coming out. (Slide shown.) This is the cover of a magazine
2 which appeared in South Florida, really indicating in the
3 mid-1970s what the perception of cocaine was

4 At that time, as a Medical Examiner, I was hearing
5 individuals saying, "Well, cocaine is a very harmless drug.
6 It never kills anybody unless there's a peculiar attitude
7 to it." Yet we were finding scenes such as this, a young
8 woman who is gainfully employed found dead in her hotel room.
9 She basically went out to a disco one night, you know, having
10 a few drinks, going out to a parking lot, snorting some
11 cocaine, went back to her boyfriend's house, laid down on
12 a waterbed and had convulsions and died.

13 When we get to the scene, we don't find anything.
14 We might find some drug paraphernalia such as a spoon, and
15 when we get back to our facility, we find only some signs
16 of an asphyxial mechanism of death, predominantly some fluid
17 in the nasal cavity, some bloody mucus around the nose and
18 mouth, and this would lead then to a negative autopsy, if
19 you will, because we really wouldn't find anything at the
20 autopsy, and I would hand a sample of blood to our toxicolo-
21 gist, and he would come back and say it was cocaine at
22 such-and-such a level.

23 From things like this, we began to realize that

1 cocaine was not the benign drug that everybody actually was
2 saying it was supposed to be.

3 When we started looking at our data, we first start-
4 ed getting interested in cocaine deaths around 1978 and have
5 continued the study since then. This particular graph
6 details our incidence of cocaine deaths, and these are all
7 overdose deaths, not cocaine-related deaths from vehicular
8 crashes or anything else, but the solid line indicates
9 cocaine overdose deaths starting in 1969, and there is a
10 regular sawtoothed progression, if you will, and then
11 commencing around 1980 a very sharp progression.

12 We were in the early 1970s seeing perhaps about
13 two or three cocaine deaths per year during that time. We
14 are now currently in Dade County seeing about two cocaine
15 overdose deaths per month, and this graph ends in 1983. By
16 1984 it should be up here some place (indicating), over 30
17 or around 30 or more deaths from cocaine.

18 The dashed line here on this graph simply repre-
19 sents polydrug overdose deaths, meaning individuals who were
20 taking cocaine and other drugs and have died. Some of these
21 assuredly are cocaine deaths; others are probably the effects
22 of a combination of drugs.

23 At any rate, we are seeing an exponential rise.

us

1 What we find is that prior to 1978, the average death, if
2 you will, a typical cocaine overdose fatality, is a 26 year
3 old white male. Females, particularly white females, were
4 very scarcely counted in the figures, as well as blacks.
5 The population of Dade County is currently 17 percent black,
6 and now currently with all of our revised data, we find that
7 about one-third the population of cocaine overdose deaths
8 are, in fact, blacks. Females are also being more fully
9 represented in the street cocaine overdose groups.

10 So altogether our average age now is about 29 to
11 30 years of age. Since 1978, however, it has actually
12 climbed to about 30 or 31 years of age as far as the average
13 overdose is concerned.

14 Now, typically what we find out is that there is no
15 prediction as to who is necessarily going to overdose.
16 We have found that the history of prior use is perhaps
17 important, but only in the sense of what they call a "kindl-
18 ing effect," meaning that people can either suddenly lose
19 tolerance for cocaine after they've been using it, or perhaps
20 they develop a reverse tolerance. In other words, what is
21 a safe dose for a person one day can apparently be a fatal
22 dose the next day, and there is no really good way of pre-
23 dicting it, and there are some animal experiments to show

1 that same type of phenomenon has occurred.

2 Absolute blood concentration seems to be important,
3 but not as important as how fast the cocaine gets into the
4 blood, and this is something the recreational user, of
5 course, cannot control. Again, history of prior use is also
6 important.

7 Besides the frequent users, epileptics and those
8 with any type of hypertension or cardiovascular disease are
9 at risk for the untoward effects of cocaine. Cocaine is
10 a drug which is known to induce convulsions even in normal
11 animals or normal individuals. So epileptics are going to
12 be at great risk of an epileptic seizure while under the
13 influence of cocaine, even if they are taking medications
14 to combat the epilepsy. Those with hypertension or heart
15 disease, of course, are at risk because of the effects of
16 cocaine which act very much like adrenalin by increasing
17 the heart rate, blood pressure and so forth.

18 Unfortunately, in a death investigation, if we have
19 somebody who has hypertension and dies from the effects of it
20 while under the influence of cocaine, it is only a surmise
21 that the cocaine induced it. We have no way of going back
22 and proving it obviously because the person is already dead.

23 The typical cocaine death from snorting the drug

1 or injecting it generally goes for a person who has taken
2 the drug; they will go from 30 to 60 minutes without any
3 problems, and then they go into seizures, which are rather
4 violent, generalized type seizures, and this is rapidly
5 followed within minutes by respiratory collapse and death.

6 This, for example, is a 16 year old girl found
7 dead in a hotel room. The marks on her neck at first were
8 very worrisome to the police and ourselves because it looked
9 like a manual strangulation. It turns out these are from
10 her boyfriend who was trying to manipulate a semi-comotase
11 or stuporous individual.

12 Other clues we find that it might be cocaine is
13 wet bathroom floors. These people, before they die, very
14 frequently have body temperatures going to about 108 degrees
15 Fahrenheit or more. Body temperatures go extremely high.
16 Finding wet towels around, evidence of showers, wet bathroom
17 floors and so forth are also a tip-off that they were using
18 it.

19 Because they go into seizures and the seizures
20 are rather violent, they'll get lacerations on the insides
21 of their lower lips. They'll bite their tongue. They'll
22 also end up lacerating the insides of their cheeks, as you
23 see here, from the violent seizures, and in Dade County

1 right now we have a fairly young individual, in other words,
2 in their 30s or below, with no history of epilepsy that has
3 these particular signs. It is a cocaine overdose death until
4 proven otherwise, and usually it turns out to be that.

5 (Pause in proceedings for showing of slides.)

6 DR. WETLI: What we have found is that the signs
7 of cocaine and the problems of cocaine are really quite
8 different than you will find with heroin addiction and a
9 variety of other things. For example, at the time of autopsy,
10 the findings of heroin addiction are entirely different than
11 would be defined with cocaine. Unfortunately, many medical
12 studies and governmental agencies and whatnot are lumping
13 intravenous drug abuse all together as one category, which
14 is not entirely fair.

15 For example, the person who is injecting cocaine
16 is injecting substances which are entirely soluble. He's
17 usually injecting mannitol, cocaine hydrochloride, maybe
18 some lidocaine hydrochloride if it was added, and so forth.
19 The heroin addict, the narcotics user, is injecting a variety
20 of substances. Not only the heroin is different, but also
21 the quinine, talc, starch, other things, excipients which
22 might be in pills which he has crushed up and so forth, and
23 these are going to have other deleterious effects upon the

1 body.

2 As a result, when the person is not involved with
3 shooting up other drugs other than cocaine, they have very
4 typical track marks. They start off as usually multiple
5 salmon colored type bruises over both upper extremities,
6 and after a period of time, these will disappear pretty much
7 like any other bruise. Also, for a long time we thought
8 that these cocaine users did not really get scarring like
9 the heroin addicts did simply because they were not inject-
10 ing the talc and starch, but it turns out they do get certain
11 types of scarring, kind of looking like a smallpox vaccination
12 site. The reasons for this probably are because of a direct
13 toxic action of cocaine at the points of injection where
14 you get a breakdown of skin forming a small ulcer, which
15 in turn can also become infected. These may become large,
16 confluent, and involve large portions of the upper or lower
17 extremities where the skin literally will slough off, exposing
18 the underlying tissues and so forth.

19 The other things that can happen with cocaine from
20 intravenous injection are the things which would be common
21 to any type of IV drug abuse, such as bacterial endocarditis,
22 local abscesses and whatnot. One thing we have found which
23 seems to be kind of rare but may have more of a theoretical

1 importance is the presence of a primary fungal infection
2 of the brain. We have had several cases of this, and the
3 common denominator is intravenous abuse of stimulant drugs,
4 most notably cocaine, but also anphetamines. Why exactly
5 this occurs, we don't know. The syndrome generally begins
6 as an individual who has some neurological problems, such as
7 unsteady gait, blurring of vision. Within about 24 hours,
8 they are in a coma. Within about three days, they're dead.
9 One organism we isolated was never known to cause human
10 disease before, and we're not sure whether we're looking
11 at a variant of AIDS or if we're looking at something
12 specific for a stimulant drug in general or cocaine in par-
13 ticular.

14 These are the typical track marks from cocaine
15 intravenous abuse. Usually you'll find the multiple bruises
16 like this on both upper extremities. Twenty or 30 injection
17 sites are not uncommon after an orgy of cocaine injections.
18 Very frequently they also have a central area of clearing
19 in the center of these areas, and again, we're not too sure
20 exactly why that occurs. So far we've not really seen any-
21 thing else that will mimic this, and it seems to be fairly
22 typical for the intravenous abuse of cocaine.

23 Scarring which is so typical of heroin addiction

1 is relatively uncommon with cocaine. This is a photograph
2 of a young man who is alive and well in a drug rehab program
3 in Miami, and he told us that he was injecting for five years
4 in one particular site, and that is all of the scarring he
5 has. So the scarring these people are getting is not from
6 the materials they are injecting, for the most part, but
7 simply from the mechanical trauma of injecting.

8 However, we also started noticing that individuals
9 would have round scars, almost like raised smallpox scars,
10 in this case what we call atrophic scars as well, and for
11 a long time we didn't know what was occurring. Here is
12 another example. The small, round scars like this also seem
13 to be typical for cocaine.

14 I think here you can see the progression all in
15 one arm: the prominent, larger ulcers on the left, towards
16 the middle a healing type of ulcer, and then towards the
17 right of the photograph a healed ulcer, and we're not too
18 sure why it happens; perhaps for the same reason that people
19 are getting perforation of the nasal septums or whatnot.

20 Experimental studies have shown there is perhaps
21 a direct toxic action with cocaine in the area combined with
22 the effect of cocaine being able to constrict blood vessels,
23 therefore creating local areas of lack of oxygen supply,

1 and therefore necrosis and tissue breakdown.

2 These may progress and become confluent. They
3 may involve both upper extremities, as we see here, or may
4 occur like in this girl who has been injecting cocaine for
5 about 13 years, large areas of skin sloughing and also
6 obstruction of lymphatic circulation of her legs. She had
7 had this we know for at least seven months and refused
8 medical treatment for it, until she finally, in fact, did
9 die from a cocaine overdose one day.

10 I mentioned before the brain abscesses. This is
11 a cross-section of a brain of one such individual. The
12 brown areas indicate the fungal infection where it has spread,
13 a very rapid destruction of almost virtually the entire
14 brain, if you will, during a relatively short course of three
15 or four days for this particular process. Again, we don't
16 exactly know why it occurs. It seems to have a predilection
17 for stimulant drugs, and as I said, cocaine in particular.

18 Something new we've been seeing in the area of
19 cocaine-induced abnormalities from a medical point of view
20 is cocaine-induced psychosis, and it has been known for a
21 long time cocaine can induce a variety of mental aberrations
22 that others have alluded to, including a dysphoria. Higher
23 concentrations can give you something like a paranoid

1 schizophrenia or a toxic psychosis, and all of these can
2 be accompanied by visual, tactile and auditory hallucinations
3 and varying degrees of disorientation, and so forth. The
4 one that we have been seeing most commonly associated with
5 sudden death is one called excited delirium.

6 Now, excited delirium -- you can read, I think,
7 as well as I can -- but the usual scenario is an individual
8 who free bases, injects or snorts cocaine and without warning
9 suddenly has an intense onset of paranoia and violent
10 behavior, smashing objects and exhibiting violence towards
11 other individuals. They love to smash windows, for example,
12 and have other forms of bizarre behavior, such as tearing
13 off their clothing.

14 The usual scenario then is the individual jumps
15 out of windows, goes running down the neighborhood banging
16 on doors, creating a generalized disturbance, almost invar-
17 iably necessitating police attention. When the police arrive,
18 they encounter an individual who exhibits unexpected strength,
19 almost like he was on phencyclidine or Angel Dust. They
20 restrain him, usually forcibly, throw him in the back of
21 the police car, and he continues to thrash about, trying
22 to kick out the windows. They finally hog-tie him, he quiets
23 down, and they check on him an hour later, and he's dead.

1 The implications here, of course, are quite
2 serious. Virtually all of these deaths are within police
3 custody. They occur within about an hour of being restrained,
4 and the blood cocaine levels are about ten times below that
5 of what we see in overdose situations. Exactly why they
6 die, the exact mechanism of death of these people we have
7 no idea, nor do we have any idea of what causes the psychosis.

8 We can say that most of these cases have occurred
9 during a time when the purity of street cocaine, according
10 to the Drug Enforcement Administration, went from an average
11 of about 12 and a half percent on the street to about 35
12 percent or more of on the street cocaine. So it might have
13 something to do with the actual dose of cocaine.

14 One such individual who went berserk, if you will,
15 dove into another apartment stark naked, started smashing
16 and ransacking the place, was finally restrained by the
17 police, and had a respiratory arrest shortly after being
18 restrained. He's got evidence of injury, which of course
19 creates a community problem especially if the police have
20 had to strike him for any reason, which occasionally happens.
21 One individual, for example, stole the gun of an officer,
22 and the officer had to hit him on the head with a large
23 flashlight. Of course, this raises all kinds of questions

1 by a variety of interested parties, but self-induced
2 injuries are very common. These are pretty minor, just
3 showing the struggling against various restraints and so
4 forth. Other individuals have injured themselves so badly
5 by jumping through windows they bled to death at the scene,
6 and so forth. That's about the latest thing we've been
7 running into.

8 Body packers are something else a Medical Examiner
9 routinely runs into, and these are individuals who will ingest
10 or insert packets of cocaine in order to smuggle them into
11 the country. One of our earlier examples was an individual
12 such as this one. He came from South America, checked into
13 the hotel acting very nervous, and they found him dead the
14 next day. The only thing unusual was the presence of Fleet's
15 enemas and laxatives around in the hotel room, which is a bit
16 unusual for an international traveler, but when we performed
17 the autopsy, we found in his stomach no less than 85 con-
18 doms, each of these filled with three to five grams of
19 cocaine, and when we checked them further, we found, of
20 course, some of them had broken.

21 They have gone from using condoms and these are
22 also condoms, by the way. One hundred forty-seven were in
23 the gastrointestinal tract of this particular individual,

1 and if you'll notice the one in the center, it has an air
2 fluid level in there, meaning these do not have to rupture
3 or break open in order to kill the person. These were made
4 to be impervious to a variety of substances, but water isn't
5 one of them, and water does, in fact, leak in as a semi-
6 permeable membrane, and the cocaine molecule is enough to
7 leak out, and the person just keeps absorbing the cocaine
8 until he goes into convulsions aboard the aircraft or in
9 the customs area of the airport.

10 These smugglers have graduated from using condoms
11 to using balloons, and they didn't seem to work much better.
12 This particular individual swallowed 110 of these things.
13 One person died. The other one almost died and was saved
14 by surgery.

15 The latest thing we've seen are individuals like
16 this. They apparently are now using native Colombians, at
17 least to a certain extent. They are coming to the United
18 States and are found dead in motel rooms. Wet towels and
19 so forth are all over the place. This individual was in
20 full rigor mortis. His body temperature was in excess of
21 104 degrees. Evidence of wet towels all over the place and
22 travel from South America, as well. The autopsy shows these
23 in his stomach, and altogether we recovered 66 of these

1 particular packets, totaling 530 grams of 85 percent pure
2 cocaine.

3 They are packaging them now using thin plastic
4 wraps. They are compressing, first of all, the cocaine into
5 a small brick, placing those inside a thin plastic wrapper,
6 and then wrapping them a half dozen times or more with the
7 tips of surgical gloves. We haven't had too many of these,
8 but Customs and other agencies have been picking them up
9 with a bit more frequency than we have. This seems to be
10 a better method of packing, but again, not entirely fool-
11 proof.

12 Finally, the other things we see as far as cocaine
13 are the cocaine-related murders that take place, the drug-
14 related murders in general of which cocaine seems to be
15 paramount in the Dade County area. Currently and for the
16 last several years, they're accounting for approximately
17 30 percent of our homicides. Many of them have execution
18 style overtones about them.

19 This is an individual, for example, seated in a
20 Cuban cafe or restaurant, and someone came up behind him and
21 shot him. He goes down, and the perpetrator walks out, and
22 that type of execution.

23 Others are handcuffed and tied. This individual

1 was shot in his home. He was tied up first, wouldn't give
2 the information, or his wife was present. They finally shot
3 him by placing the gun in his ear. A double bag in the
4 living room had \$835,000 in cash. They didn't find any drugs
5 in this case.

6 Other things will happen. Remote areas, this woman
7 is by the zoo. A Cadillac pulls up, drops a box off. A
8 curious fisherman opens up the box. Again, another type
9 of typical drug-style execution slaying, using plastic
10 garbage bags. They will also use automobiles, parking them
11 at the airport at remote areas and also incinerating the
12 automobiles to try and sometimes destroy the evidence.

13 You can't see it here, but we had a rash of
14 machinegun killings for a period of time. People in Dade
15 County could walk in and buy a MAC-10 or MAC-11, so-called
16 semi-automatic gun, and in about two minutes could convert
17 it into a fully automatic machinegun, and that's what was
18 used in this case in a shopping center, a rather busy shopping
19 center in a fairly affluent area of Dade County. You can
20 see that a machinegun is in the foreground there.

21 Other things will happen. This individual answers
22 the door at four in the morning. He's met with a .9 milli-
23 meter semi-automatic pistol. Marijuana is left behind.

1 True cowboy style, they shoot open the door of the closet
2 and inside there, scales typical for weighing out cocaine,
3 marijuana and other drugs, boxes full of manitol which is
4 being used for cutting the cocaine, other instruments, some
5 of their favorite guns, the semi-automatic pistols and these
6 long tubular structures in here are things which are called
7 silencers or suppressors.

8 Again, innocent people sometimes get killed. This
9 is a girlfriend found dead in bed. In examining her more
10 closely, she again was shot in the ear, but the other thing
11 is that in looking closely, she has all of the typical
12 markings of what's known as a suppressor, which is a thing
13 which screws onto the end of the barrel of the gun and is
14 packed with steel wool, and every time you shoot it, some
15 of that comes out. More recently we've seen more profession-
16 al type silencers being used by these individuals as well.

17 Mutilation murders are occasionally being seen
18 also. This body was dumped in a cemetery, a known cocaine
19 dealer. I believe it was his right hand that was actually
20 cut off.

21 Another cocaine dealer found shot in her home.
22 She had been shot by a small semi-automatic type fire in
23 the back of the head, again, execution-type slaying, and

1 with amputation of the ear. Again, what purpose they have
2 in this, I don't know, but it's something that is occasional-
3 ly seen.

4 Innocent people again getting killed. The son
5 of one person who was shot at with machinegun fire and his
6 son, a little three year old boy, actually got in the way
7 of the gun fire and got killed. The father simply cleaned
8 him, dressed him and placed him in a church with the roses.
9 That kind of thing occasionally happens. Fortunately it
10 is not as common as it could possibly be.

11 I think we've so far come a long ways since the
12 initial mid-1970s work that we've done. We're in a sense
13 repeating history. Whereas cocaine was regarded, I think,
14 less than a decade ago as being a very benign drug, we're
15 starting to learn a lot more about it. National news media,
16 such as Time Magazine, have also come out with articles
17 indicating that cocaine isn't perhaps the greatest drug in
18 the world, certainly nothing to fool around with.

19 About 60 percent of admissions to drug rehab
20 programs today in Dade County are due to cocaine, and I think
21 we're learning a lot about the abuses of cocaine and its
22 problems at this point.

23 I think I had better stop here because I think

1 we're running behind.

2 CHAIRMAN KAUFMAN: Are you through, Mr. Harmon?

3 MR. HARMON: Yes, Mr. Chairman.

4 COMMISSIONER SKINNER: How many deaths in Dade
5 County in the last year do you attribute to cocaine, either
6 cocaine induced or drug smuggling?

7 DR. WETLI: Drug smuggling deaths as far as like
8 the body packers and so forth, we had a peak of those in
9 1980, and they've dropped off to something very sporadic.
10 I think we had two or three in 1983 from that.

11 Cocaine overdose deaths for 1983, I believe, were
12 about 22 or 23, and we should hit 30 or 35 for 1984 the way
13 things are going. The population of Dade County as a point
14 of reference is 1.7 million.

15 CHAIRMAN KAUFMAN. Is there anything further?

16 (No response.)

17 CHAIRMAN KAUFMAN: Thank you very much, Doctor.
18 We appreciate your coming.

19 JOHN PHELPS

20 MR.HARMON: Thank you, Dr. Wetli.

21 With your permission, Mr. Chairman, I would ask
22 Special Agent John Phelps of the Drug Enforcement Administra-
23 tion to come forward and to take the witness stand.

Would you please swear the witness?

1 Whereupon,

2 JOHNNY PHELPS

3 was called as a witness and, having been first duly sworn,
4 was examined and testified as follows:

5 MR. HARMON: Mr. Chairman, Agent Phelps has
6 given a prepared statement which with your permission will
7 be made part of the record of this hearing.

8 Agent Phelps, I would like to direct some very
9 specific questions to you. You've heard medical testimony
10 concerning the effects of cocaine use. In very general terms,
11 and directing the Commission's attention to the photographs
12 which appear to your right, would you explain to the
13 Commission exactly what cocaine is and how it is produced
14 in South America?

15 AGENT PHELPS: Yes. Cocaine is a substance which
16 through a series of chemical processes, part of which you
17 can see on the photographs and posters to the right-hand
18 side, is extracted from the coca leaf. These cultivations
19 of coca in the case of Colombia will appear in a jungle
20 environment, which is also shown in one of the photographs
21 on the board, but the majority of the coca is grown in the
22 countries of Bolivia and Peru.

23 MR. HARMON: I might point out, Mr. Chairman,

1 that Special Agent Phelps has spent three and a half years
2 as a Special Agent in charge in Colombia, and has recently
3 returned from Colombia. He is also fluent in Spanish.

4 Well, subsequent to the cultivation, the actual
5 growth of the coca plants in primarily Peru and Bolivia,
6 what is then done in the processing chain of cocaine?

7 AGENT PHELPS: In the case of the product coming
8 from Bolivia and Peru, it's transported normally by light
9 aircraft to Colombia, brought in to landing strips such as
10 the one shown in the upper left-hand corner of the poster
11 and the center.

12 There it's off-loaded and transported to other
13 laboratory sites, oftentimes located with the landing
14 strips.

15 MR. HARMON: Is Colombia therefore the primary
16 refinery location for the processing of cocaine?

17 AGENT PHELPS: Yes, it is. As much as 75 percent
18 of the cocaine which comes to this country originates in
19 Colombia.

20 MR. HARMON: Now, Agent Phelps, there are additional
21 photographs of an airstrip and a village here in the upper
22 left-hand corner of the series of photographs. Are there
23 villages or settlements which have a reason to support the

1 laboratories, refining laboratories, located in Colombia?

2 AGENT PHELPS: Yes. This is a common sight in
3 the jungles of Colombia in the coca growing areas. Usually
4 these villages are located on the banks of rivers, major
5 rivers, in the jungles, originally established as a fishing
6 village, but due to the influx of coca cultivations and those
7 involved in the cultivation, harvesting and processing of
8 coca leaf, have grown into small, very active and busy
9 villages where sometimes even coca paste is used as a means
10 of exchange, as a currency.

11 MR. HARMON: Would you explain to the Commission
12 what you mean by "coca paste"?

13 AGENT PHELPS: Coca paste is the first product
14 which is extracted from the coca leaf. The coca leaf is
15 harvested, is taken to a site similar to the ones you see
16 here. The leaf is macerated. It's soaked in either a
17 mixture of gasoline or kerosene and other chemicals. It
18 goes through a filtering process, and the first product that's
19 extracted is called coca paste.

20 MR. HARMON: Now, is there a way to actually use
21 the coca paste rather than what's commonly thought of as
22 cocaine, that being the final crystalline powder?

23 AGENT PHELPS: Yes. As a matter of fact, in

1 Colombia, the use and abuse of coca paste has become a
2 serious problem there in the last two years. When I first
3 went to Colombia in 1981, it was almost unheard of that this
4 substance would be used, primarily by the young people of
5 the country, but during the last few months it has been recog-
6 nized by the Colombian government as a serious and significant
7 health problem.

8 MR. HARMON: Historically, Agent Phelps, once the
9 coca paste had been refined, how was it transported into
10 this country, in general terms?

11 AGENT PHELPS: In general terms, by private aircraft.
12 That was a favorite method of transportation. Small single
13 engine or twin engine aircraft, usually modified to allow
14 it to make the trip from the Southeastern United States to
15 Colombia, where it would take on a cocaine cargo, refuel
16 and return to a clandestine area, again usually in the
17 Southeastern United States.

18 MR. HARMON: Is there any signs that that has chang-
19 ed?

20 AGENT PHELPS: Yes, there is. In the last 18
21 months, we have seen increasing use by the traffickers of
22 private vessels, yachts in most cases, which are modified
23 and have specially built compartments to conceal cocaine,

1 which is transported from the north coast of Colombia, into
2 the Bahamas, and then ultimately into the United States.

3 MR. HARMON: Now, on the charts to which
4 Investigator Sheehan has been referring, there is a marker
5 which indicates an opium cultivation area in Colombia. Has
6 there been uncovered for the first time the cultivation of
7 poppies, which could lead to the ultimate production of
8 heroin in Colombia?

9 AGENT PHELPS: In the past three or four years,
10 DEA has received intelligence information indicating that
11 Colombian cocaine traffickers were looking for alternate
12 sources of income due to a drop in cocaine prices here in
13 the United States.

14 We learned that they were experimenting with opium
15 poppy fields, grown often in the immediate areas or co-located
16 with coca cultivations. That has been confirmed. We have
17 found opium poppy cultivations in the mountains of Colombia.
18 We have also found finished heroin product in small quantities
19 that have been produced by the Colombians.

20 MR. HARMON: Now, you've described in general terms,
21 Agent Phelps, the refining process itself. Are there various
22 chemicals that are utilized as part of the refining process?

23 AGENT PHELPS: Yes. The primary chemicals used

1 for the conversion to the hydrochloride form and acetone
2 and ether.

3 MR. HARMON: Has the Drug Enforcement Adminis-
4 tration undertaken something known as Operation Chem-Con,
5 which is designed to influence the availability of these
6 precursor chemicals to the development and manufacture of
7 cocaine?

8 AGENT PHELPS: Yes. Operation Chem-Con, which
9 is short for "chemical control," was first initiated in 198
10 We began a study of the amounts of these chemicals, primaril
11 acetone and ether, which were being imported into Colombia,
12 and found that there were many, many hundreds times more
13 than what was needed for the legitimate industry of the
14 country. As much as 98 percent of the chemicals, specifical
15 ly acetone and ether, were destined to the cocaine traffick-
16 ers and their laboratories.

17 As a result of that, we took this evidence to the
18 Colombian government, and they did implement changes which
19 required prior licensing and permit for the importation of
20 these chemicals into the country.

21 We extended Operation Chem-Con then to other ether
22 supplying countries, such as Mexico, Germany, Denmark, France
23 and of course here in the United States. In those and other

1 countries we now have some voluntary cooperation from the
2 chemical industry from the ether suppliers and acetone
3 suppliers, whereby we have an opportunity to examine the
4 results of sales they have made to the international market,
5 primarily, and oftentimes have been able to convince them
6 not to sell their products that we feel certain were destined
7 to cocaine traffickers.

8 MR. HARMON: Has Operation Chem-Con, in your view,
9 had an effect on the price of ether, which is necessary to
10 the refinement process?

11 AGENT PHELPS: In the case of Colombia, very much
12 so. In 1981, when we first began monitoring these
13 chemicals, in that country a 55 gallon drum of the substance
14 was sold for about 400 to \$500, and that same drum of ether
15 now is worth about \$6,000 in Colombia, which indicates an
16 acute shortage there.

17 MR. HARMON: And approximately how much would that
18 same barrel of ether cost in the United States?

19 AGENT PHELPS: It's my understanding it's something
20 over \$250.

21 MR. HARMON: Now, Agent Phelps, drawing your
22 attention to another subject, on March 8th, 1984, the
23 Colombian national police raided a cocaine laboratory in

1 a place called Tranquilandia. Tomorrow the Commission will
2 see a video of a portion of that raid.

3 Where exactly is Tranquilandia?

4 AGENT PHELPS: Tranquilandia was a name given to
5 a very large cocaine processing laboratory complex, which
6 was found about 350 to 400 miles from the city of Bogota
7 in a southeasterly direction, and just in the middle of
8 nothing but jungle.

9 MR. HARMON: Were you present in Colombia at the
10 time this raid took place?

11 AGENT PHELPS: Yes, I was. Some DEA officials
12 accompanied the Colombian national police on this raid, and
13 what they found, as I said, was what some Colombians descri
14 as a cocaine industrial complex.

15 MR. HARMON: Well, what was the response of the
16 Colombian public to what was found?

17 AGENT PHELPS: Well, one of disbelief. While it's
18 generally accepted by most Colombians that their country
19 is a source country for most of the cocaine available in
20 the world, no one imagined that these kinds of operations
21 existed, especially in a jungle environment. These
22 operations had all of the modern conveniences, something
23 that could have been located in any city in Colombia, runnin

1 water, for example, electric lights provided by generators
2 that were flown into the area, mess halls, infirmaries set
3 up for the workers.

4 MR. HARMON: Now, Agent Phelps, at Tranquilandia,
5 there was found a handwritten map on which was designated
6 a series of other base camp laboratories. The details of
7 raids on those other laboratories will be discussed tomorrow
8 during the Commission's meeting.

9 What was the result of this series of raids by
10 way of seizures, the raids beginning with Tranquilandia?

11 AGENT PHELPS: What began in Tranquilandia and
12 continued for the next few days, actually several weeks after
13 that, resulted in the seizure of about 14 metric tons of
14 cocaine and cocaine base, primarily cocaine hydrochloride.
15 A very small percentage of that was cocaine base.

16 MR. HARMON: Is that a significant amount of cocaine?

17 AGENT PHELPS: It's a very significant amount of
18 cocaine, when you consider our previous estimates of the
19 amounts that were imported or smuggled into the United
20 States.

21 MR. HARMON: Are two of the major cocaine
22 trafficking organizations headed by persons known as Pablo
23 Escobar and Jorge Ochoa?

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AGENT PHELPS: Yes, they are.

MR. HARMON: What was the reaction of the cocaine organizations to the Tranquilandia raid, as well as those that followed?

AGENT PHELPS: Well, their initial reactions were that they went into hiding. They were no longer visible to the public as they had been prior to this action. They then at a later time moved their smuggling operations and their processing locations to other neighboring countries, such as Panama, Venezuela, and smuggling activities at least in one case took place based from the country of Nicaragua.

MR. HARMON: Aside from those countries, did DEA receive information that laboratories had moved also to Venezuela, Spain and Brazil?

AGENT PHELPS: To Venezuela and Brazil. In the case of Spain, there was a refuge which was sought by the Colombian traffickers. They felt comfortable there because of the language, of course, being the same, and being so far removed from Colombia, they felt safe from any law enforcement activities.

MR. HARMON: Now, you mentioned in at least one instance there was a cocaine smuggling operation which took place through Nicaragua. Could you describe that, please?

1 AGENT PHELPS: Yes. This occurred in June and
2 July of this year. A DEA investigation in Miami developed
3 information which indicated that a particular group of
4 Colombia traffickers had moved to Nicaragua, where they were
5 staging their smuggling activities, and had intended to set
6 up laboratory processing activities there.

7 According to them, all of these things were taking
8 place with the participation of certain members of the
9 Nicaraguan government and with their protection. This infor-
10 mation was confirmed through this investigation, and what
11 you see on the poster in the center are black and white
12 photographs taken from an aircraft which is controlled by
13 a DEA informant. This aircraft was equipped with a hidden
14 camera, which photographed some known Colombian traffickers
15 on site at the loading which took place in Los Braziles,
16 Nicaragua.

17 MR. HARMON: Are you able to identify, from
18 your own knowledge, any of the Colombia cocaine drug
19 traffickers in that series of photographs?

20 AGENT PHELPS: Yes. I can personally identify
21 an individual by the name of Pablo Escobar, a notorious
22 cocaine trafficker from the city of Medellin, Colombia.

23 MR. HARMON: And were these photographs taken from

1 an aircraft located on a military airstrip in Nicaragua?

2 AGENT PHELPS: Yes, they were.

3 MR. HARMON: Now, aside from this smuggling operation
4 which took place through Nicaragua, was there a meeting
5 in Panama which took place in or about May of 1984, among
6 the major cocaine traffickers from Colombia?

7 AGENT PHELPS: Yes. That meeting took place on
8 the date that you mentioned, was a result of the Colombian
9 government enforcement activities, including the Tranquilan-
10 dia seizures and raids which I described, but in addition
11 to that, prior to the May meetings, the Minister of Justice
12 in Colombia was assassinated by narcotics traffickers, and
13 this again created a reaction by the Colombian government.

14 MR. HARMON: Would you describe that, please?

15 AGENT PHELPS: The assassination?

16 MR. HARMON: The reaction.

17 AGENT PHELPS: The reaction. For the first time
18 the Colombian military was brought into the enforcement,
19 law enforcement, arena trying to deal with the traffickers.
20 Not only the military but other law enforcement agencies
21 in Colombia, which traditionally did not play a part in
22 narcotics law enforcement. On orders of the President, they
23 did begin taking an active part in attempts to suppress

1 trafficking, arrest known traffickers, destroy cultivation,
2 destroy laboratory sites, and seize properties belonging
3 to cocaine traffickers.

4 MR. HARMON: Now, in general terms then, Agent
5 Phelps, what took place at this meeting in Panama in about
6 May of 1984?

7 AGENT PHELPS: The meeting was requested by what
8 has been described as members of the cocaine cartel. By
9 way of written communication, they requested a meeting with
10 the Colombian Attorney General to discuss, among other things,
11 amnesty for them in return for an agreement that they would
12 cease all trafficking activities. In addition to that, they
13 would repatriate huge sums of money back to Colombia, which
14 were proceeds of narcotics trafficking.

15 MR. HARMON: Was Jorge Ochoa one of those persons
16 present at the meeting in Panama?

17 AGENT PHELPS: Our information is that, yes, he
18 was present.

19 MR. HARMON: Is Jorge Ochoa, in your view, Agent
20 Phelps, one of the top several cocaine traffickers in the
21 world at this time?

22 AGENT PHELPS: Without a doubt, we in DEA do not
23 rank the traffickers in order of importance, but if we did

1 have a top ten list, he would certainly rank in the top five.

2 MR. HARMON: Has Jorge Ochoa been arrested?

3 AGENT PHELPS: He was arrested about two weeks
4 ago in Madrid, Spain by Spanish police authorities.

5 MR. HARMON: And is the United States intent upon
6 seeking his extradition to the United States?

7 AGENT PHELPS: His extradition has been requested,
8 and DEA, along with Department of Justice and State Depart-
9 ment, are processing the necessary documents to cause his
10 extradition back here.

11 MR. HARMON: I have no further questions, Mr.
12 Chairman.

13 CHAIRMAN KAUFMAN: If there are no further question
14 by the Commission?

15 COMMISSIONER MILLER: I have a couple.

16 It's generally been thought that most of the
17 importation of cocaine has come through the Florida area
18 or a great majority of it. Has there been a shift in the
19 illegal importation of cocaine to other areas of the United
20 States?

21 AGENT PHELPS: Yes, there has.

22 COMMISSIONER MILLER: Could you elaborate a little
23 bit on that?

1 AGENT PHELPS: Within the last two years, specifi-
2 cally after the creation of the Vice President's Narcotic
3 Task Force in Southern Florida, we have noticed a shift in
4 smuggling activities, which are now taking place along the
5 Louisiana, Mississippi and Texas borders, and even going
6 over as far as to New Mexico and Arizona.

7 This shift is simply what we feel is the traffick-
8 ers' response to pressures and law enforcement efforts which
9 took place in Southern Florida.

10 COMMISSIONER MILLER: And one other question. Has
11 there been any attempt, in view of your description of some
12 of these activities having to do with chemicals, to illegally
13 import unprocessed cocaine and to set up laboratories in
14 other areas within this country?

15 AGENT PHELPS: Yes, sir. As a matter of fact,
16 within the last 18 months there have been a noticeable increase
17 in the number of cocaine processing laboratories located
18 primarily in Florida, but also located as far away as
19 California.

20 In addition to that, we have seen seizures of
21 coca paste, and usually the undercover activities which bring
22 about that seizure indicates that the traffickers are bring-
23 ing in paste here to the United States to process it into

1 hydrochloride because they feel it's easier for them to
2 acquire the essential chemicals needed to accomplish this.

3 CHAIRMAN KAUFMAN: I want to ask you one question.
4 We have been reading that there have been some indications
5 that there were going to be retaliations against Americans
6 in Colombia because Colombia was extraditing to the United
7 States those indicted for drug offenses. Have you seen any
8 evidence of that going on in Colombia?

9 AGENT PHELPS: Yes, sir, we have. As a matter
10 of fact, as late as yesterday afternoon, there was a car
11 bomb planted at the U.S. Embassy in Bogota, and preliminary
12 reports and indications are that the traffickers were, in
13 fact, responsible for that bombing, which was carried out
14 as a direct result of the Colombian government's agreement
15 to extradite their citizens back here.

16 COMMISSIONER GUSTE: Agent Phelps, you mentioned
17 that there was an increase in drug trafficking into Louisiana.
18 What are the methods most prevalent?

19 AGENT PHELPS: Again, the favorite method is
20 transportation by a private aircraft, and most of the cases
21 that we are aware of involve this method, although there
22 are some cases where vessels are also used.

23 COMMISSIONER METHVIN: Agent Phelps, could you

1 expand just a little bit on the alliance between the criminal
2 cocaine cartel and the political terrorists that seems to
3 have emerged here, particularly with this jungle raid, and
4 could you give us an opinion as to whether the Colombian
5 government's response to some degree reflects a fear for
6 the growing power of the political terrorists and insurgents
7 in alliance with the criminal elements?

8 AGENT PHELPS: The raids which I described at
9 Tranquilandia did, in fact, prove that there is a pact or
10 at least an agreement between certain terrorist groups or
11 insurgent groups in Colombia and the cocaine traffickers.
12 The role of the insurgents appears to be that of providing
13 protection or simply tolerating the traffickers' presence
14 in areas which they primarily control, but they are not really
15 under the control of the government because of the isolated
16 areas and the inaccessibility of the areas.

17 I don't believe that I could answer your question
18 regarding the Colombia government's reaction, and whether it was
19 brought about because of concerns about these insurgent
20 groups' strength or growing strength. I know for a fact
21 in my discussions with senior police officials there they
22 were very much concerned at least at that level.

23 COMMISSIONER MANUEL: Agent Phelps, could you tell

1 us what is the current DEA estimate of the total amount of
2 cocaine that's entering the United States at the present
3 time, tonnage-wise?

4 AGENT PHELPS: Tonnage-wise, a maximum of 71
5 metric tons. That figure may be upped in the future based
6 on what we're seeing occur this calendar year, and also base
7 on updated estimates of acres actually under cultivation
8 in the countries of Bolivia, Peru and Colombia.

9 Another factor that would possibly cause it to
10 be increased, the estimates to be increased, is we're now
11 seeing coca cultivations in Brazil, a recent development
12 also.

13 COMMISSIONER MANUEL: And if I understand your
14 testimony, the majority of the cocaine that's smuggled into
15 the United States comes in by light aircraft; is that
16 correct?

17 AGENT PHELPS: That's correct.

18 COMMISSIONER MANUEL: How much of it in your
19 estimation comes in in containerized cargo, into such ports
20 as Miami, Fort Lauderdale, even New Orleans?

21 AGENT PHELPS: I don't believe I could give you
22 a percentage, of course, without having a better idea of
23 the actual amounts which do enter the country, but we have

1 seen very large seizures of cocaine take place from the
2 commercial cargo shipments both by air and by vessel.

3 For example, in 1982, there was a seizure of about
4 3,900 pounds of cocaine in a Miami airport which originated
5 from the city of Medellin, Colombia, and was brought in by
6 air cargo, concealed in containers that supposedly contained
7 clothing products, textiles.

8 COMMISSIONER MANUEL: Is there an increasing
9 awareness then of the vulnerability of containerized freight
10 as a method of smuggling cocaine and other drugs into the
11 United States?

12 AGENT PHELPS: I think it's certainly being
13 considered by the traffickers as an alternate method of
14 getting large quantities into the country undetected. When
15 you consider the huge volume of air cargo and cargo trans-
16 ported by vessel, which enters this country, and the con-
17 tainers, it's an impossible task for U.S. Customs or any other
18 agency to search each individual container. It makes it
19 an attractive alternative to these people.

20 COMMISSIONER MANUEL: Thank you.

21 COMMISSIONER GUSTE: Just one question. Agent
22 Phelps, how effective is our tracking system for aircraft
23 coming into this country?

1 AGENT PHELPS: Again, my area of expertise certain
2 ly doesn't lie in that area, but based on my personal
3 experiences in investigations where private aircraft were
4 being utilized and we knew of departure dates, departure
5 times, the specific aircraft being used and even location
6 sites, our abilities are very limited.

7 CHAIRMAN KAUFMAN: All right. I think that's it.
8 Thank you very much. We appreciate it.

9 Do you have another witness?

10 MR. HARMON: Yes, Mr. Chairman.

11 CHAIRMAN KAUFMAN: Or do you want to put it over
12 until tomorrow?

13 MR. HARMON: There are two witnesses that we have
14 asked to come back tomorrow, Your Honor, but I think it woul
15 be important to have Agent Williams testify this afternoon,
16 with your permission, sir.

17 CHAIRMAN KAUFMAN: How long will he be?

18 MR. HARMON: I'd say approximately half an hour.

19 CHAIRMAN KAUFMAN: Well, that takes us, you know,
20 to two o'clock, and I asked you in the past to see that thes
21 meetings recessed at a reasonable period around one o'clock,
22 if possible, and then if necessary, that we reconvene in
23 the afternoon. I hope you will bear that in mind. Generally

1 I think the Commission feels that way about it because it
2 puts much of a strain on everybody who is involved.

3 So you may go ahead if you have that witness, but
4 I think in the future, if you are going to go beyond one
5 o'clock, we will recess for an afternoon session. Does the
6 Commission agree with that?

7 (Chorus of "yeses.")

8 CHAIRMAN KAUFMAN: Yes.

9 Proceed.

10 MR. HARMON: Would you swear the witness, please?
11 Whereupon,

12 HERB WILLIAMS

13 was called as a witness and, having been first duly sworn,
14 was examined and testified as follows:

15 MR. SMITH: Would you state your name for the
16 record?

17 MR. WILLIAMS: Herb Williams.

18 MR. SMITH: Mr. Williams, I understand you are
19 an agent for the Drug Enforcement Administration; is that
20 right?

21 MR. WILLIAMS: That's correct.

22 MR. SMITH: And you are currently just starting
23 a new assignment in the United States?

1 MR. WILLIAMS: That's correct.

2 MR. SMITH: What was your last assignment?

3 MR. WILLIAMS: I was the DEA, Drug Enforcement
4 Administration's resident agent in charge of the office in
5 Barranquilla, Colombia.

6 MR. SMITH: When did you leave Barranquilla,
7 Colombia?

8 MR. WILLIAMS: This past Thursday, Thanksgiving
9 Day.

10 MR. SMITH: How long were you resident agent in
11 charge of Barranquilla?

12 MR. WILLIAMS: Two and one-half years.

13 MR. SMITH: Would you have Investigator Sheehan
14 show us on the map where Barranquilla is located?

15 This is on the north coast of Colombia; is that
16 correct?

17 MR. WILLIAMS: The north coast of Colombia, that's
18 correct.

19 MR. SMITH: Is this a particularly important drug
20 smuggling area in Colombia?

21 MR. WILLIAMS: It certainly is. It's the major
22 marijuana cultivating area in Colombia, and it's a major
23 transshipment area for cocaine from Colombia to the United

1 States.

2 MR. SMITH: What are the principal cocaine
3 smuggling cities in that region?

4 MR. WILLIAMS: In that particular region or in
5 all of Colombia?

6 MR. SMITH: In the particular north coast region.

7 MR. WILLIAMS: Okay. Well, the Guajira, which
8 is the upper peninsula area, is a favorable smuggling area
9 for aircraft and vessel. The Santa Marta area is a smuggling
10 area for transshipment for seagoing vessels. Barranquilla
11 is a transshipment area for seagoing vessels. Cartagena
12 is a seagoing area for transshipment by vessel, and all
13 the way down through the area of Turbo, which is in the Bay
14 of Urva, close to Panama. That entire area is 111 miles
15 of seacoast, any which of it can be used for smuggling
16 purposes.

17 MR. SMITH: And among your duties as resident agent
18 in charge of Barranquilla, were you responsible for the
19 gathering of intelligence in some or all of that area?

20 MR. WILLIAMS: Yes, I was. That entire area, the
21 north coast from the Guajira down to the Department of Sucra
22 was the area of responsibility that was in my area.

23 MR. SMITH: Based on your two and a half years

1 as resident agent in charge of Barranquilla, can you tell
2 us whether the cocaine smuggling that was going on in that
3 area was the work of individuals or specific organizations?

4 MR. WILLIAMS: It's definitely the work of specific
5 organizations.

6 MR. SMITH: Based on your observations there, can
7 you tell us whether those organizations are growing in size
8 and in power, or whether they're remaining roughly the same?

9 MR. WILLIAMS: Well, they're definitely growing in
10 size and in power. For example, one particular organization
11 in 1977 comprised probably about ten to 15 members, was
12 smuggling between 30 and 40 kilograms of cocaine monthly
13 to the United States. That same particular organization
14 during 1984 is smuggling between 1,000 and 2,000 kilos and
15 upward.

16 MR. SMITH: Per month?

17 MR. WILLIAMS: Per month.

18 MR. SMITH: I understand you have had a chart
19 prepared showing the typical organization that operated in
20 this area of Colombia.

21 MR. WILLIAMS: Yes. I have a chart that was an
22 organizational chart of actually two particular powerful
23 and violent drug trafficking organizations for Medellin,

1 the first being the Pablo Emilio Escobar-Gaviria organization,
2 and the other being the Jorge Luis Ochoa-Vasquez organiza-
3 tion. Both trafficking organizations are separate, but for
4 this particular or at this particular time, the organizations
5 combine, join forces, and each take a separate function
6 for this particular operation. For example, in maybe one
7 or two operations they operated with this organization.

8 Now, this chart was not something that was
9 constructed by the Drug Enforcement Administration, but was
10 rather taken from the person of one of the mid-level traffick-
11 ing associates of these organizations.

12 MR. SMITH: So this organizational chart is the
13 organizations' own chart?

14 MR. WILLIAMS: That's correct.

15 MR. SMITH: And as I understand your testimony,
16 Pablo Escobar at the head of the organization on the left,
17 and Jorge Ochoa, who incidentally is the same Jorge Ochoa
18 about whom Agent Phelps just testified?

19 MR. WILLIAMS: That is correct.

20 MR. SMITH: Who has been arrested in Spain?

21 MR. WILLIAMS: Yes.

22 MR. SMITH: That at the time that this operation
23 as diagramed was in operation, both Escobar and Ochoa at

1 the same time had other independent organizations operating
2 in the smuggling of cocaine?

3 MR. WILLIAMS: That is correct. As a matter of
4 fact, each of the organizations separately would have each
5 of these separate functions or divisions within their own
6 organization. However, as I stated, for the purposes of this
7 particular movement, they combined forces. One particular
8 organization was responsible for the production. The other
9 particular organization was responsible for the enforcement
10 and the finances.

11 MR. SMITH: Is that sort of cooperation among these
12 groups typical of cocaine smuggling?

13 MR. WILLIAMS: Yes, it is.

14 MR. SMITH: Using this chart as an example -- by
15 the way, as I understand you, you have said that each of
16 these component parts is typical of a standard cocaine
17 smuggling operation; it is organized to that extent, but
18 that this organization as diagramed is unique only in that
19 it reflects a joint operation by two administrative lines?

20 MR. WILLIAMS: By two separate organizations, that's
21 correct.

22 MR. SMITH: Using the diagram and the components
23 reflected labeled right under the names of the bosses,

1 Escobar and Ochoa, the functional components, can you
2 explain to us in brief terms what each of those functional
3 components does in this organization and in the typical
4 organization?

5 MR. WILLIAMS: Sure. Under the Pablo Escobar
6 organizational chart, we have the three sections called the
7 base, laboratories and transportation. Now, the base would
8 be the purchasing of cocaine base from the major trafficking
9 organizations in Peru or Bolivia.

10 After the base is purchased, it would be trans-
11 ported by the transport section from the country, the source
12 country, back to a site in Colombia referred to as a
13 cocaine refinery or cocaine laboratory, where the organiza-
14 tion would have chemists and workers who would then process
15 the cocaine from the paste base stage into the hydrochloride
16 stage. They would then --

17 MR. SMITH: Agent Williams, excuse me. When you
18 talk about a laboratory, are you talking about a very large
19 facility or can it be quite small?

20 MR. WILLIAMS: It can. It varies in size. It
21 could be the size of an average room in a house, which could
22 produce up to as much as 500 kilograms of cocaine a month.

23 MR. SMITH: In a large cocaine operation, how

1 many such laboratories will they use?

2 MR. WILLIAMS: They would probably use three or
3 four, maybe five or six.

4 MR. SMITH: Are these typically located in an urban
5 environment or in a more isolated rural environment?

6 MR. WILLIAMS: Typically in the rural environments.

7 MR. SMITH: I am sorry. I interrupted you. Go
8 on.

9 MR. WILLIAMS: Anyhow, back to the laboratory,
10 the workers in the laboratory would then place the cocaine
11 in containers or bags and tape them, and place coded markings
12 on each of the bags.

13 Now, we have some photographs. There are four
14 photographs, each showing kilogram packages of cocaine. Each
15 of those packages contains a coded marking, such as JB, JG,
16 Milo. It just depends.

17 MR. SMITH: Typically what do these markings
18 indicate?

19 MR. WILLIAMS: Well, we're not really sure as to
20 the exact meaning, but we do know that it probably means
21 the location of the ultimate destination in the United States.

22 MR. SMITH: And typically in a large load of kilo-
23 gram packages -- a large load will be packaged as kilograms?

1 MR. WILLIAMS: They'll be packaged normally as
2 kilograms. That's correct.

3 MR. SMITH: With each kilogram marked with these
4 encoded messages?

5 MR. WILLIAMS: Each kilogram will have a separate
6 mark on it.

7 The cocaine will then be placed into a duffle bag
8 or a gunny sack and transported to a stash house, again by
9 the transportation section. We have an illustration of the
10 bags. Okay. The cocaine will be then transported to a stash
11 house somewhere near the seaport or near a clandestine landing
12 strip.

13 MR. SMITH: That stash house is simply a holding
14 facility?

15 MR. WILLIAMS: It's a holding facility where the
16 cocaine shipment is placed prior to its being placed on its
17 transportation vehicle.

18 MR. SMITH: You just mentioned clandestine airstrips.
19 To DEA's knowledge, how many clandestine airstrips are there
20 in the area for which you had responsibility?

21 MR. WILLIAMS: Well, in my area of responsibility,
22 there were 350 clandestine landing strips throughout that
23 entire area. There were also three major international

1 airports.

2 MR. SMITH: These airstrips were clandestine in
3 the sense that they were not marked, and that they were
4 attempted to be concealed?

5 MR. WILLIAMS: That's correct.

6 MR. SMITH: But they were known to DEA?

7 MR. WILLIAMS: They were not a registered airstrip.
8 That's correct.

9 Okay. The cocaine would then be, as I stated,
10 transported to one of those locations, depending on which
11 facility or which transportation vehicle the group would
12 use. For the purposes of this particular organization, this
13 particular smuggling venture, they used aircraft. So the
14 aircraft would pick up the cocaine at a clandestine landing
15 strip and would fly it to another clandestine landing strip
16 or predesigned location in the United States, or prior to
17 that it could even go into the Caribbean Islands or Central
18 America.

19 MR. SMITH: How many airplanes does the Ochoa
20 organization alone have available to it?

21 MR. WILLIAMS: The Ochoa organization has or is
22 estimated to have about 55 private aircraft and a fleet of
23 jet-type helicopters.

1 MR. SMITH: Fifty-five aircraft of its own?

2 MR. WILLIAMS: Fifty-five, that's correct.

3 MR. SMITH: Go on.

4 MR. WILLIAMS: Okay. Once the cocaine arrives
5 in the United States or, as I say, the Caribbean Islands
6 or wherever, it's turned over to a distribution network
7 consisting of brokers. These brokers would then turn the
8 merchandise over to the buyer or the retailer.

9 MR. SMITH: Mr. Williams, excuse me. The brokers
10 that you've just described in this country are a typical
11 component of such an organization; is that right?

12 MR. WILLIAMS: Oh, yes. They're an extension of
13 the organization from Colombia.

14 MR. SMITH: And they are considered by DEA and
15 by themselves as a part of such an organization?

16 MR. WILLIAMS: Yes, sir.

17 MR. SMITH: And they are here within our borders?

18 MR. WILLIAMS: Yes, sir. That's correct.

19 Well, we took it from the base to the laboratories,
20 to the transportation through the aircraft in this particu-
21 lar case to the United States for distribution within our
22 borders.

23 If you would, let's go to the Ochoa organization

1 and their particular functions during this operation. Ochoa,
2 as you can see, was responsible for the money, the finances,
3 and also for the enforcement arm. The enforcement arm in
4 this particular case, unfortunately they have what they
5 listed in their organizational chart as the Colombian military
6 and Colombian police.

7 Now, like any other country, there's going to be
8 corruption among military, and by no means should that
9 indicate that everybody in the Colombian military and every-
10 body in the Colombian police are corrupt and are being paid
11 off by these organizations. By no means is that the case.

12 Those corruptible individuals would be used in
13 many ways, as escorts or guards for stash houses, transporta-
14 tion from the stash house to the airstrip or to the seaport.
15 They would hire, again through the enforcement arm, as you
16 see it to the right. There's a section called the Muerte
17 a Secuestradores, which is an organization that was formed
18 about two or three years ago in Medellin, Colombia as a
19 direct result of kidnappings for ransom of members of their
20 organization and immediate families.

21 MR. SMITH: Let me interrupt you. What you're
22 telling us is that the enforcement arm is not merely undiffer-
23 entiated muscle in such an organization, but in fact, the

1 enforcement branch is broken down into discrete components,
2 each with its own mission?

3 MR. WILLIAMS: That's correct.

4 MR. SMITH: Corrupt police and military, on one
5 hand, anti-kidnapping, on the other, and finally the general
6 security and assassins?

7 MR. WILLIAMS: That's correct.

8 MR. SMITH: And is that degree of organization
9 typical of this kind of cocaine distributing ring?

10 MR. WILLIAMS: Yes, it is.

11 Okay. When we go down, we have a section called
12 the private sector there, which is responsible for the
13 assassinations, as you see, the hit men. One of the blocks
14 in the other block is the guards. Assassination and violence
15 are a way of life with these trafficking organizations.

16 MR. SMITH: As an example, Medellin is a principal
17 cocaine distributing city; is that right?

18 MR. WILLIAMS: That's one of them, yes.

19 MR. SMITH: This is just south of the area for
20 which you had responsibility?

21 MR. WILLIAMS: Yes, it is.

22 MR. SMITH: How large a city is Medellin?

23 MR. WILLIAMS: It's estimated to have a population

1 of about three million people.

2 MR. SMITH: And how large is its police force,
3 approximately?

4 MR. WILLIAMS: There are 495 police officers
5 assigned in the Medellin area.

6 MR. SMITH: In 1984 alone, how many of those police
7 officers have been killed in the line of duty?

8 MR. WILLIAMS: Sixty-seven.

9 MR. SMITH: That's more than one in eight?

10 MR. WILLIAMS: Yes.

11 MR. SMITH: I'm sorry. Go on.

12 MR. WILLIAMS: The enforcement arm, again, being
13 the strength of the organization, also is responsible for
14 the collection of debts, the collection for payments of the
15 cocaine, the forceable collection of unpaid debts to the
16 organization for their products. They're responsible for
17 assassination of unwanted competition, for informants, and
18 again, for the police themselves, as we just discussed.

19 MR. SMITH: Is there a standard rule that they
20 employ for the treatment of known informants?

21 MR. WILLIAMS: Yes, there is.

22 MR. SMITH: And what is that rule?

23 MR. WILLIAMS: That they're dead.

1 MR. SMITH: Automatically?

2 MR. WILLIAMS: They're automatically dead. That's
3 correct.

4 MR. SMITH: Agent Williams, do you have any idea
5 in approximate terms what a typical organization of this
6 type makes in gross revenue?

7 MR. WILLIAMS: Probably around 15 to \$17 million
8 per month.

9 MR. SMITH: That's an average?

10 MR. WILLIAMS: That's an average.

11 MR. SMITH: Fifteen to \$17 million a month?

12 MR. WILLIAMS: That's correct.

13 MR. SMITH: And you told us that a very large and
14 active organization might export as much as 1,000 to 2,000
15 kilos a month.

16 MR. WILLIAMS: That's correct.

17 MR. SMITH: And as I understand prior testimony
18 here, in Miami, for example, a kilogram of cocaine on the
19 wholesale market in Miami in the last two years has had an
20 average price in the vicinity of \$25,000; is that right?

21 MR. WILLIAMS: Between 25 and \$30,000. That's
22 correct.

23 MR. SMITH: Using a conservative figure of \$25,000

1 a kilogram, and a 2,000 kilogram per month production, are
2 you telling us an organization of this type would be realizing
3 in gross revenues 2,000 times 25,000, which is \$50 million
4 per month?

5 MR. WILLIAMS: That's correct.

6 MR. SMITH: Did you see any evidence in Colombia
7 of the leaders of this organization possessing that kind
8 of wealth?

9 MR. WILLIAMS: Well, the Ochoa organization, for
10 example, are large farm owners, cattlemen, businessmen. They
11 own aircraft. One of the farms that they own in the Depart-
12 ment of Atlantico, which is close to Barranquilla, houses a
13 landing strip probably about 5,000 feet.

14 MR. SMITH: That's their own landing strip?

15 MR. WILLIAMS: That's their own landing strip.
16 On that same finca -- a "finca" is a farm, for clarification
17 -- on that same finca they have a private zoo.

18 MR. SMITH: Is it true that Jorge Ochoa at one
19 time attempted to start his own political party?

20 MR. WILLIAMS: Jorge Ochoa?

21 MR. SMITH: Or any of these other leaders?

22 MR. WILLIAMS: No, Jorge Orchoa did not, but Pablo
23 Escobar in 1982 ran and was elected as an alternate

1 Colombian representative in a barrio outside of Medellín.
2 called Envigado.

3 MR. SMITH: And did that holding public office
4 accrue any particular benefit to him in terms of this type
5 of operation?

6 MR. WILLIAMS: Yes, it did.

7 MR. SMITH: What was that?

8 MR. WILLIAMS: He was immune from arrest.

9 MR. SMITH: Did he continue to enjoy that immunity?

10 MR. WILLIAMS: He did until recently, when the
11 government of Colombia removed the immunity and issued an
12 arrest warrant, a warrant for his arrest.

13 MR. SMITH: And that was done by the Colombian
14 government?

15 MR. WILLIAMS: That's correct.

16 MR. SMITH: Is it also true that some leader of
17 one of these groups actually owned his own newspaper in which
18 he campaigned against the DEA?

19 MR. WILLIAMS: That was Carlos Enrique Lehder.
20 That's correct. He was from the Armania area, which is close
21 to Medellín, and he did own his own newspaper, and he printed
22 anti-American articles against the Drug Enforcement Adminis-
23 tration and against the extradition of Colombians to the

1 United States for narcotic violations.

2 MR. SMITH: In summary, is it true that there are
3 any of a number of leaders of this magnitude, Ochoa, Escobar,
4 some others that you mentioned later, who are known, widely
5 known in Colombia to possess extensive land holdings, fleets
6 of aircraft, businesses, real estate and so on?

7 MR. WILLIAMS: There are numerous, yes. There
8 are many.

9 MR. SMITH: And this is a well known fact?

10 MR. WILLIAMS: It's well known. That's correct.

11 MR. SMITH: Mr. Chairman, I have no further
12 questions of the witness.

13 CHAIRMAN KAUFMAN: Thank you.

14 If there are no questions from the Commission?
15 Do you have a question?

16 COMMISSIONER DINTINO: Yes, sir.

17 Agent Williams, I don't want to sound like I'm
18 being critical because I thought your testimony was outstanding,
19 but early on I heard that you said that these specific
20 groups are growing in size and power, and earlier this morning
21 I heard Dr. Washton say that the price of cocaine was
22 cheaper on the streets today than it's ever been. That
23 indicates to me that there's more cocaine coming into the

1 country today than, say, five or ten years ago. Would you
2 agree with that statement?

3 MR. WILLIAMS: Oh, yes, definitely. There's no
4 doubt.

5 COMMISSIONER DINTINO: We have established 12 or
6 13 Federal drug task forces throughout the country, and I
7 know they have made a lot of significant arrests. The ques-
8 tion is: why? How come the cocaine problem, the drug prob-
9 lem is getting greater? We seem to be spending billions;
10 we seem to be putting more resources into it, and yet the
11 problem seems to be getting greater.

12 Is it that because the market is there and the
13 profit is so great? Are we winning this war or are we losing
14 it? What's your opinion?

15 MR. WILLIAMS: Well, I really would like not to
16 voice an opinion on that. I would like to say this: that
17 the profit is there, and as long as profit is there, you're
18 going to have crime. The market is there, and as long as
19 you have the market, you're going to have those who are going
20 to provide the commodity. So until we can solve those two
21 problems, we're going to have the crime. We're going to
22 have the cocaine imported into the country, not only this
23 country, but other countries.

1 COMMISSIONER DINTINO: In the last five or ten
2 years, the FBI has been very successful against the LCN
3 through sting operations, and I'm wondering: has this typ
4 of investigation been utilized in the drug area?

5 MR. WILLIAMS: I don't think that -- I'd better
6 not answer that. I really don't know. I know that there
7 have been operations in that sense, but I have no ideas as
8 to the numbers, the number of investigations.

9 COMMISSIONER DINTINO: Okay, sir. Thank you.

10 CHAIRMAN KAUFMAN: Thank you, Mr. Williams. We
11 appreciate your coming.

12 Mr. Smith.

13 MR. SMITH: There are no further witnesses today.
14 Your Honor.

15 CHAIRMAN KAUFMAN: Thank you for questioning the
16 witnesses, and Mr. Harmon.

17 Ladies and gentlemen, this concludes today's hea
18 ing. You have heard the evidence this morning, and it
19 demonstrates, it seems to me and I'm sure to some of the
20 members if not all of the members of the Commission, that
21 the scope and extent of cocaine abuse in every region of
22 the country and every level of society is growing.

23 This hearing will continue tomorrow, and you will

1 hear more details tomorrow, and so until 10:00 a.m. tomorrow
2 morning, this hearing is recessed.

3 Thank you.

4 (Whereupon, at 1:57 p.m., the hearing in the above-
5 entitled matter was recessed, to reconvene at 10:00 a.m.,
6 Wednesday, November 28, 1984.)

7 - - -

1 PRESIDENT'S COMMISSION ON ORGANIZED CRIME

2
3 COCAINE HEARING

4
5 Washington, D.C.

6 Wednesday, November 28, 1984

7 The hearing in the above-entitled matter reconvened,
8 pursuant to adjournment, at 10:00 a.m.

9 BEFORE:

10 HONORABLE IRVING R. KAUFMAN, Chairman

11 MEMBERS OF THE COMMISSION:

12 Jesse A. Brewer, Jr.
13 Carol Corrigan
14 Justin J. Dintino
15 William J. Guste, Jr.
16 Judith Richards Hope
17 Philip R. Manuel
18 Thomas McBride
19 Eugene Methvin
20 Edwin L. Miller, Jr.
21 Manuel J. Reyes
22 Representative Peter W. Rodino, Jr.
23 Charles H. Rogovin
Barbara Ann Rowan
Frances A. Sclafani
Samuel K. Skinner
Justice Potter Stewart
Senator Strom Thurmond
Phyllis Teresa Wunsche

P R O C E E D I N G S

(10:11 a.m.)

1
2 JUDGE IRVING R. KAUFMAN, CHAIRMAN3 CHAIRMAN KAUFMAN: I welcome you to this second
4 day of hearings by the President's Commission.5 Yesterday we heard testimony describing the social,
6 legal and medical implications of the massive importation
7 of drugs, and specifically cocaine. It is apparent from
8 what we heard and what we read in the press this morning,
9 what we heard on the air, that there is a tidal wave of
10 cocaine engulfing almost every region of this country, and
11 the drug is debilitating.12 We also learned yesterday that it is the cause
13 of approximately half of the violent street crimes in the
14 United States, and today the Commission will continue its
15 investigation of drug trafficking by exploring the mechanics
16 of the drug trade. Cultivation, processing, transportation,
17 distribution of cocaine is a trans-national industry that
18 typifies the sophistication and viciousness of this new
19 breed of organized criminal.20 So we will continue, and I will ask Mr. Harmon to
21 call his first witness.

22 JON R. THOMAS

23 MR. HARMON: Mr. Chairman, the first witness this
morning is Assistant Secretary Jon R. Thomas, Bureau for

1 International Narcotics Matters, Department of State.

2 Mr. Marshal, would you please swear the witness?

3 Whereupon,

4 JONN R. THOMAS

5 was called as a witness and, having been first duly sworn,
6 was examined and testified as follows:

7 MR. HARMON: Mr. Thomas, we welcome you here this
8 morning, and we have asked you to come before the Commission
9 to bring the Commission up to date with regard to current
10 events occurring in South America, in particular, those in
11 Colombia, Peru and Bolivia, and to explain the general
12 policy of the administration with regard to events in South
13 America.

14 MR. THOMAS: Yes. Thank you very much. It's an
15 excellent opportunity for the Department of State to be able
16 to do so.

17 We certainly commend this Commission for its
18 steadfast efforts. I do have a brief statement that I would
19 like to make, and then we have placed on the record a greater
20 amount of data and statistics available to the Commission
21 and to the press.

22 I've been asked, as you point out, this morning
23 to present testimony concerning our narcotics control programs

1 in Latin America, specifically concerning the need to increase
2 the control of coca cultivation, to step up activities
3 against the refining and processing of the coca leaf into
4 cocaine and other coca derivative products, and to, in
5 addition, focus on the ongoing activities by those govern-
6 ments themselves and to give you an idea as to how we see
7 the situation, both some of the good aspects and some of
8 the problems that we face.

9 The principal coca producing countries are Peru,
10 which produces as much as 60,000 metric tons of coca leaf
11 per year; Bolivia, which produces as much as 40,000 metric
12 tons per year; and Colombia, which produces as much as 14,000
13 metric tons, and in combination, this is far more than needed
14 to produce the estimated 50 to 61 metric tons of cocaine
15 that we estimate is consumed in the United States based on
16 1983 statistics.

17 Also, for several years, Colombia dominated cocaine
18 refining, but increasingly, Bolivian and Peruvian traffickers
19 are now refining more of their coca leaf into finished
20 products.

21 The key factors in this area which the Commission
22 should consider are coca production in South America may
23 have increased in 1984. Domestic demand in South America

1 is consuming an increasingly larger part of this production.
2 In other words, the domestic drug abuse problems in these
3 countries is becoming increasingly severe.

4 Crop control programs are beginning to be effective
5 in certain coca producing areas, in eradicating
6 the coca bushes. Destruction of cocaine laboratories has
7 increased. Chemical control programs directed at precursor
8 chemicals are having some success, and increasingly large
9 quantities of cocaine have been seized.

10 Also, traffickers are constantly looking for new
11 source areas. New crops have been found in Brazil, Ecuador,
12 and Panama, while cocaine refining laboratories have been
13 set up in Argentina, Brazil and even the United States.

14 In addition, and perhaps most encouraging, is that
15 South American governments at the highest levels have assigne
16 increasing priority to intensified campaigns against narcotic
17 narcotic production and trafficking.

18 This latter phenomenon was sharply illustrated
19 in Quito, Ecuador in August of this year when leaders of
20 seven nations met with Vice President Bush on the occasion
21 of the inauguration of the new president of Ecuador, Presiden
22 Fabres Pordero (phonetic), during which they expressed to
23 the Vice President their grave concern over the consequences

1 of narcotics production and trafficking in their region and
2 pressed upon the Vice President the need for increased
3 international cooperation and activity.

4 Today, in the United Nations, in the Third
5 Committee, which deals with the problem of narcotics abuse
6 and control around the world, these nations will submit for
7 adoption resolutions initiated by a number of South American
8 countries which call for action at the national, regional
9 and international levels to combat drug trafficking, and
10 which one resolution properly notes is impeding social and
11 economic progress and constitutes a threat to the security
12 and development of many countries.

13 Last week, on November 15, I spoke before the
14 United Nations in support of the principles being enunciated
15 by our colleagues in this hemisphere. Indeed, I believe
16 these actions to be most timely because I think there are
17 new opportunities in Latin America, as well as elsewhere
18 in the world, to advance our international narcotics control
19 efforts.

20 In my speech to the United Nations, I urged a new
21 alliance of common interest to address this mutual concern,
22 and cautioned that we must not let the current opportunities
23 pass.

1 There is an increasingly solid base in South
2 America on which to enhance our efforts at coca control.
3 The very impressive Colombian campaign against narcotics
4 moved into a decisive new phase on July 5, when the national
5 police began to test the aerial eradication of marijuana
6 with the herbicide glyphosate. More than 5,000 acres have
7 been sprayed so far, and the Colombians, who anticipate an
8 even more comprehensive program in 1985, are well on their
9 way toward achieving control of cannabis production, a major
10 achievement in the region.

11 In addition, they are continuing their strong effort
12 to control cocaine production, as well. In addition to manual
13 coca eradication, which has been the primary method used
14 in Colombia as well as elsewhere in the region, we are
15 hopeful to be able to soon identify effective herbicides
16 to be used against coca. Aerial spraying is essential in
17 view of the large areas under cultivation, the wide
18 dispersal of plots in otherwise inaccessible jungle areas,
19 and considerations of security for the personnel who would
20 be involved in continued manual eradication efforts on the
21 ground.

22 We have learned these lessons the hard way in our
23 marijuana eradication efforts.

1 The Colombians have paid a tragic price for their
2 increasingly intensive campaign. On April 30th of this year,
3 Minister of Justice Lara, an outspoken advocate of strong anti-
4 narcotics controls, was machine gunned to death in a contract
5 murder apparently financed by narcotics traffickers in
6 Colombia.

7 Since the assassination, Colombian police have
8 staged more than 1,500 raids; 1,425 arrests have occurred;
9 and the destruction of about 50 cocaine laboratories.
10 President Betancur has declared that Colombia will extradite
11 narcotic traffickers, and we know that at this very moment
12 efforts are being conducted in that direction.

13 I know that the Commission invited Colombian
14 National Police Director, General Delgado, to appear before
15 you. I also know, based on personal conversations I have
16 had with him recently, that he very much regrets not being
17 able to do so due to other commitments. But suffice it to
18 say that he has been an outstanding leader in the Colombian
19 campaign, and perhaps this was best recognized on the
20 international level this year when the International Associa-
21 tion of Chiefs of Police gave him a very commendable and
22 well deserved award for his international efforts.

23 We know that the Colombian government will be

1 severely tested in the months and years to come in this area.
2 However, we have been assured by the most senior levels of
3 the Colombian government that the commitment will be ongoing,
4 will increase in its intensity; that regardless of threats,
5 other types of intimidation that the narcotics traffickers
6 will attempt in Colombia, that the government of Colombia
7 has no intention of reducing its effort.

8 I have been told that very recently the Minister
9 of Justice in Colombia has made that position very clear
10 in a public statement, that regardless of the efforts of
11 narcotics traffickers in the region, they can expect, they,
12 the narcotics traffickers, can expect that the Colombian
13 government has no intention of letting up.

14 In other areas of South America, Bolivia, for
15 example, President Siles this year ordered Bolivian military,
16 as well as police units, into the Chapare region, where coca
17 cultivation and narcotics trafficking has expanded dramatical-
18 ly in recent years.

19 By mid-year in Peru, Peru had increased its
20 eradication of coca bushes in the Upper Huallaga Valley to
21 nearly 4,900 acres, compared to 1,700 acres eradicated in
22 all of 1983. This program is continuing despite increased
23 violence in the valley by terrorists as well as by narcotics

1 traffickers.

2 A great deal more needs to be done in Bolivia and
3 in Peru to begin to deal adequately with the many narcotics
4 related problems, but clearly movement in the right direction
5 has begun. We and the United Nations Fund for Drug Abuse
6 Control have responded to requests to assist projects, to
7 extend both coca control programs and rural development
8 assistance to the other major growing areas of Peru and
9 Bolivia.

10 While events in Colombia have given rise to hopes
11 that major progress is being made against narcotics traffick-
12 ing in Latin America, they have also generated well-founded
13 concerns that drug traffickers will seek new bases in other
14 countries.

15 Moreover, while progress is being made, we are
16 faced with numerous challenges. Coca production is many
17 times the amount currently consumed by drug abusers. Some
18 governments do not have full control of the narcotics
19 growing regions, and prospects in several countries are
20 dampened by corruption, even government involvement in the
21 narcotics trade. Markets shift, and new production sources
22 emerge.

23 Of the several threats to our progress, none is

1 more provoking than the violence unleashed by traffickers
2 and terrorists alike. Threats have been made against both
3 United States and foreign government officials involved in
4 anti-narcotics programs in Colombia, Bolivia and Peru. That
5 these threats are real is evidenced by the triple assaults
6 in Peru just last week which left 21 people dead, including
7 19 Peruvians working in the U.S.-assisted coca eradication
8 program supported by my Bureau. We are told that four of
9 these workers were cruelly tortured and may have even been
10 skinned alive.

11 On Monday afternoon, a car bomb was exploded in
12 the street adjacent to our embassy in Bogota, killing one
13 woman and injuring other bystanders. This bombing came less
14 than two weeks after traffickers threatened to take American
15 lives if extradition orders were signed.

16 No United States officials or dependents have
17 suffered injury in these incidents, but some members of the
18 mission in Bogota and their families have left Colombia as
19 part of our overall response to these security concerns.
20 However, let me assure you we and our Latin American colleagues
21 will not be deterred by the cruelty, the torture, the
22 bombings or the threats from any source. The issue goes
23 well beyond narcotics control.

1 These traffickers and terrorists are striking at
2 the very foundations of democratic government in that
3 region.

4 In a major address on narcotics on September 14,
5 Secretary of State George Shultz noted that the growing
6 narcotics network was part of a trend toward international
7 lawlessness that has been increasing ominously over the past
8 two decades. He called narcotics trafficking "terrorism" and
9 similar kinds of outlaw behavior the "modern versions of
10 piracy."

11 The Secretary noted there is ample evidence
12 showing that these different types of lawlessness are linked.
13 Money from drug smuggling supports terrorists. Terrorists
14 provide assistance to drug traffickers. Organized crime
15 works hand in hand with these other outlaws for their own
16 profit. And what may be most disturbing is the mounting
17 evidence that some governments are involved in both
18 narcotics trafficking and in terrorism.

19 Clearly the complicity of these governments in
20 the drug trade and government complicity in terrorist acts
21 are matters of grave concern, and I believe the increasing
22 awareness of these adverse effects are improving the pro-
23 spects for narcotics control.

1 Certainly there are greater incentives on the part
2 of drug exporting countries to act quickly. Virtually every
3 source country has suffered the problems of economic
4 dislocations, institutional instability, and crime related
5 to narcotics trafficking. Several have also been besieged
6 by political problems, including armed insurgency supported
7 by profits from the drug trade.

8 These source countries increasingly understand
9 that they will be the first beneficiaries of successful
10 narcotics control programs in the region.

11 The world requires narcotics control programs in
12 all of the significant producer countries, supported by
13 increased assistance from the international community. But
14 we also need for more nations to apply their political
15 resource to this problem. Today we are beginning to see
16 that response.

17 Underlying this response is the realization by
18 governments that, first, no country is immune from the
19 political, economic and social problems associated with
20 narcotics trafficking; and second, it can be countered only
21 if nations work together to bridge the legal and physical
22 boundaries which divide them.

23 President Reagan has made his position very clear

1 over the past four years on the need to have a very strong
2 international narcotics control program, and he has assured
3 various chiefs of state around the world that narcotics
4 control will have one of the highest priorities on our foreign
5 policy agenda.

6 The President recognizes that we must work together
7 in an alliance at the national, regional and international
8 levels through bilateral and multi-lateral programs. We
9 must make common cause in a more vigorous, more widespread
10 and more united effort to control international narcotics
11 production and trafficking.

12 MR. HARMON: Mr. Chairman, I have no questions
13 of Assistant Secretary Thomas.

14 CHAIRMAN KAUFMAN: Thank you.

15 In a moment I shall ask the Commissioners if they
16 have any questions. I want to ask you whether you feel it
17 is realistic, Mr. Secretary, to expect much success from
18 attempts to eradicate the opium crops in the countries
19 particularly where peasants rely on that very lucrative
20 crop for their livelihood.

21 I understand we've had some limited success, for
22 example, in Turkey, but opium, like cocaine, has not been
23 affected.

1 MR. THOMAS: Would you wish that I keep the comment
2 to the opium issue or to broaden it into the coca cultivation.

3 CHAIRMAN KAUFMAN: You can do whatever you please.
4 Answer it as you see fit.

5 MR. THOMAS: The issue of crop control is one that
6 we believe very strongly has the greatest hope of success
7 in international narcotics control. First of all, it must
8 be understood that our international efforts are part of
9 a broad and balanced Federal strategy in this area. We would
10 not say that the solution to the narcotics problem in this
11 country or in any other country would be solely based on
12 narcotics control. In other words, what we call, "going to
13 the source."

14 International narcotics control programs are
15 designed to reduce the supply of illicit narcotics headed
16 our way. Over 90 percent of the narcotics consumed in this
17 country are imported, and it is the Department of State's
18 role to implement effective narcotics control programs to
19 reduce that supply.

20 We have seen signs of increasing success around
21 the world. You mentioned Turkey. Turkey was the site of
22 the famous "French Connection" in the late '60s, early '70s,
23 whereby most of the opium was grown in Turkey, transferred

1 to other countries, particularly France, for refining into
2 heroin, and the very significant amount of heroin being
3 consumed in those years was coming, in large part, from
4 Turkey and France, the French Connection.

5 The Turkish government, making a very strong
6 political commitment to do something about this, assisted
7 by the international community, has literally taken that
8 problem out of that country as far as illicit opium produc-
9 tion is concerned.

10 Now, we are not naive in this field. We know that
11 based on experience, an effective control program in one
12 country will lead to narcotics production in another
13 country. Sometimes I've heard people equate this to trying
14 to take care of a leaky roof with not enough buckets. However,
15 our strategy is intended to create an international network
16 of cooperation in this area, and we believe to have effective
17 narcotics control and to truly reduce the amount of illicit
18 narcotics being produced and refined, we will need basically
19 a simultaneous effort throughout the world.

20 Ten years ago we had a very limited number of
21 narcotics control programs in source countries. Today that
22 number has expanded dramatically. There is an international
23 climate of cooperation today that didn't exist ten years

1 ago. Many more nations are taking their responsibility
2 seriously, are providing financial assistance to narcotics
3 producing and trafficking countries.

4 CHAIRMAN KAUFMAN: I wonder if I could interrupt
5 you.

6 MR. THOMAS: Yes, sir.

7 CHAIRMAN KAUFMAN: And ask you to address yourself
8 specifically to Bolivia and Paraguay where there apparently
9 are some internal political problems. Is your program
10 effective there?

11 MR. THOMAS: In Bolivia and Paraguay, we have no
12 programs, and to my knowledge, there is no narcotics produc-
13 tion problem in Paraguay. There may be some trafficking.

14 In Bolivia, as well as in Peru, these countries
15 often have political difficulties. In the coca producing
16 region in Peru, which I mentioned earlier, it happens to
17 be the site ~~where~~ numerous organizations, including a terror-
18 ist organization called the "Shining Path" is very active,
19 literally an insurgency within Peru that makes coca control
20 difficult.

21 Bolivia has had other political problems, includin
22 a severe economic crisis, which is also affecting Peru and
23 Colombia, and other countries.

1 So we have seen progress in other countries in
2 these narcotics control programs. We believe that the
3 expenditures related to these programs are reasonably small
4 in comparison to the interdiction and enforcement efforts
5 taken in this country. The likelihood of success is going
6 to be based on full international cooperation, not just the
7 United States implementing and effecting narcotics control
8 programs.

9 CHAIRMAN KAUFMAN: Well, I quite agree with that,
10 but let me put it right to you. Congressman Rodino at the
11 very first meeting we held right here in the State Department
12 was very vocal about the fact that he had attached an amend-
13 ment to some bill that would require the State Department
14 to impose sanctions on source countries. I have heard and
15 been present where newspaper editors have spoken about the
16 fact that we don't do enough with source countries.

17 For example, they talk in terms of foreign aid
18 programs and perhaps cutting back on those countries. Is
19 there anything you care to say about that?

20 MR. THOMAS: Yes. First of all, Congressman Rodino
21 has been very active in this area, and I'm fully familiar
22 with his legislation.

23 In the case of Bolivia, when that government was

1 directly involved with narcotics trafficking in 1980, a
2 considerable portion of U.S. assistance was suspended, a
3 decision by the State Department, taken by other agencies
4 as well.

5 The United States certainly is willing to take
6 that kind of action if it seems appropriate. However, I
7 would add that in Colombia, a country that has done
8 increasingly significant things in the area of narcotics
9 control, there was no need to threaten Colombia with cutoff
10 of any type of assistance. We didn't have to do that in
11 Mexico. We haven't had to do that in Thailand. We haven't
12 had to do that in Pakistan. These countries on their own,
13 as part of the international community, are frequently very
14 willing to cooperate.

15 So while I would add that where pressure is
16 appropriate, I think within the diplomatic context, that
17 quiet diplomacy and quiet pressure is constantly being
18 exerted in this area. We do not see the need to publicize
19 our private discussions with these governments. I can
20 assure you, Judge, that in every high level meeting that
21 takes place between chiefs of state, or in this building with
22 key principals of the Department of State and their
23 counterparts in narcotics producing and trafficking countries,

1 that the issue of narcotics is raised and the seriousness
2 with which we attack that problem is brought to their
3 attention.

4 What I would like to leave you with is the thought
5 that in an increasingly favorable climate for international
6 narcotics control among nations, we should take advantage
7 of the opportunities now presented to us on the positive
8 side before we immediately turn to look at the negative
9 aspects of how we can bludgeon countries into cooperation
10 where it may not be necessary.

11 CHAIRMAN KAUFMAN: Well, thank you.

12 The problem is that Congressman Rodino -- I don't
13 want to characterize what he said -- says he gets that sort
14 of answer, and yet the problem persists. You see it from,
15 I would say, probably your perspective. There is need for
16 foreign aid, et cetera. You have many other considerations
17 that are involved beyond the question of narcotics control.
18 Does that enter into this problem?

19 MR. THOMAS: I did not say that -- obviously there
20 are many foreign policy issues that come up in the bilateral
21 relations with a country. However, as far as I am personally
22 concerned, if I were to believe that a given country were
23 not cooperating to the extent necessary to begin to effect

1 narcotics control programs and that a country was not only
2 unwilling, but refused to cooperate, I would have no hesita-
3 tion but to bring that to the attention of the proper
4 people within the legislative system and recommend necessary
5 action.

6 That has not yet been the case. I would add that
7 where we have seen success in our narcotics programs, we
8 have not had to use that kind of threat.

9 Also, I would add that many of these programs are
10 just beginning to take hold. We signed coca reduction pro-
11 grams in Bolivia in August of last year. We signed projects
12 in Peru only a few years ago. And as I mentioned, we are
13 now eradicating as much as 4,000 to 5,000 hectares per year
14 in Peru in a very dangerous situation. That is a significant
15 achievement. It may not show up immediately in the streets
16 of New York, Atlanta or Detroit, but it's a major undertaking
17 in those governments.

18 I would also add in our eradication efforts using
19 aerial herbicide spraying that it was Congress itself that
20 impeded and prohibited us from using certain types of herbi-
21 cides until those restrictions were lifted only a couple
22 of years ago. So I would put some of the onus right back
23 on Congress.

1 I am certainly aware of the strength of the commit-
2 ment by Congress, both in the House and the Senate, on both
3 sides of the aisle on this issue. I talk to members of
4 Congress frequently, and I hear nothing but support from
5 them. I do know that they're impatient. I do know that
6 they would like to see increased activity in this area.

7 I also know that they're seeing just that, that
8 we can now point to the increasing ^{///}success in countries like
9 Colombia where two years ago those programs had nowhere near
10 the success that they have today.

11 CHAIRMAN KAUFMAN: Thank you.

12 Ms. Rowan.

13 COMMISSIONER ROWAN: Mr. Thomas, these countries
14 you've referred to have long been used as suppliers of raw
15 materials for the rest of the world, tin, copper, banana,
16 sugar, et cetera. What are we as a government and what is
17 private industry doing to replace this source of income to
18 these people?

19 In some cases you know much better than I that
20 the illicit sources of income provide substantial, in some
21 cases more than the legitimate sources of income to these
22 nations. What are we going to replace that with? What are
23 they going to replace it with, and how can we help them?

1 MR. THOMAS: For the most part, perhaps not in
2 every case, the United States does have various economic
3 assistance programs in the countries that are narcotics
4 producing and trafficking nations. There are exceptions.
5 We do not have programs in Afghanistan, for example, or in
6 Laos, but in most of the countries, particularly in Latin
7 America, we have some degree of financial assistance of a
8 broad variety of sorts. It may be economic infrastructure
9 support; it may be agriculturally based support. So those
10 programs exist.

11 Where my focus lies is in certain areas where we
12 think it's appropriate and in areas where we think it will
13 assist the prospects of success, we are willing to enter
14 into special economic development and crop substitution pro-
15 grams in the narcotics producing regions.

16 Now, we are willing to do so where we think that
17 some of the crops have been traditionally grown, where the
18 prospects of success increase. However, we are not willing
19 to see illicit activity -- and this is illicit activity in
20 each one of these countries -- subsidized by United States
21 dollars. We also know that we are not going to be able to
22 subsidize to the same degree a peasant farmer in the Chapare
23 region of Bolivia, for example, to assure him that he can

1 earn the same amount of money growing something else that
2 he would derive from coca. We doubt that that would be
3 successful, and we know that the enormity of cost would be
4 prohibitive.

5 We look to these countries to take their respon-
6 sibilities seriously under the various international convention
7 that exist, and the United States, I think, is always willing
8 to provide necessary economic assistance. We are willing
9 certainly to link it to narcotics control programs as well.

10 Your point is a well taken one, however, that the
11 prospects of success in some of these countries certainly
12 are limited by the severe economic crises that are faced.
13 Bolivia is perhaps the best example, a country which has
14 suffered through a series of economic crises with no immediate
15 prospects of turning that around. That complicates our job,
16 but yet, if we were to begin with the premise that we first
17 must shore up this country financially, economically, build
18 them back up to a per capita income basis --

19 COMMISSIONER ROWAN: I would say we would start
20 at home first before we did that.

21 MR. THOMAS: Well, I would say that the cost of
22 doing that and the length of time it would take would basical-
23 ly make it impossible over the next number of years to have

1 a coca control program there.

2 COMMISSIONER ROWAN: What's happened to the
3 Caribbean Basin initiative? What's happened to private
4 participation in that to shore up the economies of some of
5 the Caribbean nations? Jamaica I'm thinking of, which is
6 a country with which I'm very familiar.

7 MR. THOMAS: The Caribbean Basin initiative is
8 new and just starting to take hold. I understand, based
9 on information available to me, that it is successful. It's
10 new. It hasn't had enough time to really take hold yet.
11 Certainly many countries in the area are beneficiaries, and
12 as their economies strengthen and grow, so do the prospects
13 of regional stability and security.

14 So we applaud that. That's essential.

15 By the way, I should add that most of these
16 countries now see the issue of narcotics production and
17 trafficking as a security issue as well. It affects their
18 own security. They understand that. I mentioned the
19 insurgencies. I mentioned the terrorist organizations.

20 In some countries we have seen literally a state
21 grow within a state, beginning to take control, buying off
22 journalists, judges, intimidating government officials,
23 establishing a power base of their own. So many of these

1 countries recognize the threat that this poses. To the extent
2 that their economies can be strengthened, that allows these
3 governments, of course, to have greater control, but that
4 is not going to be a very easy task, and it is not one, in
5 my particular purview, that I could afford to pay that much
6 time to.

7 My task is to reduce the supply of narcotics
8 headed our way.

9 COMMISSIONER ROWAN: Thank you.

10 CHAIRMAN KAUFMAN: Commissioner Methvin.

11 COMMISSIONER METHVIN: Secretary Thomas, in your
12 written statement you say, "What may be the most disturbing
13 is the mounting evidence that some governments are involved
14 in both narcotics trafficking and in terrorism." The three
15 candidates, I suppose, for this would be Cuba and Bulgaria
16 and Nicaragua. We've got over there some magnificent
17 intelligence photographs of identifiable Colombian traffickers
18 loading cocaine on an airplane at a Nicaraguan air force
19 base. We've seen an indictment of a commander of the Cuban
20 navy for participation in a drug conspiracy in the United
21 States involving the United States. We've seen considerable
22 evidence that Bulgaria is engaging in both trafficking of
23 guns and narcotics to finance political terrorist movements

1 throughout the Middle East and in some cases Western Europ
2 Wouldn't it be possible, could it be possible fo
3 the State Department to lay out this evidence in a white
4 paper that would have some major international impact abov
5 and beyond the general level of shin kicking, which is the
6 level of our diplomatic relations with these countries?

7 MR. THOMAS: We have brought to the attention of
8 many countries around the world what we believe is very sig
9 nificant evidence of involvement of certain officials of the
10 Cuban government, certain officials of the Nicaraguan
11 government, the activities in Bulgaria of Bulgarian offic
12 to facilitate narcotics smuggling activities. We see this
13 as a very grave issue.

14 I assure you that there have been very significant
15 efforts to bring this to the attention of governments arou
16 the world.

17 I also should add that these governments around
18 the world have paid very close attention to this, and that
19 they see this type of activity with the same degree of
20 severity that we do.

21 COMMISSIONER METHVIN: Could I follow up one poi
22 on that?

23 MR. THOMAS: Yes, sir.

1 COMMISSIONER METHVIN: BGI and the Bulgarian
2 Secret Service are the wholly owned subsidiaries of the KGB.
3 We can document that. It is documented in the public record.
4 How about a little linkage in our relationships with the
5 Soviet Union on this topic? I mean I think we have to go
6 to the source.

7 MR. THOMAS: I think a rereading of Secretary
8 Shultz's speech which he gave in Miami on September 14 would
9 clearly indicate the emphasis that he places on this issue.

10 By the way, that was the first speech on the single
11 issue of narcotics control that a Secretary of State has
12 ever delivered. Subsequent to that speech, he has raised
13 the same issue in the connection between violence, subversion,
14 terrorism and state-sponsored narcotics trafficking in a
15 major foreign policy address in Los Angeles and recently
16 in an address to the Organization of American States general
17 assembly in Brasilia.

18 So we do not see this as an issue that will appear
19 quickly and disappear; that as we feel appropriate, we intend
20 to pursue this issue. There may be linkages. There may
21 be other aspects to this. We certainly feel that this kind
22 of activity, as Secretary Shultz has made it clear in the
23 statement he's made on this, that it's not only intolerable,

1 but increasingly unacceptable among all nations of the wor

2 His mention and analogy of the term "piracy" in
3 this regard was not lightly selected.

4 COMMISSIONER METHVIN: Thank you.

5 COMMISSIONER SKINNER: I think this question, Mr.
6 Secretary, could be answered yes or no. Is it the position
7 of the State Department that the Communist-controlled
8 government in Nicaragua is actively and overtly supporting
9 narcotics traffic into this country?

10 MR. THOMAS: That can't be necessarily answered
11 yes or no. I'll make it very brief though.

12 Based on the evidence available, there can be no
13 doubt that Sandinista officials were involved. That evidence
14 is clear. We know that the one individual who you've seen
15 the photos of, Federico Vaughn, was an aid to Thomas Borge,
16 the Minister of Interior of the Sandinista government.

17 One, however, after that can only speculate as to
18 what the policy motives were at the most senior level of
19 that government. What the facts are at this given moment
20 can only speculate, but I think the evidence, even though
21 might be somewhat circumstantial, certainly points in that
22 direction.

23 CHAIRMAN KAUFMAN: I would like to simply say to

1 members of the Commission that certainly each one who cares
2 to ask questions should put the question, but Mr. Harmon
3 has quite a number of other witnesses, and we want to keep
4 it moving along. So, accordingly, Mr. Secretary, will you
5 try to keep your responses as brief as you can.

6 Now, with that, Commissioner Rogovin.

7 COMMISSIONER ROGOVIN: Thank you, Your Honor.

8 I'll try one that may be answered yes or no, Mr.
9 Thomas. Is there any credible evidence to suggest that the
10 volume of either heroin or cocaine reaching the United States
11 has been reduced over the prior year in the last five years?

12 MR. THOMAS: No.

13 COMMISSIONER ROGOVIN: Thank you.

14 CHAIRMAN KAUFMAN: Commissioner Manuel.

15 COMMISSIONER MANUEL: Secretary Thomas, since it's
16 your office which negotiates and discusses narcotics problems
17 with foreign officials, I wonder if you could share with
18 the Commission some of the criticisms that you hear from
19 foreign officials about the way that we in the United States
20 enforce our narcotics laws or protect our borders or go about
21 controlling narcotics on an international basis.

22 MR. THOMAS: I would be delighted because it's
23 very important. I appreciate that question.

1 COMMISSIONER MANUEL: I thought you would. Can
2 you keep it brief?

3 MR. THOMAS: Yes. There is no way that I can be
4 expected nor any other foreign policy official of this
5 government to go out and negotiate agreements with other
6 governments when we are not taking the appropriate action
7 here at home. That has not necessarily been the case in
8 all instances. Certainly the problem of domestic marijuana
9 cultivation is one that creates severe problems for us in
10 our international programs. We cannot pick and choose our
11 drugs in this country, and many of the countries where we
12 want narcotics control programs, they see marijuana as severe
13 as any other drug.

14 Also, I can assure you that when senior foreign
15 officials visit this country and discuss narcotics with us,
16 they have read our press thoroughly. They are fully aware
17 of every reduced sentence. They are fully aware of every
18 narcotics criminal that has somehow walked because of the
19 system. They are fully aware of some state's lax laws, and
20 they bring that very much to our attention with the same
21 type of question or perhaps statement that, "Don't expect
22 the international community to respond to your concerns unl
23 they can see that you are willing to practice at home what

1 you are preaching overseas."

2 COMMISSIONER MANUEL: Thank you.

3 Just as a follow-up, do I understand that their
4 main criticism is lenient sentencing that is imposed in the
5 United States on drug traffickers?

6 MR. THOMAS: I would divide their criticism into
7 three areas: one, when they go to various cities in this
8 country, often they go to New York and see drugs openly
9 dealt on the streets. That certainly is a clear message
10 of the way that sometimes we enforce our laws.

11 When they read stories in Time Magazine or other
12 magazines or newspapers that the largest cash crop in a state
13 such as California may be marijuana, that certainly comes
14 to their attention.

15 Then they carefully follow the various laws that
16 are applied in our country to narcotics traffickers and
17 trafficking organizations.

18 So I assure you they often know a great deal about
19 how we conduct ourselves here at home.

20 COMMISSIONER MANUEL: Thank you.

21 CHAIRMAN KAUFMAN: I think the falaciousness of
22 that argument, however, if I might suggest, is that simply
23 because we have arms producing factories in this country,

1 that would be a license for these other countries to illegal
2 export arms into our country.

3 MR. THOMAS: That's not their point. Their point
4 is that we expect them to adhere very strictly to the
5 principles of international narcotics control under conven-
6 tions, and I don't think that they can be blamed for expect-
7 us to do the same.

8 CHAIRMAN KAUFMAN: Yes.

9 Commissioner Sclafani.

10 COMMISSIONER SCLAFANI: Thank you, Mr. Chairman.
11 Mr. Secretary, since drug abuse is not merely an
12 American problem, but rather an international problem, can
13 you give us some examples of other countries that have
14 participated with the United States in contributing either
15 money or manpower for drug control programs?

16 MR. THOMAS: We increasingly look to the United
17 Nations, particularly the United Nations Fund for Drug Abuse
18 Control, to step up international activity in the area. Let
19 me give you one very brief example, which I think serves
20 as a model for what is happening.

21 The cocaine problem is not only severe in this
22 country. It is rapidly spreading to Europe. The consequen-
23 of that is that on an increasing basis, European countries

1 are recognizing that they, too, must come to terms with
2 this problem and do something about it. Last year the govern-
3 ment of Italy, for example, contributed \$40 million to the
4 United Nations Fund for Drug Abuse Control, which will be used
5 exclusively in the coca producing regions of the Andes, Peru
6 and Bolivia particularly. This is a very welcome involvement.

7 Other nations are becoming increasingly involved,
8 too. So this is the kind of spirit and climate I was
9 mentioning earlier, that when other countries become
10 involved along with us, the prospects for success increase
11 dramatically.

12 CHAIRMAN KAUFMAN: Any other questions?

13 (No response.)

14 CHAIRMAN KAUFMAN: Thank you, Mr. Secretary. We
15 appreciate your coming here. It was very helpful.

16 MR. THOMAS: Thank you. I enjoyed working with
17 the Commission and look forward to doing so in the future.

18 CHAIRMAN KAUFMAN: We appreciate that.

19 Mr. Harmon.

20 MR. HARMON: Mr. Chairman, Secretary Thomas has
21 described incidents in which members of a Peruvian eradica-
22 tion team were murdered very recently. Yesterday we heard
23 about the murders of 67 police officers in the City of

1 Medellin, Colombia. This kind of actual assassination
2 attempt is not limited to nationals of other countries.

3 For that reason, Mr. Chairman, and with your per-
4 mission, Mr. Smith will question two members of the Drug
5 Enforcement Administration upon whom an attempt at assassina-
6 tion was made.

7 CHAIRMAN KAUFMAN: All right. Proceed.

8 MR. SMITH: Mr. Chairman, I would call Special
9 Agents Martinez and McCullough for the Drug Enforcement
10 Administration.

11 Mr. Marshal, would you swear the witness please?
12 Whereupon,

13 CHARLES MARTINEZ and KELLEY D. McCULLOUGH
14 were called as witnesses and, having been first duly sworn,
15 were examined and testified as follows:

16 MR. SMITH: Mr. Martinez, Mr. McCullough, yesterday
17 and as recently as the last hour, we've heard of the degree
18 of violence that the drug smuggling organizations we are
19 examining here resort to as an ordinary part of their busi-
20 ness. I understand that the two of you have had a personal
21 experience in that regard.

22 You have submitted a prepared statement for the
23 record in that connection. I wonder if you would each

1 summarize your statement for us this morning.

2 SPECIAL AGENT MARTINEZ: In January of 1982,
3 Agent McCullough and myself were ordered to travel to Colombia
4 in support of Operation Trampa. Operation Trampa involved
5 identifying drug-laden vessels that would be leaving
6 the northern coast of Colombia, heading for the U.S.

7 CHAIRMAN KAUFMAN: I would suggest you speak up
8 if you can. Put the microphone a little closer to you.

9 Thank you.

10 SPECIAL AGENT MARTINEZ: Our specific mission was
11 to fly aerial reconnaissance flights along the Guajiara
12 Peninsula and down to the Turbo area, and as we have heard
13 here before, these areas are marijuana and drug growing and
14 shipment points.

15 In order to accomplish this mission, we had an
16 aircraft, and we were operating out of Cartagena, a city
17 which was centrally located in this area of interest. We
18 arrived there in the early part of February 1982 and began
19 to fly our missions. These missions were being flown with
20 the agreement and the approval of the Colombian government
21 and were being accomplished in a completely overt manner.

22 A few days later, on about the 5th of February,
23 I received a request from the U.S. Embassy in Bogota. This

1 request was that we should try to verify the presences of
2 two U.S. fugitives who might be staying at the hotel where
3 myself and Agent McCullough were staying at. These fugitive
4 Rene Benitez and another gentleman by the name of Mr. Went-
5 worth, were fugitives from U.S. justice, having been indicted
6 on various charges and having fled the U.S.

7 As a result, I made several inquiries of the
8 management of the hotel and requested that they verify wheth-
9 or not these gentlemen were actually staying at the hotel.
10 Had they been, then the embassy would have taken appropriate
11 action with the Colombian authorities.

12 All of my attempts to solicit help from the hotel
13 met with negative response. I got no help from them. A
14 few days later, on the morning of February 10th, myself and
15 Agent McCullough were asleep in our rooms, and we heard a
16 loud banging on the door of my hotel room. It woke us both
17 up. It was quite loud.

18 Agent McCullough entered my room. We had a connect-
19 ing door between the two rooms, and responded by asking who
20 was at the door. From outside the door we heard in Spanish
21 a loud voice identifying themselves as the police and demand-
22 ing that we open the door and allow them to enter the room.

23 I for various reasons was somewhat suspicious

1 of what was going on. So I through the connecting door
2 entered Agent McCullough's room, opened his door, looking
3 out into the hallway, and what I saw was four men standing
4 in front of my door, guns drawn. At the moment that I saw
5 them, they obviously saw me, and their response was to run
6 towards where I was peeking out the door.

7 I was able to close the door and lock the door
8 before they arrived. The men then proceeded to bang on the
9 door and demand entering our room, and my response was that
10 I refused to allow them to enter the room until I could
11 identify who they were.

12 One of the men stated that he wanted to discuss
13 my inquiries to the hotel management earlier regarding Rene
14 Benitez and Mr. Wentworth.

15 The exchange continued through the closed door
16 and continued to a point of becoming a yelling match, very
17 loud and the banging continued, and subsequently a man I
18 later came to know as Rene Benitez, apparently impatient
19 at not gaining entrance to the room, shouted that if we
20 didn't open the door, he was going to shoot it down.

21 At this point I turned to Agent McCullough and
22 advised him that they would probably shoot the door down
23 if we did not open it, and I asked him to step away from

1 the door. All of this was going on in Spanish at the time.

2 I went back to my room through the connecting doo
3 and at that point picked up the phone and contacted the hot
4 operator in an attempt to contact the police. In that
5 particular hotel, you can only get an outside line through
6 the hotel operator. I asked that the hotel operator connec
7 me with the local police station. She refused. I explaine
8 the situation, and again asked her to connect me with the
9 police station. She again refused and announced that she
10 was sending the hotel security to our rooms.

11 During this time the knocking and banging continu
12 on the door, demanding entry to the room, and we, of course,
13 denied that. I returned back to the door and announced tha
14 I would not allow them to come into the room until they cou
15 identify themselves and we were satisfied that they were,
16 in fact, the police. They slipped an identification card,
17 which I knew to be that of the Colombian National Police,
18 under the door, identifying at least one of the gentleman
19 as a Colombian National Police officer.

20 I passed my U.S. passport under the door to identi
21 myself as a U.S. agent in Colombia on official duty. They
22 continued to demand entry into the door. We continued to
23 refuse and denied them entry.

1 A short time later there was a knock on the door
2 as opposed to the banging and yelling we had heard and the
3 people outside announced that they were hotel security and,
4 in fact, the gentlemen outside the door were all police
5 officers. We were on the 18th floor, unarmed, and our options
6 were somewhat limited at that point. So we opened the door.

7 As I opened the door, a man I later came to know
8 as Ivan Duarte, an ex-Colombian police officer, came to the
9 door with his Colt .45 in hand and spun me around, placing
10 the gun in my back and walked me back into my room. At this
11 point I lost sight of Agent McCullough who remained in his
12 room.

13 I was taken into my room and interrogation began
14 by Mr. Duarte, specifically wanting to know why I was making
15 inquiries regarding the two fugitives. At this time I thought
16 I was still speaking to a police officer.

17 Shortly thereafter, Rene Benitez enters my room,
18 cocked weapon in his hand, announces his presence, stands
19 before me, gun trained on my head, wants to know why I'm
20 asking questions about him at the hotel. He became somewhat
21 impatient with my response and advised me that the only law
22 in Colombia he was holding in his hand, referring to his
23 weapon, and pointed it at my head, and then ordered us to

1 get dressed because we were going to the police station for
2 further investigation.

3 Agent McCullough and I were taken out of our room
4 at gunpoint, down the hotel elevator, through a lobby where
5 there were at least three, four hotel employees, into a car
6 which was parked immediately outside the front door of the
7 hotel. This was approximately one o'clock in the morning
8 now.

9 Agent McCullough was put in the back seat. I
10 was put in the front seat of a Jeep type vehicle, two bucke
11 seats in the front. Mr. Duarte occupied the driver's seat.
12 Rene Benitez was on my right. Agent McCullough was in the
13 back seat, with a man we later came to know as Mr. Ruiz, a
14 convicted murderer.

15 The alleged trip to the police station took us
16 through town, and during that trip I was being interrogated
17 by Rene Benitez specifically about our mission in Colombia,
18 why we were there, what we were doing, how we were doing it.
19 That continued to a point where he finally just blurted out,
20 you know, "We're tired of you Americans coming down here
21 messing up our drug business." At that point he shot me in
22 the hip while I was still sitting in the car.

23 That, of course, created some confusion immediatel

1 and I was rolled over to one side, knocking the car out of
2 gear. Everyone, Mr. Duarte became quite excited, concerned
3 that he might have been shot, might have been injured, might
4 have been killed. At that point we continued driving through
5 town. This occurred in a residential area of Cartagena,
6 north of the hotel.

7 We continued driving once he got the car back in
8 gear, allegedly enroute to a hospital now to tend to my
9 wounds. We proceeded out of Cartagena approximately 15
10 miles past a town known as Turbaco. Approximately three
11 miles past Turbaco the car was stopped on the side of the
12 road, and at this point there was an argument between Mr.
13 Benitez and Mr. Duarte. They really weren't sure whether
14 they wanted to kill us in the car or out of the car. Not
15 wanting to get blood on the inside of the car, they decided
16 to take us out of the car.

17 They ordered us out of the car. At this point
18 I lost sight of Agent McCullough. Not being sure whether
19 I could stand or not, I crawled over to the door, picked
20 myself up using the open car door to support myself. As
21 I look up, I see Mr. Benitez in the standard police stance
22 with the gun trained at my head. I reacted and fell back
23 towards the open door, ended up in the front seat of the

1 car. As I look up Rene Benitez is standing at the open door
2 and fires again, this time hitting me in the shoulder.

3 I'm momentarily blinded by the muzzle flash and
4 the sound inside the car that left my ears ringing. As I
5 look back up again, I see Rene Benitez standing there again,
6 gun in hand, hammer back cocked, ready to shoot again, and
7 what I think will probably be the last round. As the hammer
8 falls, the round does not fire. At that point I seize the
9 opportunity and come after Mr. Benitez, being able to push
10 him out of the car towards the back of the car.

11 As I try to grab him, a struggle begins. He hits
12 me on the side of the head. The momentum pushes me away
13 from him. I take the opportunity and continue in that same
14 direction, run down a ditch, run into a fence, which I
15 managed to get over, cross an open field to a wooded area,
16 hopefully finding a place to hide.

17 As I get over the fence, I hear five, six or seven
18 shots in rapid succession, and at that point I believe that
19 Agent McCullough had been killed right there at the car.
20 I continue into the woods, run off a cliff. My concern now
21 is to try to conceal myself as best I can.

22 I remove my shirt, which is a light pullover shirt,
23 bury it, and then change my route, change my direction

1 and find a hiding place. Shortly thereafter I hear the three
2 men coming through the woods looking for me. I stayed there
3 for about 30 minutes as they walked past me and searched,
4 continued searching the wooded area; went past me, came back.
5 I was lucky they weren't able to find me. They came within
6 ten yards of me at one point.

7 After they came past me and proceeded back to the
8 vehicle, I heard the vehicle start up and leave. I waited
9 a short time later after I convinced myself no one was
10 there. Then I crawled down the steep embankment that I was
11 hiding at across a creek, up the bank on the other side,
12 and found a new hiding spot.

13 This took quite a while. My hip was very painful,
14 bleeding quite a bit, and it was a more of a crawl. I crawled
15 away is what I did.

16 And I remained in this hiding place until approxi-
17 mately three o'clock in the morning when I heard my partner,
18 Agent McCullough calling my name. At first I was surprised.
19 I thought he had been killed at the car, and then I became
20 suspicious, thinking that it was a trick to try to lure me
21 out. I heard him call my name twice. Then it stopped, and
22 I really became suspicious at that point. I did not respond,
23 and I stayed in the hiding place, and I remained there until

1 daylight. It was my opinion that if no one came looking
2 for me by daylight that I was on my own, and I would have
3 to find my own way back to safety.

4 As it happened, I remained there until daylight,
5 made my way back to the road, over the road, into a ditch
6 in a hiding spot, and remained there for approximately 45
7 minutes trying to hail down a car to get back to town to
8 a hospital. Several vehicles came by and no one was very --
9 no one for the first 30 minutes stopped. Here I was with
10 no shirt, full of blood on a road which is known for
11 robberies and terrorist activities. Finally a young man,
12 a cab driver, came by on his way to work and for some reason
13 stopped and provided me with transportation to the naval
14 hospital in Cartagena.

15 After the officials there assured themselves of
16 who I was, they allowed me into the base and provided me
17 with medical attention, and later on that day, about 11
18 o'clock in the morning is when I found out that Agent
19 McCullough had actually survived and had made his way back
20 to another hospital, and he later joined me that day about
21 noon.

22 I think he could probably go into the events that
23 transpired from the time I was shot in the shoulder in the

1 car because at that point I lost sight of him.

2 MR. SMITH: Agent McCullough, could you tell us
3 in your own words what happened to you at the site after
4 your partner was shot the first time?

5 SPECIAL AGENT McCULLOUGH: Okay. All of the con-
6 versations were in Spanish, and I don't understand Spanish.
7 So I was having to rely on what Charlie was able to tell
8 me what was going on.

9 As we were riding out into the country and when
10 Charlie was shot while we were riding in the car, the man
11 in the back seat with me could speak some English, and he
12 said not to worry, that it was an accident, that not only
13 was Charlie hit by the accidentally fired bullet, but also
14 Rene Benitez had shot himself, and that we were going to
15 the hospital to have them both treated.

16 So we drove out, left Cartagena, went past, through
17 Turbaco, and on the left side of the highway as we passed
18 through I saw a little clinic, and I pointed this out to
19 the man in the backseat, said, "Hey, there's a hospital right
20 here. Why don't we stop?" And he said -- he didn't have
21 any reply at that time, just a shrug of his shoulders, and
22 the car continued on out of town.

23 About three miles out of Turbaco, stopped alongside

1 of the highway, and the three bad guys got out of the car
2 and Charlie turned around at me and said, "Partner, it looks
3 like they're going to kill us," and at that time I tried
4 to get out of the back seat, but Duarte was standing at the
5 door, the driver's side of the door, with the door open,
6 and every time I would move toward the door to get out, he'd
7 pull his .45 automatic out and push me back in the back seat.
8 So a few minutes later, I saw Charlie sit back down in the
9 front seat. Then Rene Benitez pointed the pistol right between
10 his eyes, and I heard Charlie say, "No, Rene, no," and I
11 suddenly had the opportunity to jump out of the front seat --
12 to jump out of the back seat down on the ground, and tried
13 to grab Duarte's .45 automatic and missed, and when I
14 missed, I started running and immediately I heard a shot
15 and heard Charlie scream.

16 From what I had seen and had just heard, I assumed
17 that he was dead. So I ran into the ditch and tried to get
18 into the wooded area, but there was a high fence that I
19 couldn't get over. So I continued running down the ditch,
20 and there was a lot of vegetation, and I tripped and fell.
21 I managed to get back up before Duarte caught up with me
22 and continued running, but before I fell down the first time,
23 he had fired three or four shots and had missed.

1 When I got back up and started running again, he
2 shot twice more. One shot hit me on the inside of the left
3 knee and the other shot hit me in the right buttock. The
4 last shot knocked me back down on the ground, and as I was
5 again attempting to get back up on my feet, Duarte stood
6 over me and shot me. The bullet hit the right side of my
7 neck, went all the way across the inside of my chest, and
8 exited out my left armpit.

9 This shot knocked me back flat on the ground, and
10 as I laid there, I knew that the coup de grace would probably
11 be the next and last thing that ever happened, but in five
12 or ten seconds, when nothing happened, I raised my head and
13 he was gone. So I got back up and climbed over the fence
14 and went to a farmhouse where I saw some lights through the
15 trees and tried to get assistance, but the man that came
16 out was carrying a gun and motioned for me to hit the road.

17 So I went back out to the highway and made my way
18 back three miles back into Turbaco. As I was entering the
19 little village, I saw a Catholic Church steeple. I went
20 to the church and talked to the priest who could understand
21 a little English, told him what had happened, and I requested
22 that we get a police officer and a doctor and go back out
23

1 to the scene of the shooting and try to help Charlie.

2 So he put me in his car and we drove by the police
3 station and picked up a Colombian National Policeman and
4 then went to the clinic that we had passed earlier and got
5 the doctor, and we drove back out on the road. When we got
6 there, the policeman and I started walking up the road away
7 from the car, and I was calling Charlie's name, and the
8 policeman was shining his flashlight in the ditch, and when
9 we got about 100 yards away from the car, I heard someone
10 whistle from up the road, and I looked up, and there were
11 two men walking towards us, and as they got closer, I
12 recognized one of them as being Rene Benitez, and when he
13 saw me and recognized me, he raised his gun and pointed it
14 right at me and started walking quickly toward us, and I
15 was trying to explain to the police officer, who did not
16 understand English, that this was the guy that had tried
17 to kill us, and the policeman grabbed Benitez's arm, gun
18 arm, and started leading him on up the highway and motioned
19 for me to hit the road again.

20 So I walked back into Turbaco. This was about
21 four o'clock in the morning and made my way down the little
22 narrow streets and caught a bus that was picking up workers
23 to take them into Cartegena, rode the bus into Cartagena

1 and caught a taxi and went to the hospital, the Bocagrande
2 Hospital in Cartagena, where I received medical treatment
3 and was able to get word to the American consulate in
4 Barranquilla about what had happened, and I received word
5 that Charlie had survived and was in the naval hospital,
6 and we got back together later on that day.

7 MR. SMITH: My understanding is that there was
8 a subsequent investigation, and in the course of that
9 investigation, it was determined that Rene Benitez was, in
10 fact, or is, in fact, the head of one of the organizations
11 of the type about which we heard yesterday; is that correct?

12 SPECIAL AGENT MARTINEZ: That's correct.

13 MR. SMITH: Mr. Chairman, I have no further ques-
14 tions of these witnesses.

15 CHAIRMAN KAUFMAN: Thank you.

16 Are there any further questions?

17 (No response.)

18 CHAIRMAN KAUFMAN: We appreciate your coming here.
19 You are two brave men. The government is unquestionably
20 proud of your service. Your story is very touching. Thank
21 you.

22 SPECIAL AGENT McCULLOUGH: Thank you.

23 CHAIRMAN KAUFMAN: Call your next witness.

1 MR. HARMON: Mr. Chairman, if we may just have
2 a minute to position the video for viewing by the
3 Commission, and in the meantime, would Special Agent Michael
4 Fredericks come forward, please?

5 Please swear the witness.

6 Whereupon,

7 MICHAEL FREDERICKS

8 was called as a witness and, having been first duly sworn,
9 was examined and testified as follows:

10 MR. HARMON: Would you please identify yourself
11 for the record?

12 SPECIAL AGENT FREDERICKS: My name is Michael
13 Fredericks. I'm a Special Agent with the Drug Enforcement
14 Administration, currently assigned to Bogota, Colombia.

15 MR. HARMON: What is your present position in Bogota,
16 Colombia?

17 SPECIAL AGENT FREDERICKS: I am a Special Agent
18 with DEA. Primary duties involve liaison with the local
19 counterparts, the Colombian National Police, and other various
20 Colombian organizations, and intelligence gathering relative
21 to narcotics trafficking.

22 MR. HARMON: Agent Fredericks, we've heard this
23 morning from Assistant Secretary of State Thomas concerning

1 raids which the Colombian National Police and military
2 directed towards approximately 50 laboratories over the past
3 several months in Colombia. I'd like to draw your attention
4 to one series of raids upon those laboratories which occurred
5 during the period March 10th of this year through October
6 15th of this year.

7 You've given to the Commission a detailed statement
8 surrounding that series of raids and other matters which
9 I would ask be made part of the record here.

10 Was the initial one of that series of raids
11 beginning in March of 1984 conducted in an area known as
12 Tranquilandia?

13 SPECIAL AGENT FREDERICKS: Yes, sir. That's correct.
14 DEA received information on or about the 8th of March of
15 this year that there was an ongoing laboratory complex
16 situated in the remote jungles of Southeastern Colombia.
17 We passed that information to the Colombian National Police,
18 who in turn mounted an operation directed against the raid
19 and subsequent seizure of that complex.

20 MR. HARMON: And generally what part of Colombia
21 is the Tranquilandia area located in?

22 SPECIAL AGENT FREDERICKS: The gentleman is pointing
23 on the map. It's near the Vari, the river in Southeastern

1 Colombia. Some 175 miles from there is police outpost San
2 Jose Del Guaviare and the Department of Guaviare.

3 MR. HARMON: Now, where was the raid upon
4 Tranquilandia mounted and how was it conducted, in general
5 terms?

6 SPECIAL AGENT FREDERICKS: The forces were generally,
7 organized from the capital, Bogota. They were brought
8 together, united in San Jose, and the general thrust of the
9 operation was mounted from San Jose Del Guaviare on the 10th
10 of March.

11 The initial raiding forces consisted of approximate-
12 ly 40 to 45 Colombian National Police Officers. They utilize
13 one fixed wing DeHavilland twin otter aircraft and two Bell
14 212 helicopters for the initial assault.

15 MR. HARMON: During the course of the initial assault
16 did they receive ground fire?

17 SPECIAL AGENT FREDERICKS: Yes, they did. They
18 flew into the area and the magnitude of the complex was not
19 really known prior to the actual raid. The estimates by
20 the Colombian National Police were approximately 100 uniformed
21 guerrilla resisters who were providing sniper fire and re-
22 sistance to the raiding forces at the time of the raid.

23 I might point out that at this time it was a little

1 difficult to go right into the landing strip because one
2 of the methods the traffickers use is to cover the strip
3 with 55 gallon drums, usually empty, of ether, formerly
4 ether barrels, to prevent the landing of any aircraft on
5 that strip that's not expected or wanted. So for this pur-
6 pose they were using helicopters to go in and clear the
7 barrels off of the landing strip, and then the fixed wing
8 aircraft comes in as support.

9 During this entire time, there was resistance of
10 gunfire from these guerrillas.

11 MR. HARMON: Now, would you describe the size of
12 the physical facility located at Tranquilandia as well as
13 its various components?

14 SPECIAL AGENT FREDERICKS: Tranquilandia itself
15 had approximately a 3,500 foot airstrip that was carved out
16 of the jungle undergrowth. It had a hard surface, gravel
17 and sand mixture; another 1,200 feet on one end of the strip,
18 and 2,000 feet on the opposite end of the strip that they
19 had cleared of jungle growth to permit the entry of the
20 aircraft into the area, to make the strip actually usable
21 for large aircraft.

22 Approximately at the middle of the actual strip,
23 perhaps 100 yards to the west of the midpoint of the strip,

1 was a living complex. This complex consisted of a dormitory,
2 housing approximately 80 bunks, kitchen and eating facilities
3 whereby approximately 30 people could be fed, and then a
4 third building that was apparently for the administrators
5 and possibly pilots who would come in and out of the complex.
6 It slept another ten to 12 people.

7 In this area there were hog pens, chicken pens
8 and so forth, a fully equipped kitchen. They had running
9 water, flushing toilets, showers. Electricity was provided
10 by diesel generators, and it was a self-contained living
11 complex under the canopy of jungle growth.

12 At one end of the strip, approximately half to three
13 quarters of a mile away to the north, was the main laboratory
14 complex, which in this way was geographically and physically
15 apart from the living complex. There were nine buildings
16 in the laboratory complex ranging from a storage area for
17 the ether utilized in the processing, that was referred to
18 in previous testimony, the actual base to hydrochloride,
19 a laboratory complex itself, resulting in the cocaine
20 hydrochloride being produced.

21 MR. HARMON: Was this base camp area located in
22 a remote jungle part of Colombia?

23 SPECIAL AGENT FREDERICKS: Yes, sir. In my best

1 estimate, the nearest road in that area is perhaps 150 miles
2 away.

3 MR. HARMON: So that all of this equipment, all
4 of the chemicals, all of the makings which lead ultimately
5 to the production of cocaine were required to be flown into
6 that location; is that correct, Agent Fredericks?

7 SPECIAL AGENT FREDERICKS: That's correct.

8 MR. HARMON: Now, during the course of the
9 Tranquilandia raid, which we'll see a video of in a moment,
10 was there found a handwritten map locating what appeared
11 to be other laboratories located in the jungles of Colombia?

12 SPECIAL AGENT FREDERICKS: That's correct. To
13 my right is an enlargement of the photograph that was taken
14 of a pocket notebook that was found in the pilots' quarters,
15 indicating that Tranquilandia was one of six different
16 complexes within approximately a 60 to 70-mile radius of
17 each other.

18 Prior to the raid that was conducted on March 10th,
19 we had no knowledge of these other complexes. We had
20 intelligence that there was activity in the area. We didn't
21 know exactly where they were. Based on this map, continued
22 operations were mounted to enable the national police to
23 raid each one of the other five complexes identified as

1 you see here: Nuevo Horizonte, Las Palmeras, Pascualandia,
2 El Diamante and the bottom one you'll notice has the nota-
3 tion R-o-d-r-i, Rodri apparently. Other documents in the
4 raid identify that site as Villa Coca, also known as Cocalan-
5 dia, and we believe that that notation "Rodri" is directly
6 tied to the owner of that complex who was subsequently
7 identified as a man named Rodriguez-Gacha.

8 MR. HARMON: Now, during the course of the series
9 of raids upon these other base camps depicted on this hand-
10 drawn map, was there located still another base camp labora-
11 tories which came to be known as Loma?

12 SPECIAL AGENT FREDERICKS: Yes, sir. Subsequent
13 to the initial raids during that week, March 10th to March
14 16th or 17th, a security force essentially was left at the
15 base camp of Tranquilandia to insure the traffickers and/or
16 guerrillas did not return into that area to continue their
17 activity.

18 As a result, San Jose Del Guaviare, the city from
19 which the raid was mounted, lies to the north. So in flying
20 in and out of that area, maintaining the security force,
21 yet another laboratory complex was found in the area, the
22 gentleman was pointing to north, and that was subsequently
23 called La Loma. That was discovered on about April 4th

1 of this year.

2 MR. HARMON: Did this series of raids provide
3 additional insight into the ways in which the Colombian
4 cocaine organizations dealt with each other, as well as the
5 way in which they dealt with insurgent movements located
6 within Colombia?

7 SPECIAL AGENT FREDERICKS: Yes, sir. As I indicated,
8 there was a lot of documentation that was taken at this raid.
9 Pascualandia --

10 MR. HARMON: Perhaps we can get to that in just
11 a moment.

12 Mr. Chairman, with your permission, we have a video
13 of the second day entry into the Tranquilandia location,
14 showing the destruction of the various facilities, the
15 composition of those facilities before their destruction,
16 as well as some implements taken as a result of these raids
17 linked to the insurgent movements in Colombia, which with
18 your permission I would ask Agent Fredericks to narrate.
19 It is approximately a five-minute video.

20 CHAIRMAN KAUFMAN: Proceed.

21 SPECIAL AGENT FREDERICKS: This is an aerial view
22 of the landing strip at Tranquilandia, flying into it from
23 San Jose Del Guaviare. You'll notice the jungle surrounding

1 the area.

2 The one thing that's unique about all of these
3 complexes is the only thing visible from the air essentially
4 is the landing strip itself. The laboratory complex, the
5 living complexes are entirely covered by the jungle canopy
6 in the areas.

7 This is as the aircraft is landing. This film
8 was taken from the inside of the Colombian National Police
9 twin otter. This is one of the helicopters that was being
10 used, coming in.

11 Throughout the first two days, possibly two and
12 a half days, there was erratic gunfire from the jungles.
13 So the entire seizure as it went on was somewhat disrupted
14 by these guerrillas and resisters.

15 This is a living complex. If you'll notice, the
16 barrels, the 55 gallon drum barrels, were smashed down and
17 used as walkways to prevent them being mired down in the
18 mud and so forth.

19 This is a short segment of some of the arrestees
20 There were approximately 40 individuals arrested on this
21 initial raid, identified primarily as workers.

22 This is the dining facility. Behind that is the
23 kitchen. Directly to the rear is the dormitory.

1 Chronologically, this is out of sequence. This
2 is a guerrilla camp that was subsequently raided when we
3 discovered Loma, the site to the north of this complex.

4 This is actually part of the laboratory complex,
5 some of the weapons that were seized, Uzi machine guns, In-
6 gram machine guns, shotguns, carbines, radio equipment.

7 As you'll notice on the map, there are also radio
8 frequencies assigned to some of these sites. These indivi-
9 duals were in constant radio contact with each other.

10 These are open wall construction, usually with
11 a tin roof; some of the laboratory processing sites; barrels
12 of ether. They used quite a few plastic garbage cans with
13 filtering papers and so forth in the processing of the
14 cocaine.

15 Another storage area. Here is the actual filtering
16 in the conversion process. Various other chemicals, acetone
17 being one in conjunction with the ether.

18 This was water that was stored in a 20-foot platform
19 to constitute a gravity flow type operation. They use PCV
20 piping or tubing.

21 That's an ether storing shed in the jungle. You
22 can see the canopy.

23 Seventy-five plastic trash cans. Each one had

1 approximately 20 kilograms of cocaine hydrochloride contain
2 in it.

3 There's some of the finished product, packaged
4 for ultimate shipment. Cocaine hydrochloride.

5 These are spare light bulbs that were found in
6 a storage room to facilitate the drying operation. Here's
7 a drying table with the high intensity light bulbs overhead.
8 Some of the complexes we've found have drying tables as large
9 as 40 by 40 feet, covered in stainless steel.

10 Some of the equipment. I believe later film foot
11 will show heavy equipment. They had bulldozers, steam roll
12 tractors, all of which had been flown in by large airplanes
13 DC-3s, DC-4s.

14 There's ether, also on a raised platform to
15 facilitate the gravity flow concept, make it a lot easier
16 to get it out of the barrels.

17 One thing you may keep in mind as you view this
18 film is the complex was spread out over a large area. This
19 is the subsequent destruction of the facilities, dynamiting
20 the airstrip, burning the laboratory complex itself, the
21 living strips. This was a plane that was found in the jung
22 camouflaged underneath palm fronds, and so forth.

23 Here's some of the equipment that was there.

1 The explosion you saw there a moment ago was
2 caused by dynamite that had been put in there by the demoli-
3 tion expert, but apparently the soldiers that were lighting
4 the fire weren't aware of it.

5 Here you'll see a man fire some rounds into --
6 what he's doing there is shooting holes in barrels of ether,
7 which is highly flammable as you can well see, and in order
8 to let the ether leak out, which results in this type of
9 destruction.

10 That's the remnants of the living complex at
11 Tranquilandia.

12 MR. HARMON: Now, perhaps, Agent Fredericks, using
13 the hand-drawn map where you feel would be helpful, would
14 you explain how this series of raids, plus other investiga-
15 tive work which took place during this period, shed some
16 new insight into the relationship between guerrillas and
17 the cocaine organizations, as well as the actual production
18 of cocaine?

19 SPECIAL AGENT FREDERICKS: Certainly. As early
20 as January of this year, we had specific information indicating
21 that an individual by the name of Pasqual Bravo-Munoz, a
22 major cocaine trafficker in Colombia, owned a complex
23 accompanied by an airstrip that he had named Pasqualandia

1 after himself. This information came after an American
2 citizen had been kidnapped in August of 1983 and held by
3 the FARC, the Armed Revolutionary Forces of Columbia, a
4 Communist-oriented guerrilla organization. They subsequent
5 released that individual, but after having lived with the
6 guerrillas for five months, he gave a very comprehensive
7 statement subsequent to that release. He has since written
8 a book.

9 So we had information about Bravo-Munoz. As you
10 will see, the laboratory located in the upper right-hand
11 corner, Pasqualandia, is exactly what we had been told
12 previously. It was owned by Pasqual Bravo-Munoz. It is,
13 in fact, named Pasqualandia.

14 El Diamante, the site directly below Pascualandia
15 came to our attention in January of 1983 when El Tiempo,
16 a daily Bogota newspaper, reported a story whereby
17 approximately 150 guerrillas from the FARC had allegedly
18 raided El Diamante, a large ranch, in the attempt to kidnap
19 the owners. They were going to hold the owners for ransom.

20 Fortunately or unfortunately, depending on one's
21 position, the owner and his family were not there at the
22 time of the raid, and 13 other people were held captive.
23 Four planes were seized for a ransom of something over

1 \$400,000. So we had previous information on El Diamante.

2 At the lower area, the location indicated now,
3 Rodri, also known as Villa Coca, information developed
4 indicating that Jose Gonzalo Rodriguez-Gacha, also known
5 as El Mexicano, a major trafficker in Colombia, owned that
6 site. Subsequent to this raid, we have the statement by
7 an individual who was arrested in Panama by the Panamanian
8 National Guard in May of this year --

9 MR. HARMON: Before we get to that, Agent Fredericks,
10 the individual which you have identified as having received
11 information of being the owner of that lower base camp
12 laboratory, was he one of the persons from DEA's intelligence
13 analysis that was also present on the military airstrip in
14 Nicaragua at which Pablo Escobar, a major Colombian cocaine
15 trafficker, was seen and about whom there has been prior
16 testimony?

17 SPECIAL AGENT FREDERICKS: Yes, sir, that's correct.
18 Although I cannot personally identify this man, he has been
19 identified to me by DEA intelligence analysts. He is shown
20 in the lower row of photos reclining in front of a 55 gallon
21 barrel and is obviously associated with Pablo Escobar-Gaviria
22 in the Nicaraguan operation.

23 MR. HARMON: Now, drawing your attention very

1 quickly again back to Pascualandia, you referred to an
2 individual who was kidnapped and has since written a book.
3 Did the persons occupying Pascualandia describe their
4 relationship with the guerrillas and with the cocaine
5 traffickers?

6 SPECIAL AGENT FREDERICKS: Not so much the person
7 occupying Pascualandia. I'm not privy to that knowledge,
8 but the individual did indicate that his guerrilla captors
9 had been involved in the production of coca, in the taxing
10 of the narcotics traffickers, the coca growers, the coca
11 processors, throughout this period of time, which fit a
12 pattern of intelligence which we had previously received.

13 Essentially in exchange for the traffickers being
14 able to operate in a given geographic area, due to the lack
15 of police activity in this area, it's impossible. It's
16 jungle area that heretofore was thought to be inhabited on
17 by indigenous Indians of the Amazon area, Amazon region.
18 The traffickers could at will collect tax in order to permit
19 the traffickers to operate in these areas. That information
20 was confirmed by the kidnap victim.

21 MR. HARMON: At the site which you've described
22 as Loma, was there recovered a diary or a log which further
23 described the relationship of counterinsurgents to the

1 production of cocaine?

2 SPECIAL AGENT FREDERICKS: Yes, sir, that's correct.

3 Before I do that, I would like to interject one
4 thing for the Commission's benefit. These other lab sites,
5 Las Palmeras, Nuevo Horizonte, Tranquilandia itself, docu-
6 mentation indicated the involvement of individuals such as Jorge
7 Ochoa, whom you've already heard testimony about yesterday,
8 Pablo Escobar, again, and another individual by the name
9 of Francisco Barbosa.

10 Now, as far as Loma, subsequent to its detection
11 on April 4th and subsequent raid on April 6th of this year,
12 there were no seizures of cocaine made at that location.
13 It had been essentially abandoned. There were hundreds of
14 empty barrels of ether which indicated the activity that
15 had been taking place at that location, but more importantly,
16 we found an active FARC base camp, a guerrilla base camp,
17 approximately one-half mile east of the Loma site. It was
18 obvious to the National Police and also a Colombian army
19 intelligence colonel who accompanied us on that raid that
20 the two elements were living compatibly, side by side, the
21 guerrilla camp being one-half mile away, the traffickers
22 having a large runway that was able to bring in foodstuffs,
23 whatever other supplies were needed by the guerrillas and/or

1 the traffickers.

2 MR. HARMON: Did this reflect a change in the per-
3 ceived relationship between the traffickers and the
4 guerrillas?

5 SPECIAL AGENT FREDERICKS: At that point in time,
6 it tended to corroborate the intelligence we had already
7 received as far as a protection racket, if you will, that
8 was being instigated by the guerrillas. Subsequently,
9 however, last month, the middle of last month, a second raid
10 was conducted on Loma based on continued activity in that
11 area, and at that point in time we did find a personal diary
12 of a FARC member, a FARC guerrilla member, who indicated
13 that the FARC guerrillas were, in fact, actively involved
14 in the processing of cocaine, and they had actually taken
15 over that Loma site.

16 Between the point in time that was discovered on
17 September 27th of this year and actually raided on the 12th
18 of October, the diary indicates that on October 2nd, the
19 site was moved from La Loma to the guerrilla camp one-half
20 mile east. I might also add that in that period of time,
21 a new airstrip was built at the guerrilla camp, between the
22 initial raid on Loma in April and the subsequent raid in
23 October.

1 MR. HARMON: Now, one last point, Agent Fredericks.
2 Does the physical layout of these base camp laboratories say
3 anything about the method of operation of the cocaine
4 organizations themselves?

5 SPECIAL AGENT FREDERICKS: I believe so. They
6 all follow a pattern in the fact that each geographic area
7 of responsibility, whether it be the airstrip, the living
8 facilities, the laboratory complex, processing facilities,
9 are separated physically and geographically from each other
10 by some distance. In other words, if a worker was there
11 to build buildings or was a specialist in electrical
12 installations, he may very well live in an actual living
13 complex and never have access and never have the ability
14 to visit the laboratory processing facility. The same, in
15 turn, would work with a pilot who may come in, be hustled
16 into his living facility, and take a load out the next day
17 without actually ever seeing the laboratory complex, and
18 in the reverse, the laboratory workers wouldn't necessarily
19 know who was coming in to make the pickups, wouldn't
20 necessarily be able to identify aircraft coming and going.
21 It's a built-in system of insulation.

22 MR. HARMON: Now, we've heard previously at earlier
23 hearings about the way in which La Cosa Nostra is organized

1 along very firm structural lines where responsibility is clear
2 and where membership in a family is clear and permanent.
3 In your view, Agent Fredericks, is that also true of these
4 cocaine organizations or is it not true?

5 SPECIAL AGENT FREDERICKS: In my experience with
6 Colombian cocaine traffickers, there is a level of organiza-
7 tion that may involve the very pinnacle, in other words,
8 a handful of people at the top. Below that level, my
9 experience shows that there are many workers who move between
10 one organization and another. I'm not very familiar with
11 the LCN, but from what I do understand, if you have a soldier
12 in an organization like that, he knows who he's working for.
13 He knows who the family member, the head of that family,
14 is. It seems that in the Colombian organizations, a labora-
15 tory operator may work for a trafficker such as Pablo
16 Escobar and not even be aware of it simply because of levels
17 of insulation. He may work one month in one laboratory
18 operation and the following month be changed to a completely
19 different operation owned by a completely different
20 organizational structure, and not know actually who he's
21 working for.

22 MR. HARMON: Okay. I have no further questions,
23 Mr. Chairman.

1 CHAIRMAN KAUFMAN: All right. Are there any ques-
2 tions from the members of the Commission?

3 (No response.)

4 CHAIRMAN KAUFMAN: Thank you, sir. We appreciate
5 your testimony.

6 SPECIAL AGENT FREDERICKS: Thank you, Mr. Chairman,
7 for the opportunity. I appreciate it.

8 MR. HARMON: Thank you, Agent Fredericks.

9 CHAIRMAN KAUFMAN: The next witness?

10 MR. SMITH: Mr. Chairman, we would call Mr. Larry
11 Hall, Mr. Luis Garcia, and Mr. Jack R. Devoe, three
12 individuals who will describe their smuggling activities
13 as pilots flying narcotics into this country.

14 Of the three pilots, Mr. Devoe is represented by
15 counsel, who will also be present at the table.

16 Mr. Marshal, would you swear the witness, please.
17 Whereupon,

18 O. LARRY HALL, LUIS GARCIA and JACK DEVOE
19 were called as witnesses and, having been first duly sworn,
20 were examined and testified as follows:

21 MR. SMITH: Would each of you please state your
22 name for the record?

23 MR. DEVOE: My name is Jack Raymond Devoe.

1 MR. HALL: Olmond Lawrence Hall.

2 MR. GARCIA: Luis G. Garcia.

3 MR. SMITH: Mr. Hall, I'd like to start with you,
4 sir. I wonder if you would pull the microphone over a little
5 closer.

6 How old are you, Mr. Hall?

7 MR. HALL: I'm 26, sir.

8 MR. SMITH: Have you got a pilot's license?

9 MR. HALL: Yes, sir, I do.

10 MR. SMITH: When did you get that license?

11 MR. HALL: January 1977, sir.

12 MR. SMITH: Some time after you got it, did you
13 go to work for an organization called Devoe Airlines?

14 MR. HALL: Yes, sir, February of 1982.

15 MR. SMITH: What kind of business was Devoe Air-
16 lines?

17 MR. HALL: Devoe Airlines was a scheduled commuter
18 service through smaller Florida cities connecting with Miami

19 MR. SMITH: At some time after you went to work
20 for Devoe Airlines in February 1982, did you also become
21 involved in smuggling of drugs?

22 MR. HALL: Yes, sir. That was in June of 1982.

23 MR. SMITH: About six months after you went to

1 work at Devoe?

2 MR. HALL: Yes, sir.

3 MR. SMITH: How did you get involved in drug
4 smuggling?

5 MR. HALL: There was a Director of Operations that
6 I became pretty friendly with who approached me one day and
7 asked me if I'd like to make some extra money in a safe way,
8 to which I replied yes.

9 MR. SMITH: Did you know what he was talking about
10 at the time?

11 MR. HALL: I asked him did it have to do with drug
12 smuggling, and he said, "What do you think?" And later from
13 there, we discussed the mode that was being used and how
14 much I would be paid.

15 MR. SMITH: You smuggled cocaine into this country;
16 is that right?

17 MR. HALL: Yes, sir.

18 MR. SMITH: Did you ever smuggle any other kind
19 of drug?

20 MR. HALL: No, sir.

21 MR. SMITH: Approximately how much cocaine would
22 you say you brought into this country during your smuggling
23 career?

1 MR. HALL: I've handled about -- "handled" meaning
2 brought up from Colombia and then brought it in into the
3 United States -- about 18,000 pounds.

4 MR. SMITH: And over what period of time was that?

5 MR. HALL: It would be over a period of about nine
6 months.

7 MR. SMITH: Did your smuggling operation follow
8 a particular geographic course?

9 MR. HALL: The first period in which I worked for
10 Mr. Devoe entailed departing from the United States in a
11 turbo-prop aircraft, a Cessna Conquest, either from the
12 United States or the Bahamas, either one; it didn't really
13 matter; flying down to Colombia about 60 miles north of the
14 Equator, would take us approximately six hours and 15 minutes
15 landing there, refueling the aircraft, eating dinner, the
16 next morning waking up, flying along the Colombia-Venezuela
17 border, up over Haiti, turning left, descending into the
18 Bahamas and dropping off the cocaine at an island called
19 Rudder Cut Cay.

20 MR. SMITH: You had a base of operations at Rudder
21 Cut Cay?

22 MR. HALL: The base was basically at Little Darby
23 Island. Rudder Cut Cay was a longer runway which we used

1 in order to land the bigger Cessna Conquest.

2 MR. SMITH: And after the cocaine was off-loaded
3 in the Bahamas, where did it go?

4 MR. HALL: After it left Rudder Cut, it eventually
5 got transferred to Little Darby, where it was packed into
6 the wings of a Twin Bonanza, Beechcraft Twin Bonanza air-
7 craft, and flown into the United States clearing Customs,
8 and then after leaving Customs going on down to Ocean Reef.

9 MR. SMITH: During the time that you were involved
10 in that operation, did any of those light twins coming in
11 from the Bahamas ever get caught by Customs as a result of
12 the narcotics being detected in the wings?

13 MR. HALL: One was seized on March 20th, 1983.
14 Prior to that there was no indication there was anything
15 suspicious.

16 MR. SMITH: You flew both legs of this journey;
17 is that right, both from Colombia to the Bahamas and from
18 the Bahamas to Florida?

19 MR. HALL: Yes, sir.

20 MR. SMITH: In all of the times that you made those
21 flights, how many flights would you say you made altogether?

22 MR. HALL: The Colombia to the Bahamas flights,
23 the total were eight. The Bahamas to the States, approximately

1 35.

2 MR. SMITH: In all of the time that you flew into
3 the Bahamas and out of the Bahamas, did you ever have any
4 problems with Bahamian authorities?

5 MR. HALL: None whatsoever.

6 MR. SMITH: Did you feel secure in that Bahamian
7 base of operation?

8 MR. HALL: Yes, sir, quite.

9 MR. SMITH: Because your planes were part of a
10 charter operation and because the cocaine was sealed in the
11 wings, was it necessary for you to take any kind of evasive
12 tactic coming into American airspace?

13 MR. HALL: No, sir. Considering we did clear Cus-
14 toms each time that we came into the United States, the
15 basic evasive action was to act normally and file a flight
16 plan, come in and land, and let them inspect the airplane
17 and go about our business afterwards.

18 MR. SMITH: Did you find it particularly easy to
19 clear Customs at any given time during the week as opposed
20 to other times?

21 MR. HALL: The best time is usually in the morning.
22 The ideal time was during a Miami Dolphins football game
23 or when it was raining outside.

1 MR. SMITH: What did the Dolphins game have to
2 do with it?

3 MR. HALL: The Customs agents tend to stay inside
4 and listen to the football game or watch it.

5 MR. SMITH: During the time that you were making
6 these flights into Florida from the Bahamas, did you enjoy
7 any particular advantage in terms of the rate of air traffic
8 from the Bahamas into Florida?

9 MR. HALL: The Bahamas to Florida East Coast is
10 very heavily traveled, and that's one of the main reasons
11 why we did file a flight plan, to look the part of just
12 another plane coming in, going on a charter and coming in,
13 boyfriend and girlfriend, picking up or taking groceries
14 over to the Bahamas and stuff like this.

15 MR. SMITH: Mr. Hall, in fact, Customs and DEA
16 do make surveillance and interdiction patrols by aircraft
17 on the Florida coast; isn't that right?

18 MR. HALL: That's true.

19 MR. SMITH: Did you ever have occasion to monitor
20 any of those DEA flights or the radio broadcasts in connec-
21 tion with those flights?

22 MR. HALL: Yes, sir. We had on our frequency band
23 two frequencies of DEA's we monitored. Every aircraft had

1 at least two radios. One would be programmed to listen to
2 the DEA frequency, their primary frequency. They would
3 alternate back and forth. On every other day, they would
4 switch one to the other. The other one would be whichever
5 tower or controller we were listening to or talking to.

6 Lots of times it would be better for us to listen
7 to the DEA frequency so we had a better idea of where they
8 were, and in fact, if they were in pursuit of us, usually
9 they would call in numbers over the radio, and if we'd hear
10 our number called, it's a pretty good idea that they're after
11 us.

12 MR. SMITH: How did you have the DEA frequency?

13 MR. HALL. There was two that it was told to me
14 that we could use on our frequency by Mr. Devoe. One time
15 there was a DEA helicopter, a Cobra, that they landed in
16 front of Devoe Aviation, which Mr. Devoe walked out, being
17 a helicopter enthusiast, and they had a clipboard on their
18 cockpit, and I believe he copied them down, I'm not sure,
19 on a piece of paper or on his hand, most of the frequencies
20 anyway, the ones that he could get down.

21 MR. SMITH: Did you also have occasion on at least
22 one time to fly what you know as a "cover flight"?

23 MR. HALL: That was my primary experience

1 with smuggling, yes, sir.

2 MR. SMITH: What's a "cover flight"?

3 MR. HALL: Basically a flight where a decoy air-
4 craft flying overhead and monitoring what's going on is listen-
5 ing to DEA, watching for pursuit aircraft, keeping in contact
6 with the incoming aircraft that's loaded with drugs, and
7 also if any interdiction, to try and decoy the interdiction
8 aircraft to follow the good aircraft, the one that's not
9 loaded with cocaine.

10 MR. SMITH: In all of the eight or nine flights
11 that you made to Colombia. it was to obtain cocaine from
12 one particular supplier; is that right?

13 MR. HALL: Yes, sir.

14 MR. SMITH: And who was that?

15 MR. HALL: It was Jose Antonio Cabrera, otherwise
16 known as "Pepe."

17 MR. SMITH: And as far as you knew, he was the
18 main supplier or exclusive supplier for the Devoe operation?

19 MR. HALL: Yes, sir. He's the only one that I ever
20 picked up any cocaine from.

21 MR. SMITH: Mr. Devoe, I'd like to ask you a few
22 questions.

23 MR. DEVOE: Yes, sir.

1 MR. SMITH: You are the Jack R. Devoe of Devoe
2 Airlines; is that right?

3 MR. DEVOE: Yes, sir, I was.

4 MR. SMITH: You've been involved in drug smuggling
5 for how long?

6 MR. DEVOE: Since about 1970.

7 MR. SMITH: You began with marijuana or with
8 cocaine?

9 MR. DEVOE: Marijuana.

10 MR. SMITH: Did you later get involved with
11 cocaine?

12 MR. DEVOE: Yes, sir, I did.

13 MR. SMITH: How many flights have you participated
14 in either as a flyer or as a planner in bringing cocaine
15 into this country?

16 MR. DEVOE: Roughly 90 to 100.

17 MR. SMITH: During what period of time was that?

18 MR. DEVOE: There were several marijuana and cocaine
19 flights done in the mid-1970s. Most of them started in '78,
20 '79.

21 MR. SMITH: And how long did they go on?

22 MR. DEVOE: Until March of '82 -- '83. Excuse
23 me. March 20th, a seizure in West Palm Beach.

1 MR. SMITH: During that five-year period, did you
2 have some legitimate businesses?

3 MR. DEVOE: Yes, sir, several.

4 MR. SMITH: What were they?

5 MR. DEVOE: Air charter, air ambulance, airmail,
6 commuter airline in the State of Florida.

7 MR. SMITH: What percentage of the operating costs
8 of those legitimate businesses were paid for by cocaine
9 proceeds?

10 MR. DEVOE: The biggest majority, 90 percent or
11 so.

12 MR. SMITH: Ninety percent?

13 MR. DEVOE: Yes.

14 MR. SMITH: Did you obtain your cocaine in
15 Colombia?

16 MR. DEVOE: Yes, sir, we did.

17 MR. SMITH: From a particular supplier?

18 MR. DEVOE: There were several over the years.
19 The latest one was Mr. Sarmiento, Jose Cabrera Sarmiento.

20 MR. SMITH: Is that the individual Mr. Hall has
21 described as "Pepe" Cabrera?

22 MR. DEVOE: Yes, it was.

23 MR. SMITH: During the time that you operated this

1 cocaine smuggling run for five years, did you use almost
2 exclusively the Colombia to Bahamas to Florida route?

3 MR. DEVOE: Yes, exclusively.

4 MR. SMITH: You always had a base of operation
5 in the Bahamas?

6 MR. DEVOE: No, in the early '80s, late '70s and
7 the first couple of years in the '80s, it was direct,
8 Colombia direct to the U.S., and later we adopted the
9 Bahamas.

10 MR. SMITH: And what was the advantage of having
11 a stop-over point in the Bahamas?

12 MR. DEVOE: For security, for the closeness of
13 the islands, what we felt was police protection.

14 MR. SMITH: Did you have the protection of Bahamian
15 officials?

16 MR. DEVOE: I was told by an individual, a drug
17 attorney in Nassau, who flew me to meet Mr. Cabrera and also
18 Mr. Lehder Normanski that as long as the payments were on
19 time, we were secure.

20 MR. SMITH: How many employees did you have on
21 the ground in the Bahamas?

22 MR. DEVOE: On occasion six, eight, six to eight.

23 MR. SMITH: And their job was to assist in the

1 off-loading of the big loads that came up from Colombia and
2 to break those down into smaller loads to be flown into
3 Florida; is that right?

4 MR. DEVOE: That's correct, sir.

5 MR. SMITH: How much money did your operation
6 generate in an average month, do you think?

7 MR. DEVOE: A great deal. In the millions, I would
8 assume.

9 MR. SMITH: What did you do with that money?

10 MR. DEVOE: Put it in various banks. Starting
11 out, I didn't know too much about banking. I'd take it to
12 banks in Miami. Later on it was sent to Nassau.

13 MR. SMITH: Now, when you took it to banks in Miami,
14 did you ever take it in in amounts over \$10,000?

15 MR. DEVOE: Yes. In Miami, on occasion it was
16 20, 25, or several occasions.

17 MR. SMITH: Did a bank employee advise you it was
18 necessary to file cash transaction reports on that money?

19 MR. DEVOE: Yes, he did.

20 MR. SMITH: Did you file those reports or did the
21 bank file them?

22 MR. DEVOE: The bank filed them or I filed them.
23 They were deposits of 25, \$30,000. It was broken down to

1 less than 10,000.

2 MR. SMITH: Well, didn't the bank employee advise
3 you that if you broke the deposits down into amounts under
4 10,000, that you wouldn't have to file those reports?

5 MR. DEVOE: Yes, that's what he said.

6 MR. SMITH: And didn't the bank take care of that
7 for you?

8 MR. DEVOE: Yes.

9 MR. SMITH: Did there come a time when you started
10 banking in the Bahamas?

11 MR. DEVOE: Yes. That was in the early '80s.

12 MR. SMITH: And how did you get your money to the
13 Bahamas?

14 MR. DEVOE: At first we flew it over there.

15 MR. SMITH: In your own plane?

16 MR. DEVOE: Yes.

17 MR. SMITH: And how did you pack it?

18 MR. DEVOE: At the start it was in boxes, and just
19 take it to the bank. Later on we found out it was legal
20 to just clear Customs, declare currency, which we did on
21 several occasions.

22 MR. SMITH: Did you ever take money to the
23 Bahamas in a plastic garbage sack?

1 MR. DEVOE: Yes, one time I did.

2 MR. SMITH: Are we talking about a regular plastic
3 garbage bag like this?

4 MR. DEVOE: It looks exactly like that, a three
5 mil garbage can bag.

6 MR. SMITH: You took a plastic garbage bag full
7 of money to the Bahamas?

8 MR. DEVOE: Yes, I did.

9 MR. SMITH: What did you do with it then?

10 MR. DEVOE: I took it to a friend, an attorney,
11 who recommended another attorney, and we went to a bank and
12 met a vice president of a bank or an official of a bank,
13 who said there would be a one percent counting fee.

14 MR. SMITH: Where was this plastic garbage bag
15 full of money while the bank officer was explaining to you
16 about the one percent counting fee?

17 MR. DEVOE: It was sitting on the floor between
18 my feet in the office.

19 MR. SMITH: Between you and the bank officer?

20 MR. DEVOE: Yes.

21 MR. SMITH: Now, did there come a time when you
22 started doing your banking through other people in Miami?

23 MR. DEVOE: Yes, it got pretty sophisticated.

1 There was a fellow, Jim Malone, who handled that, and he
2 knew an attorney in Miami that specialized in laundering
3 money.

4 MR. SMITH: And what would you do with that Miami
5 attorney?

6 MR. DEVOE: Well, the money was taken to him, and
7 he would deposit it in various banks around the world.

8 MR. SMITH: Now, this money was ordinary narcotics
9 proceeds; is that right, used bills, 20s, 50s?

10 MR. DEVOE: Yes, it was.

11 MR. SMITH: And you would take it to this Miami
12 attorney, and he would take care of it for you?

13 MR. DEVOE: Right. In fact, we split a money
14 counting machine with him.

15 MR. SMITH: You bought a money counting machine
16 with this attorney?

17 MR. DEVOE: Yes.

18 MR. SMITH: To assist him in counting your narcotics
19 proceeds?

20 MR. DEVOE: Well, he said the volume was -- you
21 know, he needed one.

22 MR. SMITH: Now, I'd like to ask either one of
23 you, if you know, when you flew to Colombia, when you had

1 these Colombian flights, did your plane land at regular
2 airports, or did you land at the kind of jungle airstrips
3 that we've been talking about here?

4 MR. DEVOE: A couple of times in the late '70s,
5 I landed at official airports, Santa Marta and Riohacha.

6 MR. SMITH: Did you on-load drugs at those regular
7 airports?

8 MR. DEVOE: At Riohacha.

9 MR. SMITH: And later on did you use the sort of
10 jungle airstrips that we've heard about here?

11 MR. DEVOE: Yes. That was primarily the use, jungle
12 airstrips later at clandestine airports.

13 MR. SMITH: How about you, Mr. Hall? In the eight
14 or nine flights that you made to Colombia, what type of
15 strips did you land on?

16 MR. HALL: They were all the jungle type strips,
17 three different ones, to be exact, different locations.

18 MR. SMITH: And these were locations that had been
19 made known to you before you arrived in Colombia, that you
20 were guided to?

21 MR. DEVOE: Right. The first drug flight that
22 I went on, the other pilot I was with knew the location.
23 After that we had an Omega system in the aircraft, which

1 is like a military INS, which we after that began using
2 coordinates, and we'd just program the auto-pilot in the
3 Omega, and it would take us exactly to the runway.

4 MR. SMITH: Now, each of you has been arrested,
5 indicted, and in fact pleaded guilty to narcotics-related
6 charges; is that right?

7 MR. DEVOE: Yes, sir.

8 MR. HALL: Yes, sir.

9 MR. SMITH: And each of you has a sentence pending?

10 MR. DEVOE: That's correct.

11 MR. SMITH: Is that correct, Mr. Hall?

12 MR. HALL: Yes, sir.

13 MR. SMITH: Now, Mr. Hall, when were you first
14 arrested or indicted?

15 MR. HALL: I was indicated -- I believe it was
16 June 1983. I surrendered after that. I believe it was in
17 June or July. I don't remember that quite right. Approximate-
18 ly one month later -- that was in the Northern District of
19 Indiana -- one month later, indicted on a different conspiracy
20 charge with the Southern District of Florida out of West
21 Palm Beach.

22 MR. SMITH: Now, in each of these cases, you were
23 charged in connection with the importation of cocaine; is

1 that right?

2 MR. HALL: Yes, sir.

3 MR. SMITH: And in each of those cases were you
4 released on bond?

5 MR. HALL: On both cases I was released on a person
6 al surety bond.

7 MR. SMITH: Was there any money involved or did
8 you just sign your name?

9 MR. HALL: Basically signing my name.

10 MR. SMITH: Were there any reporting requirements
11 in connection with those bonds?

12 MR. HALL: Yes, sir. I was to report at that time,
13 after I was released the second time, daily to the pretrial
14 services in Miami, had to basically show up and sign my name
15 and say there were no changes.

16 MR. SMITH: And you had to do that every day?

17 MR. HALL: Yes, sir, physically.

18 MR. SMITH: During the time that you were making
19 those daily requirements, you actually made a flight to
20 Colombia; isn't that right?

21 MR. HALL: Yes, sir, I had another drug flight
22 while I was on bond.

23 MR. SMITH: How did you manage to fly to Colombia

1 and back while you were on daily reporting requirement?

2 MR. HALL: Well, daily meaning Monday through
3 Friday, eight to five. On November 21st, 1983, or prior
4 to that I had been sort of hired by Mr. Markowski, a Ronald
5 Markowski, to fly to Colombia and return to the United States
6 with a quantity not to exceed 750 kilograms of cocaine,
7 again supplied by Mr. Cabrera. It was set up, which did
8 happen. I reported on November 21st to pretrial services,
9 signed in no changes. That was bright and early at eight
10 o'clock in the morning. Ten o'clock I departed Tamiami
11 Airport in Miami with another pilot, and we flew 12 hours
12 in another type of aircraft, a Cessna Titan, to Colombia,
13 underwent the refueling process, and we spent the night and
14 left the next morning with 864 kilos of cocaine, bound for
15 the United States.

16 This would make it a Friday afternoon we arrived
17 there, and we left on a Saturday morning, all of it being
18 planned that I could arrive and still report on Monday.

19 MR. SMITH: Did you make it back with that load
20 of 800 kilograms of cocaine?

21 MR. HALL: Eventually. We had an aircraft accident
22 in Belize where we were refueling, and eventually, two weeks
23 later we did make it back with the 864 kilos.

1 MR. SMITH: In all of the time that you made that
2 flight to Colombia and made it back with almost a ton of
3 cocaine, you were able to satisfy your reporting requirements
4 and remain out on bond?

5 MR. HALL: Yes, sir. After the aircraft accident
6 in Belize, we were contacted in Belize by Mr. Markowski,
7 who told us he was sending a Lear jet down for both of us
8 with identification for us to come back into the United States
9 via Bimini, in other words, fly from Belize to Bimini, then
10 come across by boat from Bimini to the United States and
11 just be smuggled in like that. So the aircraft arrived in
12 Bimini. There was only one piece of identification for us
13 to use. In other words, we couldn't go in and say, "Hi,
14 I'm Larry Hall," because the name on the Customs computer
15 would come up, "Hey, he's out on bond." So we had to get
16 a false ID.

17 Being that I had to report on Monday and the other
18 pilot I was with only had to report on Thursdays, I was the
19 one that flew to Bimini in the Lear jet.

20 The smuggling efforts for Sunday night didn't work.
21 So Monday afternoon I caught a Chalk's Airlines, which is
22 a local seaplane that flies between the Bahamas and Florida,
23 with a fake ID, and cleared Customs and also -- cleared

1 Customs where no questions were asked, and also reported
2 on Monday.

3 MR. SMITH: Mr. Garcia.

4 MR. GARCIA: Yes, sir.

5 MR. SMITH: You had your own operation, didn't
6 you? You weren't part of the Devoe operation?

7 MR. GARCIA: No, sir.

8 MR. SMITH: As I understand it, you got started
9 in the marijuana business?

10 MR. GARCIA: That's correct, sir.

11 MR. SMITH: How many marijuana flights did you
12 make into the United States?

13 MR. GARCIA: I would say around 250, maybe more.

14 MR. SMITH: And after that, did there come a time
15 when you got involved with cocaine?

16 MR. GARCIA: Yes, sir, I did.

17 MR. SMITH: How many cocaine flights did you make
18 into the United States?

19 MR. GARCIA: Somewhere around four or five, I thi

20 MR. SMITH: What was the total weight of the
21 cocaine that you brought into this country, in your opinion

22 MR. GARCIA: Approximately 500 keys on each trip
23 approximately.

1 MR. SMITH: And in your smuggling operation, did
2 the drug, cocaine, also originate in Colombia?

3 MR. GARCIA: Yes, sir.

4 MR. SMITH: And who was your main supplier there?

5 MR. GARCIA: There were several suppliers, but --
6 several people to contact, but the main supplier would be
7 the Ochoa family.

8 MR. SMITH: The Ochoa family?

9 MR. GARCIA: Yes, sir.

10 MR. SMITH: Did your smuggling operation also
11 involve a stop-over in the Bahamas?

12 MR. GARCIA: All of the time, sir.

13 MR. SMITH: Where was your Bahamian base of
14 operation?

15 MR. GARCIA: About five or six different islands.

16 MR. SMITH: Did you ever have any trouble with
17 the Bahamian authorities?

18 MR. GARCIA: No, sir, none at all.

19 MR. SMITH: Did you pay for protection from the
20 Bahamian authorities?

21 MR. GARCIA: I paid from the lowly constable up
22 to Assistant Superintendent of Police.

23 MR. SMITH: What would be the average payment

1 to a Bahamian policeman in connection with a single load
2 of cocaine?

3 MR. GARCIA: Oh, it will vary. It all depends
4 on the amount of cocaine, but I've gone as far as \$250,000.

5 MR. SMITH: To one policeman for one single load?

6 MR. GARCIA: No, no. I would say several policemen
7 including the Chief of Police, and so forth.

8 MR. SMITH: But that was the total police payoff
9 for a single load, a quarter of a million dollars?

10 MR. GARCIA: Sometimes it would amount to that,
11 yes.

12 MR. SMITH: Now, your operation coming in from
13 the Bahamas to Florida was not a charter operation, such
14 as Devoe Airlines, but simply private aircraft; is that
15 right?

16 MR. GARCIA: That's right, sir.

17 MR. SMITH: And so you had to take certain steps
18 to avoid detection by DEA and Customs; isn't that right?

19 MR. GARCIA: That is correct, sir.

20 MR. SMITH: What kind of techniques did you use?

21 MR. GARCIA: Well, if it was a plane involved,
22 we will fly very low as soon as we get past Bimini, and as
23 we approach the coast, we'll get up in altitude and mix

1 with traffic and turn around and come in from the west.

2 MR. SMITH: And using that simple technique, did
3 you ever have any problem?

4 MR. GARCIA: No, I never had any problem.

5 MR. SMITH: During the time that you were in opera-
6 tion, were you ever invited by a member of a cocaine organiza-
7 tion to actually tour the cocaine production operation?

8 MR. GARCIA: Yes, sir.

9 MR. SMITH: How long did you spend in Colombia
10 doing that?

11 MR. GARCIA: I spent a whole month.

12 MR. SMITH: And what did you see during that month?

13 MR. GARCIA: Oh, from the labs and packaging,
14 distribution of cocaine, marijuana, the strips.

15 MR. SMITH: How many airstrips did you see in that
16 month?

17 MR. GARCIA: I must have seen 100.

18 MR. SMITH: One hundred?

19 MR. GARCIA: At least.

20 MR. SMITH: And these 100 airstrips were available
21 to the cocaine operation, the drug operation?

22 MR. GARCIA: Cocaine, yeah, to the drug operation.

23 MR. SMITH: During the time that you were there,

1 seeing this operation, were there any parties given in your
2 honor?

3 MR. GARCIA: Yes, sir. There was a couple of parti
4 in my honor by different organizations, Colombian organiza-
5 tions.

6 MR. SMITH: And you were actually introduced at
7 those parties as an American who was coming into the opera-
8 tion as a smuggler?

9 MR. GARCIA: Yes, sir.

10 MR. SMITH: Who was present at these parties?

11 MR. GARCIA: We had in there policemen, National
12 Policemen. We had prosecutors. We had judges, political
13 figures, just about anybody that had anything to do in that
14 particular region.

15 MR. SMITH: Mr. Garcia, you were recruited into
16 the smuggling business originally by a Cuban individual named
17 Victor; is that right?

18 MR. GARCIA: That's right, sir.

19 MR. SMITH: Did your smuggling activities with
20 Victor ever take you to Cuba?

21 MR. GARCIA: Yes, sir.

22 MR. SMITH: What happened in Cuba? When was it
23 and what happened there?

1 MR. GARCIA: That was in 1979, August, July and
2 August of 1979. I spent 17 days in Cuba, and, well, after
3 we were there about three or four days, was approached by
4 the man that later on I found out was a commander of the
5 intelligence service of the Cuban government or whatever,
6 and he actually knew what we were doing.

7 MR. SMITH: When you say he knew what you were
8 doing, you mean he knew you were smuggling?

9 MR. GARCIA: Oh, he knew that we were smugglers.
10 There's no question.

11 MR. SMITH: Did he ever call you smuggler?

12 MR. GARCIA: Yes, sir.

13 MR. SMITH: Did he make a proposition to you?

14 MR. GARCIA: Yes, sir, he made a proposition. He
15 says certain agencies in Cuba were very much interested in
16 getting electronic equipment, like calculators, typewriters
17 and so forth, and it could be exchanged by what we call in
18 the trade "square grouper" or "compressed lobster."

19 MR. SMITH: And what's a "square grouper" and what's
20 a "compressed lobster"?

21 MR. GARCIA: It's a bale of marijuana, sir, weigh-
22 ing anywhere between 40 and 60 pounds.

23 MR. SMITH: Are you telling us in 1979 a Cuban

1 government official offered you marijuana bales in exchange
2 for office equipment?

3 MR. GARCIA: Well, not actually the marijuana
4 itself, but the exchange will be that we could pass through
5 Cuban or use the Cuban approach in boats; for that matter,
6 I would say strips also, in exchange for bringing in electro
7 equipment.

8 MR. SMITH: Finally, Mr. Garcia, how much money
9 would you say you made in the drug smuggling business durin
10 the time you were in it?

11 MR. GARCIA: Sometimes very hard to say. Expense
12 of paying Bahamian officials and the workers are very high,
13 but I would say anywhere from \$5 to \$7 million.

14 MR. SMITH: And did you launder some or all of
15 that money through various banks, including banks in Panama

16 MR. GARCIA: Some of that money, yes, I did laund
17 it through banks.

18 MR. SMITH: How did you move it to Panama?

19 MR. GARCIA: I would give it to particular indivi
20 dual in Miami who was an accountant, and he will count it
21 in front of me, and from there on he'll take it, and as I
22 learn later, he will fly it right straight into Panama.

23 MR. SMITH: I have one last question for all thr

1 of you. During the time that you were involved in the
2 smuggling business, you each had occasion to make payments
3 to various government officials, either of this government
4 or of another government, and also private citizens from
5 whom you may have leased airplanes and so on, according to
6 your prepared statements. In the collective experience of
7 all three, does any one of you recall a government official
8 or private citizen who walked away from an offer of cash?

9 MR. GARCIA: As far as I'm concerned, I can't talk
10 about a government official, but no private citizen on any
11 kind of business whatever I have bought have walked away
12 from cash.

13 MR. SMITH: How about you, Mr. Devoe?

14 MR. DEVOE: In Colombia there were army officers
15 and in the Bahamas, in Nassau, there was a drug attorney
16 that took a percentage of our transportation.

17 MR. SMITH: Did you ever have occasion to offer
18 a bribe to any such person who didn't accept it?

19 MR. DEVOE: No, sir.

20 MR. SMITH: Thank you.

21 Mr. Chairman, I have no further questions.

22 CHAIRMAN KAUFMAN: Thank you.

23 Unless the Commission has some questions, we thank

1 you.

2 COMMISSIONER METHVIN: I have one question.

3 Mr. Devoe, you mention on the last page of your
4 statement a lawyer who you engaged to help free \$160,000
5 in drug proceeds that had been seized at the Boston airport,
6 being carried by one of your agents. Mr. Ted Kline assisted
7 you in getting the money released. "Mr. Kline also warned
8 me to keep at least three people between me and any deal
9 I was doing."

10 He was participating knowing that you were conduct-
11 ing illegal operations and advising you on how to do it;
12 is that correct?

13 MR. DEVOE: Yes, sir, that's correct.

14 COMMISSIONER METHVIN: Was he indicted in your
15 case?

16 MR. DEVOE: No. That was several years ago that
17 that took place.

18 COMMISSIONER METHVIN: Thank you.

19 COMMISSIONER HOPE: I have a question addressed
20 to all three of the panel members. You've talked about
21 official corruption in the Bahamas, in Bimini and in Colombia,
22 and I believe it's been some time since you've been involved
23 in those regions, but do you know whether the government

1 officials who were paid off are still in place in these
2 countries?

3 Why don't we start with you, Mr. Devoe?

4 MR. DEVOE: I don't know. I've been in jail for
5 nine months. I don't know what has been taking place since
6 then. If it has stopped, it's been pretty rapid, but I doubt
7 it.

8 COMMISSIONER HOPE: Mr. Hall?

9 MR. HALL: No, I haven't been out of the country
10 since November of last year. So I have no idea what's going
11 on other than what I read in the papers.

12 MR. GARCIA: I want to elaborate a little bit on
13 that answer because I've been part of an important hearing
14 of the Royal Commission of Inquiry that went on in the Bahamas.
15 I have given evidence to the Royal Commission. I have given
16 evidence in court of several officials, and I'm talking about
17 high officials of the Bahamas, which have taken money from
18 me, which I paid them off, and as of last week, they're still
19 in power. They're still operating, and they're still taking
20 money from other smugglers.

21 COMMISSIONER HOPE: Where did you give this evidence,
22 Mr. Garcia?

23 MR. GARCIA: The Royal Commission of Inquiry that

1 was given in the City of Miami at the Bahamian consulate.

2 COMMISSIONER HOPE: And are those records publicly
3 available?

4 MR. GARCIA: Yes, ma'am.

5 COMMISSIONER HOPE: Thank you very much.

6 COMMISSIONER ROWAN: Have any of you had occasion
7 to pay off American officials?

8 MR. GARCIA: Not on my part.

9 MR. HALL: I have not. There was no need to.

10 COMMISSIONER ROWAN: What does that mean?

11 MR. HALL: Most of the time we never ran into that
12 type of situation where we had to as far as pay off people,
13 as far as about to get caught or catching us with a load
14 or something like that. The situation never happened.

15 CHAIRMAN KAUFMAN: Thank you.

16 COMMISSIONER DINTINO: Mr. Garcia.

17 MR. GARCIA: Yes, sir.

18 COMMISSIONER DINTINO: I heard you say that you
19 made 250 trips. Were you ever arrested?

20 MR. GARCIA: No, sir, never.

21 COMMISSIONER DINTINO: Eventually you wound up
22 in the United States with these cargoes?

23 MR. GARCIA: Yes, sir.

1 COMMISSIONER DINTINO: How do you explain that?
2 Didn't people know who you were, I mean, intelligence and
3 the DEA? How did you avoid arrest?

4 MR. GARCIA: First of all, sir, I didn't make the
5 trips personally myself. I only made about five or six of
6 them. The rest of the time I was what you call a boss, and
7 I was not involved directly with it, but even so, none of
8 my men or none of my people have ever been arrested. I will
9 call it luck, but I will also say that the convenience of
10 having the Bahamas right in front of the Florida coast has
11 a lot to do with it.

12 COMMISSIONER DINTINO: You also said you testified
13 before the Bahamian official ministry, and you also indicated
14 that you paid some high official in the Bahamian government
15 who is still in power. Who is that?

16 MR. GARCIA: Well, for one, sir, the Assistant
17 Superintendent of Police, Howard Smith, who I believe is
18 on leave of absence right now, but he will be appointed to
19 the Academy in Nassau, to head the Police Academy in Nassau.

20 COMMISSIONER DINTINO: Did you ever pay anybody
21 associated with the Pindling government in the Bahamas?

22 MR. GARCIA: Yes, sir.

23 COMMISSIONER DINTINO: Who?

1 MR. GARCIA: "Dud" Maynard, who was a senator
2 and was the chairman of the PLP Party, and is the
3 brother of the Interior Minister of the Bahamas, Claymore
4 Maynard.

5 COMMISSIONER DINTINO: Did you ever meet Pindling
6 yourself?

7 MR. GARCIA: No, sir.

8 CHAIRMAN KAUFMAN. Thank you. I would like to say
9 that Mr. Harmon tells me that Customs is encouraging the
10 airline industry to take measures to prevent the importation
11 of cocaine. As I understand it, there will be a witness to
12 explain this, and so I would like to say on behalf of the
13 Commission that we endorse the efforts of the Customs Service
14 to continue to make this effort. It's terribly important, as
15 you can see from the testimony this morning.

16 And having said that, I will say to you gentlemen
17 you have done a public service, and we thank you for your
18 attendance here today. You are excused as far as the
19 Commission is concerned.

20 MR. HARMON: Mr. Chairman, Mr. Smith will handle the
21 balance of the witnesses for today's session.

22 MR. SMITH: Mr. Chairman, our next witnesses will
23 be from the Customs Service. They are pilot Bill Perry

1 and Mr. Garnet Fee.

2 Would you remain standing and be sworn?

3 Whereupon,

4 WILLIAM PERRY and GARNET FEE

5 were called as witnesses and, having been first duly sworn,
6 were examined and testified as follows:

7 MR. SMITH: Mr. Perry, I'd like to start with you.
8 What's your present assignment?

9 MR. PERRY: I'm a pilot at the U.S. Customs Service,
10 Homestead, Florida.

11 MR. SMITH: How long have you been there?

12 MR. PERRY: Since 1980.

13 MR. SMITH: What are your duties down at Homestead?

14 MR. PERRY: To interdict individuals attempting to
15 smuggle contraband into the United States by air.

16 MR. SMITH: What kind of airplane do you fly?

17 MR. PERRY: Primarily a Cessna Citation.

18 MR. SMITH: Can you describe that for us, those
19 of us who don't know what a Citation is?

20 MR. PERRY: That's a twin engine jet. It's a busi-
21 ness aircraft that was modified with a tracking radar and
22 infrared system specifically designed for our purposes.

23 MR. SMITH: Is this just about the hottest aircraft

1 that Customs has right now?

2 MR. PERRY: Right now it is.

3 MR. SMITH: How many does the Service have?

4 MR. PERRY: We have two that I know of in Miami.
5 We have one out West, and have taken delivery on another
6 one.

7 MR. SMITH: Can you describe for us what a typical
8 interdiction involves?

9 MR. PERRY: Yes, sir. We'll go out and we'll either
10 acquire a suspect target, either by use of the Citation's
11 radar or use of the Navy E-2C radar or ground-based radar.
12 We will attempt to identify this target if it's in the day-
13 time and run appropriate checks to computer systems, checking
14 for flight plans to see if there's anything unusual about
15 this specific aircraft.

16 During the nighttime hours, we specifically look
17 for if the aircraft is operating with or without lights,
18 its altitude, its headings, and if the aircraft is operating
19 on an instrument flight plan, which is required after dark
20 over the Bahamas.

21 MR. SMITH: And what types of things will tip you
22 off that there's something not right about the flight?

23 MR. PERRY: A history of the airplane being

1 involved or suspected of being involved in smuggling
2 activities, no flight plan, operating at low altitudes without
3 lights, headings that may show penetration of the coast
4 somewhere beyond the Miami area.

5 MR. SMITH: Now, you mentioned a history of the
6 aircraft being used in smuggling or failure to file a flight
7 plan. How are you able to determine that once you're
8 airborne?

9 MR. PERRY: Well, we have a command and control
10 center located at the Miami Center, and they have access
11 to all of the computers that the Federal Aviation Adminis-
12 tration uses for keeping records for flight plans that are
13 inbound to the United States.

14 MR. SMITH: Now, once you've made a determination
15 that there's something suspicious about a particular aircraft,
16 what do you do?

17 MR. PERRY: Then we start notifying additional
18 Customs aircraft trackers, and then we'll launch usually
19 a helicopter, a Blackhawk helicopter that we got from the
20 Army, and we follow the aircraft to its destination.

21 MR. SMITH: What's your longest chase, you person-
22 ally?

23 MR. PERRY: I've been up to just outside of

1 Cleveland, Ohio.

2 MR. SMITH: When the plane finally lands, the plane
3 about which you have some suspicion and you track it, what
4 happens on the ground?

5 MR. PERRY: The helicopter will generally try to
6 get in front of the suspect to prevent it from taking off
7 again. This tactic has been fairly successful. Also, the
8 fixed wing tracker, the light airplane that we use, will
9 also land if it's capable of getting into the strip. Also
10 the Citation will generally remain overhead and watch all
11 of the activity on the ground with the infrared.

12 MR. SMITH: The sort of strip that you're dealing
13 with in a typical landing of this type, is it a regular
14 municipal or commercial airport or is it going to be a desert-
15 ed strip?

16 MR. PERRY: They're generally grass strips that
17 people just have. There's hundreds of them in South Florida
18 or all over Florida.

19 MR. SMITH: Are they typically lighted at night?

20 MR. PERRY: No, they're not.

21 MR. SMITH: Have you ever had occasion to land
22 on an unlit grass strip in your Citation?

23 MR. PERRY: Not in the Citation, but I have hit

1 a grass strip at night, yes.

2 MR. SMITH: Have you ever had any close calls on
3 those grass strips?

4 MR. PERRY: Yeah, a little close.

5 MR. SMITH: What happened?

6 MR. PERRY: The smuggler left the airplane on the
7 runway, and I almost hit it.

8 MR. SMITH: In your patrol duties off the coast
9 of Florida, do you find that the Bahamas have any particular
10 significance?

11 MR. PERRY: The traffic that we're seeing now is
12 primarily being shipped to the Bahamas in the form of air
13 drops to vessels or landing in the Bahamas themselves and
14 just off-loading.

15 MR. SMITH: Would it be fair to characterize, based
16 on your experience, would it be fair to characterize the
17 Bahamas as a major staging area for flights into Florida?

18 MR. PERRY: Very much so.

19 MR. SMITH: You mentioned an air drop. What does
20 an air drop involve?

21 MR. PERRY: The airplane will have a set of pre-
22 determined locations to vessels, and the aircraft is equipped
23 to open the doors and throw the contraband out to the boats.

1 Sometimes they'll light them with little markers in case
2 the -- you know, in the darkness hours so that boats can
3 find them.

4 MR. SMITH: Have you personally observed air drops
5 of this type?

6 MR. PERRY: Yes, I have.

7 MR. SMITH: Do these drops involve marijuana or
8 cocaine or both?

9 MR. PERRY: Both.

10 MR. SMITH: After a plane performs one of these
11 air drops, do they take place in Bahamian airspace, by the
12 way?

13 MR. PERRY: Yes. Most of the time the drops occur
14 in Bahamian waters, usually near the islands themselves.

15 MR. SMITH: And after an air drop occurs, is that
16 plane free to land in the Bahamas?

17 MR. PERRY: Yes, sir.

18 MR. SMITH: Are you aware of any individual ever
19 having been arrested by Bahamian authorities after landing
20 after one of the air drops?

21 MR. PERRY: Not to my knowledge, no.

22 MR. SMITH: Are you permitted to land in the
23 Bahamas?

1 MR. PERRY: No, sir, only in an emergency.

2 MR. SMITH: You mentioned in your earlier remarks
3 that you frequently get information developed by Navy E-2Cs.
4 Is the military of substantial assistance to Customs in this
5 activity?

6 MR. PERRY: Yes, they are. We're presently using
7 the Navy, the U.S. Marines, the Coast Guard in an effort
8 to assist us in fighting this problem.

9 MR. SMITH: And what type of assistance do they
10 render?

11 MR. PERRY: Usually it's airborne, like the Navy
12 E-2Cs with this airborne radar system that they have. The
13 Marines have aircraft that are equipped with infrared
14 devices that can see after dark.

15 MR. SMITH: Now, are these resources available
16 to you full time, day in and day out?

17 MR. PERRY: No, sir, not full time.

18 MR. SMITH: They're only made available to you
19 in fashions consistent with their primary military function;
20 is that right?

21 MR. PERRY: I believe so, yes.

22 MR. SMITH: I think you brought a video tape with
23 you.

1 MR. PERRY: Yes, I did.

2 MR. SMITH: To show us your operations. I wonder
3 if you'd show us that tape, Mr. Chairman, with your permis-
4 sion.

5 CHAIRMAN KAUFMAN: Go ahead, Mr. Smith.

6 MR. SMITH: And tell us as the tape progresses
7 what we're seeing here. I also understand there are three
8 segments on the tape.

9 MR. PERRY: Yes, sir.

10 MR. SMITH: And the middle segment has to do with
11 Mr. Fee's operation. I wonder if you would jump in at that
12 point and tell us what we're seeing, and we'll talk to you
13 after the film.

14 MR. PERRY: Okay. This is being taken from the
15 Citation which I was flying. We had a film crew in the back
16 of the airplane that filmed all of this for us.

17 MR. SMITH: Those are boats waiting for the drop?

18 MR. PERRY: No. I was going to say, this is the
19 primary mission we came out for, is to watch these vessels.
20 While we were there, radar did acquire an airborne target
21 which we went to investigate. We handed off the surveillance
22 of the vessels to another Customs agent.

23 That's the infrared picture that we have in the

1 airplane.

2 This type of aircraft that we're following is very
3 popular for movements in the Bahamas. It has very good range
4 very good load capabilities.

5 That's where the drop was occurring right there.
6 The bales are hitting the water.

7 That's not uncommon for us to have aircraft with
8 false numbers on it.

9 MR. SMITH: I wonder if the operator would stop
10 that tape just for a second.

11 Mr. Perry, I have one question for you. That
12 particular DC-3, do you know what it did after it made that
13 drop?

14 MR. PERRY: It landed at Nassau.

15 MR. SMITH: And were the individuals flying the
16 plane arrested?

17 MR. PERRY: They were detained and later released.

18 MR. SMITH: For how long?

19 MR. PERRY: For about 24 hours, I believe.

20 MR. SMITH: And then released?

21 MR. PERRY: And then released.

22 MR. SMITH: And they were not charged, as far as
23 you know?

1 MR. PERRY: As far as I know, they were not charged
2 with any crime.

3 MR. SMITH: Mr. Fee, I understand this next segment
4 has to do with your segment of the Customs operation. What
5 area is that?

6 MR. FEE: I'm the Director of the Office of
7 Passenger Enforcement and Facilitation. I basically represen
8 that element of Customs, which is responsible for the inspec-
9 tion of all persons, cargo and carriers coming into the Unite
10 States.

11 MR. SMITH: We're talking about commercial airlines
12 is that right?

13 MR. FEE: Right.

14 MR. SMITH: And this particular tape has to do
15 with the seizure aboard a commercial plane?

16 MR. FEE: This was a cargo aircraft via Panama
17 that came into Miami International Airport. Onboard was
18 legitimate cargo. Concealed among this legitimate cargo
19 was seven boxes of Samuel freezers containing 1,800 pounds
20 of cocaine.

21 MR. SMITH: And this type of unmanifested cargo
22 is a typical technique used?

23 MR. FEE: Correct.

1 MR. SMITH: Let's see the tape.

2 (Pause in proceedings for the showing of a video
3 tape.)

4 MR. PERRY: Now you see the "hot spots" coming
5 out of the suspect's aircraft and the two individuals running
6 from the aircraft. The helicopter dispatched a couple of
7 people out to secure the airplane, and then lifted and went
8 over and grabbed the other suspects on the other side of
9 the runway.

10 MR. SMITH: You, in fact, were the Citation pilot?

11 MR. PERRY: Yes, sir.

12 MR. SMITH: Mr. Perry, what's happened here now?
13 They just said the lights have gone out. What's happened?

14 MR. PERRY: The ground crew heard all of the
15 activity, not necessarily the smuggling airplane, but they
16 heard the helicopter. They also heard all of the other
17 airplanes that were following this guy.

18 MR. SMITH: Is this a normal pattern for people
19 on the ground to be able to observe the chase plane, the
20 pursuit plane when the actual target aircraft doesn't know
21 it's being chased?

22 MR. PERRY: Yes. One of their tactics is they'll
23 overfly their landing strip, and of course, there's

1 communications. They all have communications from the ground
2 crew to the smuggler. The smuggler will overfly, and the
3 ground crew will listen to see if he's got anybody following
4 him. If he does, then they will attempt to go to some other
5 plan.

6 In this particular case, the guy flying the smuggl-
7 ing airplane elected to try and go back into the strip.

8 MR. SMITH: We'll see what he did, but what's happen-
9 ed here is that this flyer's accomplices have turned out
10 his landing lights.

11 MR. PERRY: That's correct. They heard us. So
12 they put the lights out and where they went from there, who
13 knows?

14 MR. SMITH: The flyer is on his own.

15 I'm sorry. Go ahead.

16 (Pause in proceedings for continued showing of
17 the video tape.)

18 MR. PERRY: Now you can see the trees coming into
19 view at the bottom of the screen there.

20 MR. SMITH: Mr. Perry, the flyers in that plane
21 were, in fact, killed; is that right?

22 MR. PERRY: I'm sorry?

23 MR. SMITH: The people who were flying that plane

1 were killed?

2 MR. PERRY: Yes, they were both killed.

3 MR. SMITH: If that plane had gone in successfully
4 in that darkened strip, would one of your planes have had
5 to go in behind it?

6 MR. PERRY: We had a helicopter down there that
7 was prepared to go in with it. In fact, the helicopter was
8 very close to where that aircraft hit the trees.

9 MR. SMITH: The type of instance that you were
10 talking about earlier where you had your own close call
11 involves that kind of unlighted grass strip at night and
12 the requirement that you go in?

13 MR. PERRY: Yes, sir.

14 MR. SMITH: Mr. Fee, in your work with the
15 commercial end of aviation, what are the main categories
16 of smuggling techniques that you find, what main areas?

17 MR. FEE: The bulk of the quantity comes in cargo,
18 but aside from cargo, we have smuggling by the passengers
19 that come off of the commercial airlines, as well as
20 involvement by the airline employees.

21 MR. SMITH: Would it be fair to say that of those
22 areas, certainly the airline has far and away the most con-
23 trol over its crew members and the crew access area?

1 MR. FEE: That's correct.

2 MR. SMITH: Has the Customs Service taken any
3 initiatives to assist the airlines and encourage the airlines
4 in policing their employees in their own aircraft?

5 MR. FEE: Yes, we have, and this has come about
6 by a growing problem that we recognized over the last several
7 years of increasing incidents of employee involvement in
8 narcotics seizures, cocaine primarily.

9 Earlier this year we issued a letter to some 40
10 air carriers servicing narcotic source countries, warning
11 them of the potential seizure of their aircrafts if they
12 did not take measures to stop the involvement of employees
13 with narcotics smuggling.

14 Over the course of a year, one particular air
15 carrier, we had 20 different seizures involving various
16 compartments on the aircraft, primarily the lavatory, where
17 our officers aboard the aircraft search it shortly after
18 it landed and the passengers deplane, and found cocaine
19 wrapped in the lavatory behind compartments that were
20 normally accessible only to the ground service personnel.

21 These events led to the seizure of a commercial
22 aircraft last April, and at this time got the attention and
23 focus of the airline industry to our concerns.

1 MR. SMITH: Whose plane was it?

2 MR. FEE: Eastern Airlines.

3 MR. SMITH: And where was the seizure?

4 MR. FEE: Miami.

5 MR. SMITH: And after the Eastern Airlines plane
6 was seized, did the Customs Service enter into an agreement
7 with Eastern Airlines?

8 MR. FEE: Yes, we did.

9 MR. SMITH: How successful was that agreement,
10 and what were the terms of it?

11 MR. FEE: Well, the terms basically involve
12 increasing their own security of the aircraft, their own
13 control of their personnel, and providing Customs with
14 information on unusual or suspicious activity that might
15 be taking place by their employees. It's been very success-
16 ful. Since the last seizure on that aircraft, the one which
17 was seized in April, there's only been one other rather small
18 seizure incident in June.

19 They've taken a number of steps and basically have
20 put out the word to the community that they do not want
21 narcotics smuggling aboard their aircraft.

22 MR. SMITH: And when you say "they" you're referring
23 to Eastern Airlines?

1 MR. FEE: Yes, sir.

2 MR. SMITH: And that's one seizure in the crew
3 access area since that agreement in April?

4 MR. FEE: Right.

5 MR. SMITH: And in the six months prior to April,
6 do you know how many seizures there were on Eastern aircraft
7 crew access areas?

8 MR. FEE: Approximately 20.

9 MR. SMITH: So you've reduced it from 20 to one?

10 MR. FEE: Correct.

11 MR. SMITH: Have you attempted to enter into a
12 similar agreement with any other members of the airline
13 industry?

14 MR. FEE: Yes. We've been in a series of meetings
15 with various airlines, their individual representatives,
16 as well as their parent organizations, the Air Transport
17 Association, the International Air Transport Association,
18 and the National Air Carriers Association. To date, there
19 has been an increasing awareness on their part of the prob-
20 lem, very much a willingness to work with Customs and local
21 officials at various locations to identify problem areas
22 and take corrective actions.

23 I might comment, one recent incident in which there

1 was a heroin seizure by an FBI undercover buy in a local
2 Washington suburban area off of two flight attendants on
3 a particular airline. As a result of this incident, and
4 we learned how the smuggling was taking place by these
5 flight attendants who were arriving off of foreign flights,
6 we contacted the security personnel of this airline. They
7 were very responsive to that contact, met with us immediately
8 offered that they would do anything that we felt was neces-
9 sary to tighten the procedures that were employed, and we
10 are now working with them identifying all of the weaknesses.

11 MR. SMITH: Do you foresee a time when the various
12 airlines, all of the airlines in the industry will have the
13 same type of cooperation with Customs that you currently
14 have with Eastern?

15 MR. FEE: I think for the most part yes.

16 MR. SMITH: Are you making any progress in that
17 direction?

18 MR. FEE: Absolutely.

19 MR. SMITH: Some of the airlines involved are
20 international airlines; is that right?

21 MR. FEE: Yes.

22 MR. SMITH: And many of them are national airlines,
23 that is, creatures of their own government?

1 MR. FEE: Right.

2 MR. SMITH: Are you getting the cooperation of
3 those governments, as well?

4 MR. FEE: Well, this is important because for these
5 airlines to be effective in their own countries, they have
6 to have some sort of law enforcement support. So, yes, we
7 are going to the governments through the auspices of the
8 State Department and DEA, encouraging their support in what
9 we call our Carrier Initiative Program, and we feel that
10 this will be successful and have a big impact on the program.

11 MR. SMITH: Thank you, Mr. Fee and Mr. Perry.

12 Mr. Skinner, I have no further questions.

13 COMMISSIONER SKINNER (presiding): Questions from
14 the Commission? Mr. Brewer.

15 COMMISSIONER BREWER: I'll direct this question
16 to both of you. We heard testimony from some pilots who
17 found it very easy to penetrate our borders without detec-
18 tion. Is it realistic to expect that the U.S. Customs
19 Service can be effective in preventing this penetration of
20 our borders by illegal smuggling?

21 MR. PERRY: Yes, sir. There are steps being taken
22 at this time to increase the detection capability for the
23 U.S. Customs Service.

1 COMMISSIONER BREWER: We have talked about the
2 assistance of the military in assisting U.S. Customs in
3 military interdiction of smuggling. Are you working with
4 the military in that area?

5 MR. PERRY: Yes, sir, we are now, and as far as
6 I know, we will continue to do so.

7 COMMISSIONER BREWER: Is there anything additional
8 that should be done as far as this assistance from the
9 military?

10 MR. PERRY: I don't know what negotiations are
11 taking place with the military at this time. We just --
12 in the field, we just see what comes down and assists us.
13 I really can't say.

14 MR. FEE: I might add that in the type of incident
15 that was described by Mr. Hall earlier, where they land an
16 aircraft and clear Customs, we are taking measures to better
17 inform our Customs inspectors at locations that service pri-
18 vate aircraft. The method of concealment that he talked
19 about in the wings offers a particular problem for us in
20 the examination of private aircraft in that there are many
21 compartments on an aircraft which are not readily accessible
22 to our people because they house the controls to the aircraft,
23 navigation equipment, communications gear, that generally

1 these types of compartments are only accessed by somebody
2 who knows what they're doing.

3 For us to at random open up compartments, to
4 inspect them, presents a potential problem for the aircraft
5 operator. So while we try to base these types of decisions
6 on intelligence and prior information when we do it, obvious-
7 ly there are people out there unknown to us that can come
8 in, have it concealed, and it's going to be very difficult
9 to detect it.

10 MR. SMITH: Mr. Brewer, I would like to add for
11 the record that all of the detailed information provided
12 particularly by Mr. Devoe and Mr. Hall concerning the
13 techniques that they used and the method of detection that
14 would have revealed those techniques has been explored in
15 full and is being shared with the Customs Service.

16 COMMISSIONER SKINNER: Other questions? Yes, Gen-
17 eral Guste.

18 COMMISSIONER GUSTE: The Cessna that you fly being
19 the state of the art, what is its area of monitoring?

20 MR. PERRY: I'm not sure I understand your question.

21 COMMISSIONER GUSTE: In other words, how much of
22 the geography of the coastline of this country can you cover
23 with one of those Cessna airplanes?

1 MR. PERRY: Not very much. We basically cover
2 the air routes generally taken by the smugglers coming up
3 through the Bahamian Chain.

4 COMMISSIONER GUSTE: In other words, you're called
5 in to follow a particular plane that someone has already
6 identified as being a carrier?

7 MR. PERRY: Yes, sir, we do that. We also go out
8 and we patrol with the aircraft using the airborne radar
9 system for patrolling.

10 COMMISSIONER GUSTE: And what is the geographic
11 limitations of your patrolled area?

12 MR. PERRY: I really can't say the detection
13 capabilities as far as square miles are concerned, and I
14 really shouldn't say -- I'm not at liberty to say the
15 capabilities of the equipment.

16 COMMISSIONER GUSTE: You mentioned that we have
17 three of these in the entire United States. How many do
18 we need?

19 MR. PERRY: I can't answer that question either.
20 We could use some more sensored aircraft, yes.

21 COMMISSIONER GUSTE: You do need more?

22 MR. PERRY: We do need more, and we do have more
23 coming.

1 COMMISSIONER GUSTE: How do you coordinate with
2 the DEA, for example, to determine whether they even want
3 an aircraft seized? They may be more interested in intelli-
4 gence than in seizing that shipment.

5 MR. PERRY: Well, we track and apprehend and seize
6 our own -- make our own arrests, and DEA, usually the cases
7 are turned over to DEA for a follow-up investigation.

8 COMMISSIONER GUSTE: But before you make an arrest
9 do you clear with somebody, with DEA? Is there a central
10 agency that decides whether or not you want to make the
11 seizure in this particular case, or would they be more
12 interested in the intelligence they can gain from the
13 delivery?

14 MR. PERRY: Well, that's also coordinated with
15 DEA for the follow-up investigation.

16 COMMISSIONER GUSTE: But is it coordinated before
17 you make the arrest?

18 MR. PERRY: No, sir, not generally.

19 COMMISSIONER SKINNER: Other questions from the
20 Commission?

21 It's my understanding that you now borrow airfraf
22 from the military, but that you're in the process and it's
23 your recommendation in your testimony today that you equip

1 your Citations -- are those Citation IIs?

2 MR. PERRY. Yes, sir, they are Citation IIs.

3 COMMISSIONER SKINNER: You equip those with the
4 latest radar and with an increased number of airplanes, that
5 means you could have a constant surveillance rather than
6 intermittent surveillance depending on military schedules;
7 is that correct?

8 MR. PERRY: Well, we don't have constant surveil-
9 lance. We just don't have the resources or the manpower
10 to do that. We presently have three Citation IIs that we're
11 operating. We're getting, I believe, three more, and of
12 course, there are negotiations on additional aircraft. What
13 they are, I don't know, nor detection capabilities as far
14 as ground-based radar. There are negotiations in that
15 respect.

16 We presently have a P-3 that we just acquired.
17 That's still undergoing testing and evaluation. I have flown
18 the airplane, and it does appear to be a very significant
19 airplane that's going to help us out quite a bit.

20 COMMISSIONER SKINNER: You mean as far as electronic
21 measures of detection?

22 MR. PERRY: Detection capabilities, yes.

23 COMMISSIONER SKINNER: That's the predecessor to

1 the E-2C?

2 MR. PERRY: Yes, sir.

3 COMMISSIONER METHVIN: Commissioner.

4 COMMISSIONER SKINNER: Yes, Mr. Methvin.

5 COMMISSIONER METHVIN: Do you have any program
6 of coordination with ground authorities where you have a
7 sight like this one in Georgia to get a rapid response on
8 the part of the Georgia State Patrol, for example, to try
9 to peg those people who are on the ground waiting?

10 MR. PERRY: Yes, sir, but the problem with it is
11 that these cases usually go down and we never know how
12 they're going to end up. We never knew we were going to
13 go in there, and things happen so quickly. Of course, the
14 local authorities and other Federal authorities are notified,
15 but depending on their location, how far they have to travel,
16 sometimes it could take an hour to get the location, and
17 I have had problems where not being familiar with the
18 terrain, trying to get local authorities to the site, they
19 can't find it. We've had that problem.

20 So we have communications with them, but just
21 trying to get them into the area sometimes is very difficult
22 and very timely.

23 COMMISSIONER METHVIN: But where you were tracking

1 a plane of this nature and you know he was about to go in,
2 you would notify the local authorities through their radio.
3 Each state has its central command post obviously. You can
4 communicate with them quite quickly and easily.

5 MR. PERRY: Usually it's done by phone initially,
6 and then we acquire a frequency that we can try to talk to
7 them on. In most cases what we'll try and do is notify the
8 authorities on our way, whether we land there or not. For
9 example, if we're headed towards, let's say, the Vero Beach
10 area, we will notify the local authorities in Vero Beach
11 to stand by for possible assist.

12 COMMISSIONER METHVIN: Thank you.

13 COMMISSIONER SKINNER: Barbara?

14 COMMISSIONER ROWAN: Mr. Hall who was here as a
15 pilot for Devoe Airlines said that they could use their
16 scanner and monitor your transmissions. Do we not have
17 secure channels or a scrambler?

18 MR. PERRY: We experimented with those and we had
19 problems with them. I understand they're still working with
20 that for scrambled, secure communications systems.

21 MR. SMITH: But as I understand your earlier
22 statement, you are currently not using scramblers and you
23 are aware that on occasion your communications have been

1 monitored?

2 MR. PERRY: They have been, yes. I have seen fre-
3 quencies in airplanes, one particular frequency that we have
4 used, which we don't use any more.

5 COMMISSIONER SKINNER: Seeing no further questions
6 from the Commission, I want to, on behalf of Judge Kaufman
7 and the Commission, thank you very much for not only your
8 efforts here today, but your efforts in the long range. Tho-
9 of us who fly know what it's like to fly without lights at
10 night below 1,000 feet, and it is very, very dangerous and
11 is a tribute to all of those people in the air service that
12 are doing it.

13 MR. PERRY: Thank you.

14 COMMISSIONER SKINNER: Thank you very much, gentle-

15 MR. SMITH: Our final witness today will be
16 Commander Kenneth Thompson of the United States Coast Guard
17 to talk about seizures on the high seas.

18 Would you stand and be sworn, Commander?

19 Whereupon,

20 COMMANDER KENNETH W. THOMPSON

21 was called as a witness and, having been first duly sworn,
22 was examined and testified as follows:

23 MR. SMITH: Commander Thompson, I understand you

1 have submitted a detailed statement for the record and that
2 you're prepared to summarize that statement for us now.

3 COMMANDER THOMPSON: Yes, sir, I am.

4 I am Commander Kenneth Thompson of the United States
5 Coast Guard Headquarters here in Washington. I am Chief
6 of our general law enforcement branch, which has as its
7 principal program maritime drug interdiction. Until a few
8 months ago, I was the commanding officer of one of our
9 cutters who was assigned to drug interdiction activities
10 in the Caribbean.

11 It is a pleasure to appear before you today and
12 give you an overview of the Coast Guard's marine interdic-
13 tion activities both from my perspective and my current staff
14 position and my recent field experience.

15 A very brief synopsis of the Coast Guard will
16 obviate some explanations later on. We're a uniformed and
17 armed force of approximately 40,000 members. We are 194
18 years old, and we operate a fleet of 250 cutters, 2,000 boats,
19 and 200 shore stations which support them. We have our own
20 aviation arm, which operates approximately 150 rotary wing
21 and fixed wing aircraft.

22 The spectrum of Coast Guard operations is such
23 that nearly all of these assets and the people who operate

1 them are multi-mission.

2 As we've done throughout our history, today we
3 perform a variety of duties. Most notable among these
4 historically is perhaps search and rescue, but we also tend
5 to the nation's bouys and lighthouses, clean up oil spills,
6 examine and license seamen, inspect their vessels and cargoes
7 and operate the nation's only icebreakers.

8 But it is law enforcement and particularly drug
9 interdiction that has become our pre-eminent mission within
10 the last few years. In 1983, 50 percent of our major cutter
11 time was devoted to drug interdiction, ten percent of our
12 aircraft hours devoted to drug interdiction.

13 It's not that we are new to the mission of maritime
14 smuggling either. In fact, we were founded for that purpose
15 in 1790. Today we are the Federal Government's principal
16 maritime law enforcement agency, and we are charged with
17 enforcing a wide variety of Federal laws on the nation's
18 waterways, and to a certain degree in international waters.

19 In fact, the Coast Guard is the only Federal
20 agency which is authorized to take law enforcement action
21 on the high seas. It is this unique jurisdiction that is
22 a key factor in developing our drug interdiction strategy.

23 Let's look for a moment at the nature of

1 maritime drug smuggling and the current trends we're noting.
2 Most of the maritime drug traffic originates, as you know,
3 from the South American and Colombian staging areas and is
4 destined for South Florida or other areas along the Gulf
5 Coast and South Atlantic Coast.

6 The marijuana grown in the isolated mountain regions
7 of Eastern Colombia is the prime example. It's staged and
8 shipped out of the Guajira Penninsula. Sixty percent of
9 the marijuana destined for this country originates there.
10 Ninety percent of that moves by sea. Lesser amounts origin-
11 ate in Jamaica, Belize and Mexico.

12 All of the cocaine entering this country, as you've
13 undoubtedly heard, originates in the South American countries.
14 Seventy-five percent of the processed product is shipped
15 from Colombia. Most of the cocaine, however, as you've heard,
16 I'm sure, is shipped by air. Only about 25 percent of it
17 moves by sea.

18 The vessels that are used in the trade are
19 typically 50 to 200 feet in length, small freighters or
20 fishing vessels. They carry anywhere from five to 50 tons
21 of marijuana. The smugglers will also frequently carry
22 smaller amounts of cocaine.

23 These mother ships, as we call them, proceed north

1 across the Caribbean and, as the geography clearly shows
2 there, they must eventually pass through one of the narrow
3 choke points of the Antilles. The primary routes taken are
4 through the Yucatan between Mexico and Cuba or between the
5 Windward Passage between Cuba and Haiti, and to a lesser
6 degree through the Mona Pass and the Eastern Caribbean Passes
7 further east, the green lines on the chart. The size of
8 those indicate the frequency or the usage in the maritime
9 trade.

10 If successful in transiting the passes, these
11 vessels will then proceed on to deliver their cargo to a
12 number of faster and smaller contact boats well off our coast
13 in the South Florida Gulf, along, as I said, the mid-Atlantic
14 Coast.

15 The Coast Guard interdiction strategy concentrates
16 on the mother ships and takes advantage of the natural choke
17 points formed by the Antilles. Interdicting a single mother
18 ship at sea will take as much marijuana from the market as
19 might interdicting ten to 20 of the contact boats closer
20 to shore. Our mother ship choke point interdiction strategy
21 is the most effective use of the limited resources that we
22 have.

23 The Coast Guard conducts continuous surface

1 patrols and frequent aerial surveillance in the areas of
2 interest, the Yucatan and the Windward, primarily. Our major
3 resources are concentrated there, but we also patrol in the
4 Bahamas, the eastern passes of the Caribbean, and along the
5 Gulf Coast and mid-Atlantic Coast. We are also finding
6 some increase in drugs on the West Coast.

7 There are five phases to a successful marine
8 interdiction. First of all, we must find them, detect them.
9 Then we must identify them. Then we must intercept, board
10 and search.

11 The first two of these, detecting and identifying,
12 are most effectively done by aircraft and/or intelligence.
13 Our medium and long-range fixed wing aircraft fly out of
14 Florida, Guantanamo Bay, Cuba and Puerto Rico. They pass
15 their sightings to patrolling cutters below.

16 Additionally, many of our cutters are helicopter
17 equipped, and the ship-helo team has proved a very effective
18 asset to us.

19 If a target is determined to be of interest, the
20 last three steps, intercepting that target, boarding it and
21 searching it, must be done by a surface unit. Once a
22 cutter has intercepted a vessel of interest, a boarding will
23 be made if at all possible.

1 We may board a U.S. vessel anywhere. If a vessel
2 is not U.S., there are a number of options open to us. We
3 will often request a consensual boarding, simply ask the
4 master if we may board, and it is somewhat amazing how many
5 times the master of a drug laden vessel will agree to a
6 consensual boarding. He figures the jig is up.

7 If he does not grant a consensual boarding and
8 we are still sufficiently suspicious of the vessel, we may
9 request permission from the flag state of that vessel to
10 conduct a boarding. Now, we must have sufficient cause or
11 reason to believe that this vessel is involved in illicit
12 activity to do this. The type of reply usually comes in
13 one of two forms. We either get the permission of the flag
14 country to board on their behalf and enforce U.S. laws, or
15 the flag country refutes the master's claim to that flag;
16 we treat the vessel as stateless, and board it as though
17 it were U.S.

18 Now, sometimes the vessels run, often for two or
19 three days, and we follow them. We try a number of nondead
20 ly means and convince them to stop once we have the appro-
21 priate authority. Sometimes those nondeadly means work,
22 and sometimes they don't. We have taken a number of vessel
23 under fire.

1 Once they stop, search of a vessel may be short
2 and simple. Often the tons of marijuana on these large mother
3 ships are in plain view, but increasingly we're finding the
4 smugglers are resorting to hidden compartments, and they're
5 getting more sophisticated every day. False bulkheads, false
6 decks, false bottoms, even fake fuel and water tanks are
7 being used, and recently we've begun to encounter exterior
8 hull pods and appurtenances with access only from under the
9 vessel, something very difficult to detect at sea.

10 If we do locate contraband, we seize the vessel
11 and arrest the crew, normally taking both to a U.S. port,
12 where we turn them over to the Drug Enforcement Administration,
13 Customs or Immigration, as appropriate.

14 I've mentioned cocaine a couple of times. Let
15 me address it in more detail in the marine mode further.
16 We don't see too much of it in the marine mode, though earlier
17 this year in April we did seize a vessel carrying 1,900
18 pounds, about \$500 million worth of cocaine off of Haiti
19 in the Windward Passage. But there is good reason as to
20 why we don't encounter more of it regularly.

21 First of all, less than 25 percent of the cocaine
22 product is shipped by sea. That's perhaps 15 tons a year
23 as compared to 9,000 to 12,000 tons of marijuana. Of that

1 cocaine which is shipped by sea, about half of it is shipped
2 in commercial vessels, usually smuggled by individuals witho
3 the knowledge of the owner or the master. Stopping and
4 searching a large commercial vessel on the high seas is
5 simply not practical.

6 Some of this cocaine though moves regularly in
7 the noncommercial vessels which are smuggling marijuana,
8 and occasionally we do encounter it. If not at sea when
9 the marijuana is found, then perhaps later after the vessel
10 has been seized and it is subjected to a more detailed
11 inspection dockside by Customs, but we are, quite frankly,
12 seldom able to seize this high value and low volume drug
13 because it is usually disposed of over the side as we are
14 approaching to board. We've seen this on a number of occas
15 and suspect it happens quite frequently.

16 Small amounts of cocaine are very easily disposed
17 of at sea, and the smugglers may very well feel that things
18 will go easier for them if they're found only with marijuan.

19 We know we're being successful in our drug inter-
20 diction efforts, although quite frankly it is no simple tas
21 to come up with the hard numbers to substantiate that. We
22 have a pretty good handle on how much we're stopping, but
23 it's difficult to determine how much is out there to be

1 stopped.

2 We have estimates of the crop size, estimates of
3 the harvest, estimates of the amount eradicated -- and I'm
4 talking about marijuana now -- estimates of the amount eradi-
5 cated in-country. There is some in-country consumption.
6 There is some export to other countries. There is only an
7 estimate of the mix of shipping loads. Put all of these
8 estimates together and how much is actually out there in
9 the maritime mode for us to interdict is quite difficult
10 to determine.

11 Yet the smugglers' reactions in the last couple
12 of years suggests that we are having a definite impact on
13 their operations. There has been some shift in trafficking
14 patterns to the longer, open ocean routes of the eastern
15 passes of the Caribbean and on up to the mid-Atlantic and
16 even New England coast. This requires larger vessels,
17 larger crews, more sophisticated electronics equipment, in-
18 short, considerable additional cost.

19 There has been some increase in smuggling on the
20 West Coast, which presents the smuggler with a similarly
21 longer journey. There has been a shift to other modes,
22 particularly as the Customs gentleman who preceded me noted,
23 air drops, and as mentioned before, there's the use of

1 hidden compartments incorporated into the design of a ship.

2 Changes in patterns and modes and structural modi-
3 fications to vessels are increasing the smugglers' costs
4 of doing business.

5 I mentioned the Coast Guard's inventory of ships,
6 boats and planes at the outset. They are being used heavily
7 in drug interdiction. I noted your interest, by the way,
8 in the involvement of DOD assets, and we, too, work closely
9 with Department of Defense assets. All of the other armed
10 forces are providing us some surveillance and support. Navy
11 ships have been used to tow and escort vessels that have
12 been seized by the Coast Guard, thus allow the patrolling
13 cutter to remain on station.

14 Additionally, Naval ships have been deploying with
15 Coast Guard tactical law enforcement teams aboard. We even
16 have them aboard aircraft carriers. These teams conduct
17 boardings of suspect vessels from their host Navy ships,
18 much as a Coast Guard boarding team operates from the Coast
19 Guard cutter. Tactical law enforcement teams have been
20 operating routinely from a Navy squadron of hydrofoil ships
21 based in Key West.

22 New and more capable Coast Guard resources are
23 coming on line, and they'll be brought to bear on the

1 problem quickly. Just in the last year we've brought 41
2 new twin jet aircraft on line, and we're adding new,
3 sophisticated sensor systems to these aircraft. Ninety new
4 ship deployable helicopters will be coming on line within
5 the next year. Sixteen new patrol boats have been ordered.
6 Four of 13 of a major new class of cutter have been delivered
7 within the last year.

8 Our research and development program is also
9 working full time in drug interdiction. Most notable among
10 their projects is perhaps the mobile aerostat. This is an
11 85-foot balloon tethered to a small ship. The balloon is
12 strung aloft up to 2,500 feet and carries a radar. It is
13 used in conjunction with patrolling cutters and aircraft.
14 The data from the aerostat radar is linked to a computer
15 system in the cutter, and then the cutter or cutters on
16 station process that data. The 50 mile radar horizon,
17 and that's a radius, provided by the aerostat greatly
18 increases the detection capability, and it frees up the
19 cutters for intercept and identification rather than search-
20 ing.

21 A recent operational evaluation showed great
22 promise for these mobile aerostat systems, and within three
23 years we expect to be operating seven or eight of them.

1 For the fiscal year just completed on September
2 30th, Coast Guard drug interdiction statistics were up in
3 all categories over the previous year. Coast Guard units
4 seized 223 vessels and arrested 1,056 people. We seized
5 1,500 tons of marijuana, 15 tons of hashish, and about a
6 ton of cocaine. These drugs had a combined street value
7 of one and three-quarter billion dollars.

8 We're optimistic about the future. We feel the
9 Federal strategy is working. We expect our interdiction
10 rate to continue, and we're eager to continue our involve-
11 ment in the various multi-agency and international efforts
12 to stem the flow of drugs into the country.

13 Mr. Chairman, that concludes my statement, and
14 I'd be happy to answer questions from you and members of
15 the Commission.

16 COMMISSIONER SKINNER: Thank you, Commander
17 Thompson.

18 Are there any questions from the panel?

19 COMMISSIONER GUSTE: Commander, if you had your
20 druthers, what do you need to do a better job?

21 COMMANDER THOMPSON: Well, sir, as I mentioned,
22 we are bringing new aircraft, new ships on line all the time,
23 and we need the time to evaluate just how much more they're

1 going to do for us. New sensors, new ships, new aircraft,
2 they're coming. We asked for them a few years ago, and
3 they're starting to come now, and we'll have to see how much
4 they're going to improve us. We're optimistic that we're
5 going to be able to do much more, particularly with those
6 aerostats.

7 COMMISSIONER SKINNER: Other questions?

8 Mr. Smith.

9 MR. SMITH: Commander, you mentioned in the closing
10 part of your statement that in the last fiscal year the Coast
11 Guard arrested 1,056 people in connection with these
12 seizures.

13 COMMANDER THOMPSON: Yes, sir.

14 MR. SMITH: I also noted in some statistics that
15 the Coast Guard provided us earlier this week that of the
16 people arrested, Colombian nationals are by far the largest
17 category.

18 COMMANDER THOMPSON: That's correct.

19 MR. SMITH: With almost twice as many as the next
20 country, which is this country.

21 COMMANDER THOMPSON: Yes, sir.

22 MR. SMITH: All of these Colombians that you arrest
23 on the high seas, where do they go?

1 COMMANDER THOMPSON: We turn them over to Immigration,
2 and I couldn't tell you what the statistics are on the prose-
3 cutions and the sentences. I understand somewhere up to
4 90 percent, 85 to 90 percent successfully prosecuted. At
5 least the masters are.

6 MR. SMITH: Prosecuted and jailed in this country?

7 COMMANDER THOMPSON: Yes, sir.

8 MR. SMITH: And I'd like to note, Mr. Skinner,
9 for the record that statistics provided to us earlier this
10 month by the Bureau of Prisons indicate there are 633
11 Colombian citizens in our jails, 618 of them there in connec-
12 tion with narcotics-related offenses.

13 COMMANDER THOMPSON: I might mention that the
14 Colombians are typically the ones we interdict on the mother
15 ships. The Americans are typically the ones that we get
16 in the contact boats later on.

17 MR. SMITH: We have heard from a number of
18 witnesses both yesterday and today that in Colombia and in
19 the routes out of Colombia, where you find marijuana, you
20 frequently find cocaine, that the organizations trafficking
21 in one are frequently trafficking in the other. I note in
22 your statement that you mention frequently the Coast Guard
23 encounters ships on the high seas that seem to be carrying

1 both, though they are willing to put cocaine over the side
2 and keep the marijuana on board. Is that, in fact, accurate?

3 COMMANDER THOMPSON: We don't have any figures
4 to substantiate it, sir. We have a number of cases where
5 our units have seen packets of what they were quite sure
6 was cocaine going over the side. We have recovered it on
7 occasion.

8 To put a number on it would be impossible, but
9 we certainly have the same intelligence that you do, that
10 the marijuana smugglers frequently move small amounts of
11 cocaine with their marijuana, and when we encounter them
12 on the high seas and they've got bulk marijuana on board,
13 they know we've got them. So one might surmise that they're
14 going to try to get rid of that hotter stuff and hope that
15 it might go easier for them.

16 COMMISSIONER SKINNER: Commissioner Rowan.

17 COMMISSIONER ROWAN: Commander, what assistance,
18 if any, are you getting from the nations through whose waters
19 these ships have to pass? Do they have anything like our
20 Coast Guard, obviously not as good, but something like our
21 Coast Guard, which could assist you, and do they do so?

22 COMMANDER THOMPSON: To varying degrees, ma'am,
23 depending upon the country. Most of the assistance we require

1 is in the form of getting registry checks on vessels when
2 they claim a certain nationality and getting permission to
3 take law enforcement action against them if we do, in fact,
4 find contraband. The expediency with which that is
5 accomplished varies from country to country. It works quite
6 well with Panama, Honduras.

7 We have a written agreement, the State Department
8 does, with the United Kingdom, the vessels claiming U.K.
9 registry, where we do not need to go to the United Kingdom.
10 We make the decision ourselves if certain conditions exist.
11 We are pursuing similar initiatives with other nations.

12 We also pursue various initiatives involving joint
13 operations with Bahamian, Jamaican, Haitian, Colombian and
14 other forces. The degree of cooperation varies.

15 COMMISSIONER ROWAN: This must be land-based
16 cooperation though?

17 COMMANDER THOMPSON: Ma'am, we deal with the Royal
18 Bahamian Defense Forces, the Jamaican equivalent of that --
19 I forget its proper name.

20 COMMISSIONER ROWAN: Despite all that we have heard
21 this morning about the corruption in the Bahamas, we're still
22 getting assistance from the Bahamian Defense Forces?

23 COMMANDER THOMPSON: As I say, it varies.

1 COMMISSIONER ROWAN: Varies. Thank you.

2 COMMISSIONER SKINNER: Would you concur in the
3 assessment that was given earlier that there is a callous
4 disregard of the Bahamian government to the problems that
5 we face in narcotics smuggling?

6 COMMANDER THOMPSON: I can't speak to that from
7 personal experience, sir, only certainly what I've heard.
8 What I heard this morning I've heard before. That's all
9 I can say.

10 COMMISSIONER SKINNER: And you cannot dispute it
11 with other evidence to the contrary?

12 COMMANDER THOMPSON: No, sir. I have no personal
13 experience one way or the other.

14 COMMISSIONER SKINNER: Any other questions?

15 (No response.)

16 COMMISSIONER SKINNER: If not, Commander, thank
17 you very much for being here, and thanks to the Coast Guard.

18 MR. SMITH: That concludes today's witnesses, Mr.
19 Chairman.

20 MR. HARMON: Mr. Chairman, with your permission,
21 I'd very briefly summarize what took place here today, as
22 well as explain in very general terms what the Commission
23 should expect tomorrow in the way of witnesses.

1 Mr. Chairman, members of the Commission, we have
2 heard today about the methods of operations of jungle
3 laboratories located in Colombia, the relationship of
4 counterinsurgent groups in Colombia and other countries with
5 trafficking organizations, and emerging evidence that
6 insurgents are becoming traffickers rather than recipients
7 of protection money from the traffickers themselves.

8 In addition, we've heard about the methods of ship-
9 ment of cocaine, often with marijuana, both by air and by
10 sea, as well as the very difficult efforts to interdict
11 drugs moving either by air or by sea.

12 Tomorrow, Mr. Chairman, as we've heard through
13 testimony from the Assistant Secretary of State, as well
14 as other witnesses, there has been, as a result of pressure
15 in Colombia, the appearance in growing measure of refining
16 laboratories, cocaine refining laboratories, in the United
17 States. We'll disclose in some detail the ways in which
18 these particular laboratories operate, and the threat that
19 they pose to the citizens of the communities in which they're
20 beginning to appear.

21 In addition to that, through insider witnesses,
22 the Commission will be presented with evidence of the methods
23 of distribution of cocaine both at the wholesale, down to

1 the retail level, and the ways in which these distributors
2 finally put their product out onto the street in various
3 parts of the United States.

4 In addition to that and certainly not last, we
5 will hear testimony concerning the money laundering cycle,
6 the importance of money laundering to the narcotics
7 trafficker, especially the cocaine trafficker, and the ways
8 in which money is laundered on a very large scale.

9 Thank you, Mr. Chairman.

10 COMMISSIONER SKINNER: Thank you. My congratula-
11 tions to the staff for a lot of hard work, and seeing no
12 other comments from the Commissioners, this meeting is
13 adjourned until ten o'clock tomorrow morning at this same
14 location.

15 (Whereupon, at 1:22 p.m., the hearing in the above-
16 entitled matter was adjourned, to reconvene at 10:00 a.m.,
17 Thursday, November 29, 1984.)

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1 PRESIDENT'S COMMISSION ON ORGANIZED CRIME

2
3 COCAINE HEARING

4
5 Dean Acheson Auditorium
6 Department of State
7 23rd and C Streets, N.W.
8 Washington, D.C.

9
10 Thursday, November 29, 1984

11 BEFORE:

12 HONORABLE IRVING R. KAUFMAN, Chairman

13 MEMBERS OF THE COMMISSION:

14 Jesse A. Brewer, Jr.
15 Carol Corrigan
16 Justin J. Dintino
17 William J. Guste, Jr.
18 Judith Richards Hope
19 Philip R. Manuel
20 Thomas McBride
21 Eugene Methvin
22 Edwin L. Miller, Jr.
23 Manuel J. Reyes
Representative Peter W. Rodino, Jr.
Charles H. Rogovin
Barbara Ann Rowan
Frances A. Sclafani
Samuel K. Skinner
Justice Potter Stewart
Senator Strom Thurmond
Phyllis Teresa Wunsche

1 Whereupon,

2 ARTHUR F. NEHRBASS and JEFF FAISON
3 were called as witnesses and, having been first duly sworn,
4 were examined and testified as follows:

5 MR. HARMON: Could you please, in turn, state your
6 name for the record, as well as your position?

7 MR. NEHRBASS: Arthur F. Nehrbass, Senior Bureau
8 Commander, Organized Crime Bureau, Metro Dade Police
9 Department.

10 MR. HARMON: And is that in Dade County, Florida?

11 MR. NEHRBASS: That's correct.

12 MR. HARMON: And you, sir?

13 MR. FAISON: Jeff S. Faison. I'm a Senior Patrolman
14 with the New Mexico State Police stationed in Moriarty, New
15 Mexico.

16 MR. HARMON: Mr. Chairman, with your permission,
17 I will undertake the initial questioning of Mr. Nehrbass,
18 and in turn, Mr. Smith will handle the questioning of Mr.
19 Faison.

20 Mr. Nehrbass, we have heard evidence through
21 various witnesses of a recent phenomenon, that being the
22 dislocation of cocaine laboratories to the United States
23 in comparison with past practice of Colombian cocaine

1 traffickers of actually conducting their refining activities
2 in Colombia and other parts of South America. Have you seen
3 that development take place in Florida?

4 MR. NEHRBASS: Yes, most definitely. We feel that
5 with the interdiction of ether by the Colombian authorities
6 beginning in the early part of 1983, ether became an unobtain-
7 able commodity in Colombia and caused a dislocation of the
8 laboratories in Colombia to Venezuela, Central America and,
9 unfortunately, into South Florida.

10 At the same time, of course, or shortly thereafter,
11 there were some raids on some laboratories in Colombia that
12 caused a further dislocation of laboratory processing of
13 cocaine in Colombia to South Florida.

14 We have in the last year discovered 16 laboratories,
15 cocaine processing laboratories, in Dade County.

16 MR. HARMON: And how does that compare with the
17 year before, number-wise?

18 MR. NEHRBASS: We had one the year before.

19 MR. HARMON: And did you bring with you today,
20 Mr. Nehrbass, slides which depict some of those laboratories
21 which you've described as having recently been found, within
22 the past year, in Dade County, Florida?

23 MR. NEHRBASS: Yes, I have.

1 MR. HARMON: If I could ask you to please direct
2 your attention to those slides and using them where you feel
3 necessary, describe what appears there in the way of these
4 laboratories.

5 MR. NEHRBASS: The first slide is of a warehouse
6 in an industrial area. It housed a cocaine laboratory that
7 was capable of producing at least 100 kilograms of cocaine
8 in a 24-hour period. The laboratories have been found in
9 this kind of a building. They've been found in farmhouses,
10 and they have unfortunately been found in residential
11 neighborhoods, as you'll see in a few minutes.

12 This is a traveling laboratory. It's a mobile
13 home, and inside of that van, we found a laboratory that
14 was capable of processing perhaps five to ten kilograms of
15 cocaine at a time.

16 This is a drying rack and some of the other
17 apparatus inside the mobile home that was used in the cocaine
18 processing.

19 These are some ether and acetone 55-gallon drums.
20 The green item is a pump that, of course, is used to remove
21 the ether or the acetone from the 55-gallon drums and into
22 the processing vats.

23 This is an interesting slide. These 55-gallon

1 drums of ether were seized at a laboratory in Dade County.
2 You'll see that the address is Colombia. Our investigation
3 indicates that the ether was purchased for shipment to
4 Colombia. With the Colombian authorities interdicting ether,
5 they were unable to get it into Colombia. So it was diverted
6 into Dade County to be used in processing cocaine in Dade
7 County.

8 This was an innovative approach to both ether
9 transportation and the removal of ether from the drums.
10 Using a rental van, the drums were merely placed on their
11 side, spigots attached, and the processing vats then could
12 just be moved underneath, and there was no need for a pump.
13 It's not too dissimilar to the gravity feed that we saw
14 yesterday.

15 Now, this is cocaine base that is in the process
16 of being filtered through that filter cloth, using ether
17 and/or acetone.

18 That is the remains of the filtered cocaine base.
19 Those are the impurities that have been taken out.

20 This is cocaine in ether, but it has been precipi-
21 tated out by the addition of hydrochloric acid. When the
22 cocaine base is mixed with ether or acetone, it's totally
23 in solution. Once the acid is added, then it precipitates

1 out, and this is precipitated out in an ether solution.

2 That's a box used to press out the excess liquid
3 from the cocaine hydrochloride that's been taken out of the
4 vat.

5 That's a hydraulic press used for the same purpose

6 Those are drying racks. That is cocaine underneath
7 those lamps that is being dried.

8 MR. HARMON: And this is similar to the drying
9 racks seen during the course of the video yesterday of the
10 Tranquilandia raid; is that correct, sir?

11 MR. NEHRBASS: That's correct. From what I saw
12 yesterday of the Colombian slides, there is a marked
13 similarity between the processing laboratories in Colombia
14 and the processing laboratories that we find in Dade County
15 The common denominator, of course, is that they are dominated
16 by Colombian criminals.

17 Of 24 arrests that we have made in these laboratories
18 20 of them are Colombian nationals, and most of them are
19 illegal aliens.

20 Now, this particular drying rack, by the way, was
21 used to process cocaine in a five-acre farm directly across
22 the street from a public school. When we raided this
23 laboratory, we found 250 pounds of cocaine. They were

1 capable of doing about 120 "keys" a day in a 24-hour period.
2 In addition, of course, to the cocaine, we found chemicals.
3 We found approximately 1,000 gallons of ether and acetone.
4 As you're going to see in a few minutes, ether is an
5 extremely explosive chemical. If that laboratory had gone
6 up, it probably would have taken out a city block.

7 MR. HARMON: And this is the laboratory that was
8 across the street from a school; is that correct?

9 MR. NEHRBASS: That's correct.

10 This was another laboratory seizure. The two
11 empty bags next to the commode contained cocaine. There
12 was about 100 "keys" of cocaine there, and one of the
13 processors was very diligent in trying to flush it down the
14 toilet. I don't know how he figured he was going to flush
15 100 "keys" down the toilet, but he managed two before we got
16 him.

17 We treat ether and acetone as extremely dangerous,
18 and they are, and we utilize our bomb squad to dispose of
19 the chemicals, which incidentally is a tremendous problem,
20 disposing of 1,000 gallons of ether.

21 This is a house that was used as a cocaine
22 laboratory until it blew up. It was producing probably about
23 20 "keys" per day, not a big laboratory.

1 That's another shot of the house. Now you can
2 see the walls are buckled. In this particular situation,
3 the roof lifted right off the house and settled back down
4 again.

5 This was one of our first cocaine laboratories.
6 At 7:30 in the morning a little girl was standing across
7 the street from this house waiting for a school bus, and
8 a neighbor came out to pick up a paper, and as he straighten
9 up from picking up the newspaper, he saw a black Mercedes-
10 Benz drive through the garage door of that house. The
11 garage door didn't open, and the Mercedes-Benz went right
12 through it, and as it cleared the garage door, the house
13 became a ball of fire, and that's what's left of it. It
14 was a cocaine processing laboratory, and from our investiga-
15 tion, it would appear that five gallons of ether did that.
16 It totally demolished the house.

17 MR. HARMON: Now, Mr. Nehrbass, we have seen as
18 a result of our examination of the laboratories in the
19 jungles of Colombia that living quarters are located, in
20 general, far away from the actual laboratory processing
21 areas themselves. Do you see any comparable pattern in the
22 South Florida laboratories that you've described?

23 MR. NEHRBASS: Yes. In every laboratory that we

1 have examined, the living quarters are separate from the
2 laboratory, if there are living quarters at all. In a situa-
3 tion like that house, there was no one living there at all.
4 They would go there for X number of hours to process cocaine
5 and leave.

6 In areas like the farm across from the school,
7 there were living quarters in a different building. The
8 normal living conditions would have to be separated from
9 the laboratory because the slightest spark would set off
10 the ether.

11 The first house I showed you with the roof lifted
12 off, that explosion was caused by ether on the floor of the
13 kitchen area, and the compressor on the refrigerator kicking
14 in and making a spark blew that house up.

15 MR. HARMON: So that you would agree then that
16 the development of these laboratories poses a serious threat
17 to people living and working in the areas in which they may
18 be operating?

19 MR. NEHRBASS: Unquestionably, no question about
20 it.

21 MR. HARMON: Now, did you identify the chief chem-
22 ist for several of these laboratories?

23 MR. NEHRBASS: Yes, we did. We believe that the

1 chief chemist for several of these laboratories was a man na
2 Armondo Gallo, who was seriously wounded about three weeks
3 ago in Miami; two of his companions were killed, he was
4 wounded, and a fourth individual was seriously wounded.

5 MR. HARMON: Would you explain to the Commission
6 the role of the chief chemist?

7 MR. NEHRBASS: The chief chemist has the recipe,
8 if you will, for processing cocaine hydrochloride, and pro-
9 cures or causes the procurement of necessary chemicals and
10 apparatus to manufacture cocaine hydrochloride.

11 The people who actually do the work are merely
12 drones. They are just people who are brought in from
13 Colombia to process the material. The chief chemist is the
14 one who gives them instructions. We have in a couple of
15 searches actually found written instructions for the process
16 ing of cocaine that were left with the people who were
17 doing the work.

18 MR. HARMON: So there are no real special skills
19 needed in order to operate one of these laboratories once
20 you've been taught by somebody like the chief chemist; is
21 that right?

22 MR. NEHRBASS: That's correct.

23 MR. HARMON: Now, is ether readily available in

1 Florida?

2 MR. NEHRBASS: Yes. Any person off the street
3 can walk into a chemical company and buy 55 gallons of ether,
4 1,000 gallons of ether, however much ether they want.

5 MR. HARMON: What do you make of this, the develop-
6 ment of these laboratories and the ready availability of
7 ether in this country, especially South Florida?

8 MR. NEHRBASS: Well, I think we're repeating what
9 we did in our marijuana eradication program. We have pre-
10 vailed on the Colombian authorities to interdict ether, to
11 some extent acetone. We have not done that in this country.
12 We have displaced cocaine processing from Colombia because
13 of interdiction to the United States, and we are doing
14 nothing, to my knowledge, to control the sale and distribu-
15 tion of the precursor chemicals where we've done it in
16 Colombia.

17 MR. HARMON: Turning to another subject with regard
18 to these cocaine networks, they have a reputation for
19 violence. Do you find that reputation well deserved?

20 MR. NEHRBASS: Very much so. I don't know whether
21 I can describe a group of people, of criminals, in terms
22 of psychiatry, but they have a character that is totally
23 sociopathic. They have no social conscience whatsoever.

1 We have had homicide scenes where they have gone
2 in to kill the husband of the family, and they kill the
3 husband, they kill the wife, they kill a baby, a year old.
4 They are totally ruthless. They have absolutely no social
5 feelings whatsoever.

6 MR. HARMON: How about resort to kidnappings for
7 any purpose?

8 MR. NEHRBASS: We have in the last several years
9 experienced approximately nine narcotics-related kidnappings
10 a year that are cocaine related. In one instance they
11 kidnapped a young, seven year old boy, Andrew Martinez, held
12 him for a \$700,000 ransom. We were able to rescue the boy
13 by storming the house that he was held in. We arrested six
14 people, all part of the Humberto Landano family. They
15 received sentences of ten to 35 years. Humberto Landano is
16 wanted. He is free in Colombia right now.

17 With the arrest of these people, we destroyed that
18 family in Miami. They all left Miami, and our latest
19 intelligence is they moved to Los Angeles.

20 MR. HARMON: Drawing your attention to a specific
21 act of violence, if I could, which occurred on July 11th,
22 1979, in a shopping center known as Dadeland in Dade County,
23 I'd like to draw your attention to these series of

1 photographs of what appears to be a truck. Could you tell
2 the Commission in actuality what that is?

3 MR. NEHRBASS: It was dubbed by the press in
4 Miami a "war wagon," and indeed, it was. The inside of the
5 wagon is armored. There are bullet-proof vests hung from
6 the ceiling of the van in order to protect the people who
7 are inside the van. The back door of the van had holes cut
8 in it, gun ports, which were plugged with wood that was paint-
9 ed white on the outside so you couldn't see them. The van
10 pulled up to a liquor store in the Dadeland Shopping Mall,
11 and two shooters came out, one with a machine gun, killed
12 two customers in the liquor store. They then exited the
13 liquor store, got back into the van, sprayed the parking
14 lot with automatic weapon fire in order to discourage anyone
15 from looking at them or pursuing them, succeeded in shooting
16 the clerk who had fled from the store, then made good their
17 escape in the truck.

18 MR. HARMON: So there were two people doing the
19 shooting, correct?

20 MR. NEHRBASS: There were two people doing the
21 shooting.

22 MR. HARMON: Using how many weapons?

23 MR. NEHRBASS: There were about 11 weapons in all.

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MR. HARMON: Firing how many rounds?

MR. NEHRBASS: They fired at least 85 rounds.

MR. HARMON: And did those weapons include, if I could ask you, Agent Nehrbass, two .30 caliber Ivor Johnson carbines?

MR. NEHRBASS: Yes, they did.

MR. HARMON: Did they include a .38 Beretta auto-loading pistol?

MR. NEHRBASS: Yes, sir.

MR. HARMON: A .12 gauge high standard shotgun?

MR. NEHRBASS: Yes.

MR. HARMON: A .38 calibre Loma auto-loading pistol?

MR. NEHRBASS: Correct.

MR. HARMON: A .38 calibre Colt detective special?

MR. NEHRBASS: Right.

MR. HARMON: A .357 calibre Smith & Wesson revolver?

MR. NEHRBASS: Right.

MR. HARMON: A .9 millimeter Browning auto-loading pistol?

MR. NEHRBASS: Right.

MR. HARMON: And a .45 calibre machine gun?

MR. NEHRBASS: Right.

1 MR. HARMON: And weapons of that type were fired
2 by those two shooters during the course of that incident
3 which you have described; is that correct, sir?

4 MR. NEHRBASS: That's correct. They apparently
5 fired each weapon until they thought the ammunition was
6 exhausted, tossed it on the floor and grabbed another one.

7 MR. HARMON: And was there still another known
8 as a MAC-10 submachine gun?

9 MR. NEHRBASS: Yes.

10 MR. HARMON: Does this MAC-10 have any special
11 significance among Colombian cocaine traffickers?

12 MR. NEHRBASS: It's a status symbol.

13 MR. HARMON: Would you explain that, please?

14 MR. NEHRBASS: No self-respecting narcotics dealer
15 would be without one. It just makes you if you've got an
16 Ingram machine gun. The gun is usually equipped with a
17 silencer. That one is. It's an extremely high cyclical
18 rate of fire weapon. Many of them allegedly were destroyed
19 in 1979 when the company was going into bankruptcy. Receivers
20 were cut.

21 MR. HARMON: Which company was that?

22 MR. NEHRBASS: Ingram is the name I know it by,
23 but there's another name, Auto-something. I can't remember

1 the name. At any rate the receiver was cut right behind
2 the bolt, and then the metal was sold as scrap and brought
3 a very high price on the market because it was welded back
4 together again, and machine guns were manufactured.

5 MR. HARMON: I might add, Mr. Chairman, that as
6 we saw in our recent hearing in New York, this is also the
7 weapon of choice of Vietnamese gangs about whom we heard
8 during the course of that hearing.

9 Would you describe, Mr. Nehrbass, the ways in which
10 these Colombian cocaine traffickers communicate with each
11 other using electronic means, based on your experience?

12 MR. NEHRBASS: The better organized cocaine traf-
13 ficking groups communicate using single-side-band radios.
14 They communicate directly with Colombia by radio. They have
15 ground-to-air radios so they can contact airplanes in flight.
16 They also have radios that are capable of communicating with
17 ships at sea, which is the single-side-band again.

18 They also have personal, hand-held radios. One
19 method of communication that is very unsophisticated, but
20 is causing us tremendous problems is a simple little device
21 that many of us wear, a pager. The use of pagers by the
22 Colombian criminal element has almost negated Title III
23 capability.

1 MR. HARMON: And by Title III you mean the conduct
2 of court-authorized electronic wire-tapping; is that correct?

3 MR. NEHRBASS: That's correct.

4 MR. HARMON: Would you explain why, why it has
5 negated the ability to conduct court-authorized electronic
6 surveillance?

7 MR. NEHRBASS: If all of the group that are doing
8 business wear pagers, I can communicate with anybody I want
9 merely by calling the pager that the person I want to talk
10 to is wearing and telling him to contact me at a certain
11 telephone number, which is a public phone, and he calls me
12 from a public phone to the public phone I've told him to
13 call. We don't necessarily ever use the same public phone
14 twice or we may. We're totally in communication, 24 hours
15 a day, seven days a week, just like we're sitting next to
16 our telephone, but by using a pager as an introduction to
17 the communication, he does not have to use and will not use
18 either a business telephone or his home telephone.

19 MR. HARMON: And beyond using electronic means
20 that you've described as a way to communicate, do they have
21 available and have you seen the use of electronic counter-
22 measures to counter any investigations that might be
23 conducted by your department?

1 MR. NEHRBASS: Yes. We have been up on court-
2 authorized intercepts when we have heard the narcotics sub-
3 ject call in individuals to sweep his house for bugs, to
4 check his telephone for taps. They routinely use radio
5 frequency detectors. An RF detector is capable of detectin
6 the emission of radio waves. The RF detector is used to
7 determine whether an individual is wearing a "body bug,"
8 a transmitter, or whether there is a tracking device on a
9 car, and they routinely sweep themselves, their homes, peop
10 who come to visit them, whom they don't know very well, to
11 determine whether or not they are wearing a transmitter or
12 whether their car has a tracking device on it.

13 MR. HARMON: So that this could be used, for
14 example, to determine whether or not an undercover agent
15 is dealing with them; is that correct?

16 MR. NEHRBASS: That's correct.

17 MR. HARMON: And that could pose a threat to the
18 undercover, among other things?

19 MR. NEHRBASS: Yes. We know of one instance wher
20 an ATF informant was detected by a cocaine subject, and bef
21 the surveillance could get to him and rescue him, was taken
22 into a car and executed.

23 MR. HARMON: Maybe one final thing, Mr. Nehrass,

1 if I could draw your attention to the issue of the price
2 of cocaine as you know it in South Florida, have you seen
3 any change in the past several months in the wholesale price
4 of cocaine?

5 MR. NEHRBASS: Yes. The wholesale price of
6 cocaine has been continually dropping from a high of about
7 50 to \$60,000 a kilogram in 1981. It reached a low in
8 Miami of about \$14,000 a kilogram in the June-July area.

9 MR. HARMON: Of what year?

10 MR. NEHRBASS: Of this year, and now it has
11 begun a gradual rise, and it's approximately at \$30,000.

12 MR. HARMON: So that it has approximately doubled,
13 the wholesale price, during the course of that period; is
14 that right, sir?

15 MR. NEHRBASS: Yes.

16 MR. HARMON: And to what do you attribute that?

17 MR. NEHRBASS: We attribute it to a higher cost
18 of production. The successful interdiction of precursor
19 chemicals by the Colombian authorities, the jungle raids
20 on those huge cocaine processing laboratories have caused
21 a dislocation of refining processes, as I described before,
22 and this is much more expensive for the cocaine producers,
23 and we think this is what has caused the price rise.

1 MR. HARMON: Okay. No further questions, Mr.
2 Chairman. Thank you, sir.

3 COMMISSIONER SKINNER: Do you want to proceed to
4 ask this witness questions?

5 MR. HARMON: Perhaps that might be best, Mr.
6 Chairman, with your permission.

7 COMMISSIONER SKINNER: All right. Do any members
8 of the Commission have questions? Yes, Ms. Rowan.

9 COMMISSIONER ROWMAN: Mr. Nehrbass, I know that
10 you have been involved also in South Florida in the attempts
11 to interdict the profits from the drug industry. Now, you
12 are coming in from both sides, and I wonder if with that
13 broad perspective you can give us any ideas of what else
14 you think the Federal Government or local government can
15 do to stop this traffic. We have tried to take the profit
16 out of it. We've tried to take the precursor chemicals out
17 of it. What else needs to be done?

18 MR. NEHRBASS: Well, the ultimate solution is not
19 law enforcement. In my opinion, law enforcement is contain-
20 ing and perhaps reducing the problem. The ultimate solution
21 is one of education and removing the demand. Once the de-
22 mand is removed, then you no longer have the problem. Until
23 that is done, of course, we need to continue the containment.

1 We need to continue to try to reduce the amount of drugs
2 that are coming in.

3 I would like to see the Federal Government with
4 sufficient presence not only in South Florida, but in other
5 parts of the country to handle the interdiction of illegal
6 drugs and to handle the conspiracy cases that are involved
7 in illegal drugs, and I would like not to have to fill a
8 vacuum I perceive in conspiracy cases, for instance, with my
9 people. I would like to take my police officers and put
10 them on the street doing probably what they're meant to do,
11 and that is total street work, totally closing down the drug
12 supermarkets that we see flourishing in South Florida and
13 elsewhere.

14 If there were sufficient Federal presence for us
15 to do that, I think it would have a greater impact.

16 COMMISSIONER ROWAN: Then one more question which
17 you alluded to. What happens to the waste products from
18 these labs? Are they just disposed of in the city sewer
19 system?

20 MR. NEHRBASS: That's correct. They're just tossed
21 into the garbage. They're burned, or they're poured down --
22 the chemicals themselves are usually just poured down the
23 sewer. Ether can be reused; acetone cannot be in processing.

1 The filter papers generally are put in plastic garbage cans
2 and disposed of or burned.

3 COMMISSIONER ROWAN: And these are hazardous
4 wastes which ordinarily would be treated differently than
5 normal household wastes?

6 MR. NEHRBASS: Yes, and the real hazardous waste
7 is the acetone and ether, either in the water system or
8 carelessly disposed of. The empty drum itself is a bomb
9 with the fumes inside of it.

10 COMMISSIONER ROWAN: Thank you.

11 COMMISSIONER SKINNER: Mr. Methvin.

12 COMMISSIONER METHVIN: Mr. Nehrbass, you spoke
13 of the failure of the United States to do what we have urged
14 and persuaded the Colombians to do. We've long interdicted
15 the ingredients of simply bootlegging. A grocer is required
16 to register and report large purchases of sugar. Why can't
17 we control acetone and ether simply by, or can it be done,
18 simply by regulatory action, or is it going to take legis-
19 lation or what?

20 MR. NEHRBASS: Well, I believe it could be done
21 by regulatory action.

22 COMMISSIONER METHVIN: Which agency?

23 MR. NEHRBASS: I know of no one who has studied

1 this problem. I've asked the same question you're asking,
2 and I have not received an answer.

3 Acetone is widely used. You can buy it in any
4 hardware store. It's a general solvent, but ether has very
5 little domestic use, that is, home use. It has industrial
6 uses, and in my opinion, uneducated, could very easily be
7 controlled.

8 COMMISSIONER METHVIN: Well, I wonder if we could
9 ask the staff to investigate that a little bit and give us
10 a report on it at the next meeting.

11 Second, you speak of the simple evasion of Title
12 III by the use of paging devices. I'm not an expert on
13 Title III, but it occurs to me: first of all, is it a
14 technological problem that you cannot surveil electronically
15 paging devices? It seems to me they could be surveilled
16 just as any other radio transmission could be. In other
17 words, can you, through the telephone company and the paging
18 mechanism, swiftly locate and tap into a pay phone that is
19 being used by this evasive technique?

20 MR. NEHRBASS: The answer to that question is no,
21 you can't go to the pay phone. We have surveilled the use
22 of the paging devices. They use the air waves, and they
23 are free to anyone, and so we have been able to listen to

1 the pages, which merely tell us that a telephone call is
2 going to be made to a certain telephone number. It takes
3 us, and we do it pretty quickly, about four days to get a
4 Title III authorization.

5 COMMISSIONER METHVIN: Well, that's a legal prob-
6 lem now. I'm asking about the technological problem. How
7 quickly, once you know that the pay phone out here on the
8 corner is being used, can you tap into that telephone as
9 a practical technological matter? Can that be done?

10 MR. NEHRBASS: It would probably take a day to
11 do that.

12 COMMISSIONER METHVIN: A day to do that?

13 MR. NEHRBASS: Yes, because you'd have to go to
14 the telephone company, find out where the pairs are located,
15 and once you find out where the pairs are located, then you'd
16 have to go up on that line. It would take pretty close to
17 a day.

18 COMMISSIONER METHVIN: So it's not just simply
19 a matter of changing or reinterpreting the law?

20 MR. NEHRBASS: No, that's correct.

21 COMMISSIONER METHVIN: Unless you found one
22 operator who was so careless as to use the same phone
23 habitually.

1 MR. NEHRBASS: That's correct.

2 COMMISSIONER METHVIN: One third comment,
3 I guess, Mr. Chairman. We've heard several witnesses urge
4 the problem of reducing demand. We've had conversation and
5 testimony about teaching youngsters, getting them early and
6 so forth. The Rand Corporation has done a study of the
7 effectiveness of different types of educational programs
8 among adolescents and young adults. There is quite a dis-
9 parity in the effectiveness of some programs. Some are far
10 more effective than others.

11 I wonder if the staff could contact the Rand
12 Corporation, perhaps arrange for the author of that study
13 to appear before our next hearing.

14 COMMISSIONER SKINNER: Well, I think that several
15 of the Commissioners have discussed the need. We have now
16 heard from several people concerning the need for education
17 in prevention and decreasing the demand, which we see the
18 Federal Government and the state governments are way behind
19 on. I think that may be, Mr. Harmon, the subject of at
20 least a portion of our next hearing, to get into the area
21 of what can and cannot be done in the education area on the
22 school level and with younger people.

23 As far as the electronics --

1 COMMISSIONER MILLER: Mr. Chairman.

2 COMMISSIONER SKINNER: Yes, Mr. Miller. Let me
3 just make two other comments, if I might.

4 Number one, the electronic surveillance is already
5 under investigation by the staff with the Drug Enforcement
6 Administration staff to see if there are some recommendations
7 that we can make concerning new technological breakthroughs
8 that could assist with this very difficult problem.

9 Finally, the staff has already agreed to your
10 third suggestion, Mr. Methvin.

11 With that, Mr. Miller.

12 COMMISSIONER MILLER: Mr. Nehrbass, was your inves-
13 tigation of the cocaine laboratories a local investigation,
14 or was that in cooperation with Federal agencies?

15 MR. NEHRBASS: In cooperation with the Drug Enforce-
16 ment Administration. We now have a written agreement with
17 them on the investigation, processing and prosecution.

18 COMMISSIONER MILLER: And would you describe your
19 relationship with Federal agencies in investigating drug
20 cases?

21 MR. NEHRBASS: Very good. There are various
22 philosophies obviously as to what the relationship between
23 local, state and Federal people ought to be. I subscribe

1 to the theory that I have a job to do and they have a job
2 to do, and we don't necessarily have to be married to each
3 other continuously.

4 When a situation arises that they feel I can help
5 them with they come to me. When a situation arises when I think
6 I need their help, then I go to them. We have a good working
7 relationship, but it's not one of working side by side 24
8 hours a day.

9 COMMISSIONER MILLER: Now, in view of that, what
10 is your evaluation of the South Florida Task Force?

11 MR. NEHRBASS: The South Florida Task Force has
12 been extremely effective in terms of interdicting marijuana.
13 Marijuana is a bulk product. It's easily, quote, interdicted.
14 Cocaine is a different animal. Cocaine is a small, easily
15 concealable product. They have not successfully interdicted
16 cocaine.

17 Cocaine is more abundant in South Florida today
18 than it ever was. The price drop in cocaine is enough to
19 graphically portray how available it is. It dropped from
20 \$60,000 a kilogram to 14,000. I have never seen more cocaine
21 on the streets than I have in the last year.

22 COMMISSIONER MILLER: Such that the South Florida
23 Task Force has been effective only in the area of interdicting

1 marijuana, but not in the area of interdicting cocaine?

2 MR. NEHRBASS: Well, that's a difficult qualita-
3 tive judgment. The question also is: how much more cocaine
4 would there be if they weren't there? They have been effec-
5 tive, but they have not solved the problem to the extent
6 that they have solved it with marijuana.

7 COMMISSIONER MILLER: Would it be your recommenda-
8 tion that similar operations could be effectively used else-
9 where in the United States?

10 MR. NEHRBASS: This gives me pause, and what's
11 giving me pause is that our Federal enforcement system is
12 so fractured today that I hesitate to add another group
13 investigating narcotics. When we do -- if I could illustrate
14 -- when we do what we call a reverse sting, when we sell
15 cocaine to narcotics people, before we go through with the
16 transaction, we routinely call the municipality we might
17 be working in, the Florida Department of Law Enforcement,
18 the Vice President's Task Force, the Drug Enforcement
19 Administration, the Federal Bureau of Investigation, and
20 U.S. Customs to make sure that we're not dealing with another
21 agency.

22 Now, what I'm saying is that there are so many
23 people in narcotics today, so many organizations in narcotics

1 today, that it's very difficult to communicate with each
2 other and to make sure that you're not duplicating what some-
3 body else is doing, that you're not interfering with what
4 somebody else is doing. I would like to see more of a
5 consolidation than a proliferation of investigative agencies.

6 COMMISSIONER MILLER: So you think that would be
7 more productive as far as success in the future, to work
8 out some coordinated effort that consolidates a lot of the
9 currently separate efforts?

10 MR. NEHRBASS: I think so, yes, and I'm talking
11 about actually merging some of our investigative agencies.

12 COMMISSIONER SKINNER: On that point, it is my
13 understanding the South Florida Task Force has more to do
14 than just interdiction. Is it not true that additional
15 resources were brought into the region for the prosecution
16 of major narcotics cases? Additional judges were brought
17 in. Mr. Marcus and the Vice President aren't here today,
18 but I don't want the press to be misled. The interdiction
19 with military assistance, I think your position is that it's
20 very difficult, as the people testified yesterday, to do
21 something about the interdiction of cocaine, and there's
22 been a proliferation of cocaine in South Florida and through-
23 out this country, as we've heard earlier, but there have

1 been additional resources brought into the court system,
2 and as a practicing lawyer, it's my understanding, and
3 correct me if I'm wrong because you're there on the scene
4 every day, that prior to the addition of those resources
5 into Southern Florida, the Federal and state courts were
6 in total chaos in the way cases were being prosecuted and
7 being brought quickly to trial; is that a fair statement?

8 MR. NEHRBASS: That's a very fair statement. Yes,
9 it's what I was trying to get at when I said how much worse
10 position we would have been in if we didn't have those
11 resources. There's no question that the Vice President's
12 Task Force has impacted on cocaine. It has not impacted
13 to the extent that it has on marijuana.

14 COMMISSIONER SKINNER: And it hasn't in what's
15 happened, but the efforts in Colombia and elsewhere, as you
16 have testified, the labs have moved north to Southern Florida
17 and in the last year you've uncovered over 20 labs in Souther
18 Florida.

19 One final question on that and then I'll ask any
20 more Commissioners. I want you to describe if you can --
21 you bring to this panel a great deal of experience in both
22 local as well as Federal law enforcement during an outstand-
23 ing career -- I want you to describe for the panel and the

1 people that are present here what the increased trafficking
2 in cocaine and narcotics has done to the community of Southern
3 Florida, if you can.

4 MR. NEHRBASS: To some extent it has, I don't want
5 to say destroyed, but seriously damaged the fabric of our
6 social well-being, and one particular community comes to
7 mind on the south side of Miami. Initially some of the
8 Colombian narcotics dealers, higher echelon, began buying
9 homes in this area, and unless you have worked with or
10 investigated a narcotics dealer, you don't have a concept
11 of the wealth that these people have, but they came into
12 this area, and they began buying a few homes to live in,
13 and they paid asking price on the houses. They didn't take
14 mortgages. They just paid cash. They went to the closing,
15 and they counted out the 175, \$200,000, and they left.

16 Well, this had a salutary effect on the neighbor-
17 hood because the price of houses went up and up and up and
18 up, and the people living there closed their eyes to the
19 fact that the people buying these homes were narcotics
20 dealers.

21 Today, two years later, they're faced with a very
22 difficult problem. There are shootings on their streets.
23 There are police raiding houses in their neighborhoods,

1 and now they don't want these people as neighbors. And,
2 yes, it has seriously damaged the fabric, and that's only
3 one example.

4 We could look at the automobile dealerships. You
5 can look at the boat dealers. You can look at the people
6 who sell airplanes. The amount of money that has come into
7 South Florida because of cocaine and marijuana traffic has
8 unfortunately corrupted what might otherwise be honest, law
9 abiding citizens.

10 COMMISSIONER SKINNER: Any further questions from
11 the Commission?

12 COMMISSIONER METHVIN: What happened to the little
13 girl who was waiting for the school bus across the street
14 from the cocaine laboratory that blew up?

15 MR. NEHRBASS: Mercifully she was not harmed, nor
16 was the other neighbor.

17 COMMISSIONER SKINNER: Well, thank you very much,
18 Mr. Nehrass. You have been very helpful, and we do appre-
19 ciate not only your efforts here today, but the efforts of
20 the Dade County Metropolitan Police Force.

21 MR. NEHRBASS: Thank you.

22 COMMISSIONER SKINNER: Mr. Harmon. Mr. Smith.

23 MR. SMITH: Mr. Faison, you're from Moriarty, New

1 Mexico, I think you said.

2 MR. FAISON: Yes, sir.

3 MR. SMITH: What do you do there?

4 MR. FAISON: I'm a Senior Patrolman with the New
5 Mexico State Police in the Uniformed Bureau. I patrol; I'm
6 a patrolman, a policeman, write citations, enforce the
7 traffic laws and the criminal laws of the State of New Mexico.

8 MR. SMITH: How long have you been a State Trooper
9 in New Mexico?

10 MR. FAISON: Nine years.

11 MR. SMITH: During those nine years, have you seen
12 the nature of your duties change somewhat on the highways
13 of New Mexico?

14 MR. FAISON: Yes, sir.

15 MR. SMITH: Can you tell us what those changes
16 involved?

17 MR. FAISON: We have changed our focus from a lot
18 of traffic enforcement and numbers of traffic enforcement,
19 and we've been given the flexibility that if we see criminal
20 offenses during a stop of a vehicle, that we know we have
21 the time, and if we have the initiative, to go ahead and
22 pursue these cases like narcotics seizures or stolen car
23 investigations or criminal work as opposed to traffic work.

1 We know the philosophy of the Department is going to be behind
2 us.

3 MR. SMITH: Was the change in your enforcement
4 focus to include these criminal offenses, including
5 narcotics offenses, been in response to any particular
6 pattern that the State Police have recognized in New Mexico?

7 MR. FAISON: Yes, sir.

8 MR. SMITH: What is that pattern?

9 MR. FAISON: Starting in '83, the middle of the
10 summer, we started seeing loads of cocaine coming across
11 mainly from South Florida toward California. Some of the
12 loads were coming from New York. I'm not saying all of the
13 license plates were Florida, but a lot or most of the cases
14 you could track back to the narcotics coming from Florida
15 to the Los Angeles and San Francisco, major metropolitan
16 areas in California. Also Las Vegas, Nevada seemed to be
17 a target city.

18 MR. SMITH: Is it true you found all of the
19 cocaine moving east to west?

20 MR. FAISON: Not all of it, but the large majority

21 MR. SMITH: When you say the large majority, are
22 you saying almost all of it?

23 MR. FAISON: Yes, sir. I think all but about

1 12 pounds.

2 MR. SMITH: Can you tell us what the cocaine
3 seizures that you are experiencing on the major roads in
4 New Mexico involve?

5 MR. FAISON: They involve a legal stop of a vehicle
6 for a traffic violation or when we conduct traffic roadblocks
7 for the purposes of checking driver's licenses, registrations
8 and proof of insurance on New Mexico vehicles. In other
9 words, to get away from just speeding citations and radar,
10 to expand away from tunnel visions that the radar does seem
11 to create at times. It's a good tool, but it can limit a
12 uniformed officer. When we go to roadblocks, we detect other
13 violations of the traffic laws.

14 If, during these roadblocks, a drug smuggler appears
15 or a stolen car appears, we're not obligated to close our
16 eyes to these other offenses just because we're there to
17 write or to detect violations of the motor vehicle code.
18 So either way, if we stop them for speeding, we can look
19 past the citation, take the time, and some of these people
20 do not really make sense when you get to talking to them
21 about why they're out here in New Mexico. A man that works
22 in the boutique down in Coral Gables, Florida, driving a
23 rental car he didn't rent, and he's not on the contract.

1 He's alone in the vehicle. He's going to California. It
2 doesn't make any sense for him to be out here. The dropoff
3 charge on the vehicle may be \$400. He could have flown.
4 It says the man that rented the car got out in Atlanta and
5 flew to California. Things of this nature, and that's just
6 one example, there's many things, but we look into the thing
7 that doesn't make sense. It may not be probable cause for
8 a search, but there's nothing to prevent us from asking if
9 we could search the vehicle. A number of these people have
10 given us consent, consent in writing, to search these
11 vehicles.

12 We've made searches of vehicles and located
13 contraband, cocaine, in vehicles. Some of this contraband
14 is in hidden compartments that have been created in the
15 vehicle, alterations to the vehicle. Some are very
16 sophisticated. Some are in natural cavities in the vehicle
17 where they just took the car apart, put the stuff in the
18 compartment, put it back together, very hard to find.

19 I think we were stopping a lot of these types of
20 vehicles. I know I was, and I used to pick up loads of
21 marijuana. You open the trunk, and just like the previous
22 testimony, marijuana is bulky. If you open the trunk and
23 there's bales of marijuana, it's fairly simple to make an

1 arrest. We were searching and suspecting narcotics, but
2 we weren't looking far enough.

3 I was involved in an eleven and a half-ton smuggling
4 case where I assisted Customs, a number of us did. During
5 the suppression hearings, we visited with Customs officers,
6 and I said, I think this man was smuggling dope, but I
7 couldn't find it, and they'd tell me that, you know, they
8 had worked the border. They had had exposure that I hadn't,
9 and we learned about hidden compartments in vehicles, to
10 summarize. So we started looking for these hidden compart-
11 ments, and by golly, they were there.

12 MR. SMITH: Well, you said that marijuana is some-
13 what bulky. What is an average size cocaine seizure in one
14 of these vehicles?

15 MR. FAISON: I've seized from a half kilo up to
16 86 pounds, the largest seizure I have had.

17 MR. SMITH: We have been given this by the DEA for
18 demonstration purposes. I've been told this is a kilo of
19 cocaine.

20 MR. FAISON: Yes, sir.

21 MR. SMITH: And you said that an average seizure
22 would range from half of this to how much?

23 MR. FAISON: To 86 pounds is the largest I've

1 seized. We also have had one at 77, which would be the
2 second largest of cocaine.

3 MR. SMITH: Eighty-six pounds?

4 MR. FAISON: Yes, sir.

5 MR. SMITH: So about 40 of these?

6 MR. FAISON: Yes, sir.

7 MR. SMITH: And I think, Mr. Nehrbass, you told
8 us that right now the street value of this quantity of
9 cocaine is \$30,000?

10 MR. NEHRBASS: That's the wholesale value, yes.

11 MR. SMITH: Right now.

12 MR. NEHRBASS: When you step on that about eight
13 times, it goes up quite a bit. It will go to about \$400,00

14 MR. SMITH: So just in wholesale value, you found
15 40 of these at 30,000 a clip in one automobile; is that
16 right?

17 MR. FAISON: Yes, sir.

18 MR. SMITH: And Trooper Faison, I believe you tol
19 us that many of your searches are consensual. Do you make
20 search according to search warrants obtained from the
21 courts?

22 MR. FAISON: If there's probable cause. Marijuana
23 has an odor. Some of these cocaine loads had an odor. Th

1 learned that we were smelling them, and they've learned how
2 to tape them and mask the odor where even in some of the
3 cases a dog cannot find the cocaine.

4 MR. SMITH: So would it be fair to say that every
5 successful step you take in the enforcement process is met
6 by an equal reaction by the drug traffickers to try to out-
7 smart you?

8 MR. FAISON: Yes, sir.

9 MR. SMITH: What kind of sophistication have you
10 found being used in these secret compartments and storage
11 facilities in the cars moving across your state?

12 MR. FAISON: Well, starting out with just using
13 a plain quarter panel and putting the cocaine in the quarter
14 panel and putting the car back together. We've also seen
15 where the armrest on a two-door car, next to the quarter
16 panel on the inside is altered so that when they push an
17 electric switch, the arm rest can flop down inside, exposing
18 a compartment where you could have, say, six kilos in each
19 arm rest down in that quarter panel.

20 MR. SMITH: At \$30,000 apiece, we're talking about
21 \$180,000 worth of cocaine, wholesale, in one arm rest?

22 MR. FAISON: Right.

23 MR. SMITH: These compartments are controlled by

1 the driver?

2 MR. FAISON: Some of them are.

3 MR. SMITH: With a mechanical switch, they could
4 also be used to hold weapons, couldn't they?

5 MR. FAISON: Yes, they could.

6 MR. SMITH: Trooper Faison, in this weapons
7 assortment that was grabbed in Miami, I notice one of the
8 weapons is a Smith & Wesson .357 Magnum. Have you ever
9 run into a .357 Magnum out on the roads?

10 MR. FAISON: Yes, sir.

11 MR. SMITH: Can you tell us about that episode?

12 MR. FAISON: I stopped a man on a motorcycle for
13 tailgating a semi truck. He was absconding from work
14 release in Oklahoma where he was doing 25 years for armed
15 robbery and kidnapping. He had done six. He had a lot of
16 winter clothing on. He reached in some coveralls, pulled
17 it out, and shot me on the left chest right above the heart.

18 MR. SMITH: With a .357 Magnum?

19 MR. FAISON: Yes, sir.

20 MR. SMITH: How did you survive that?

21 MR. FAISON: I had a bullet-proof vest on.

22 MR. SMITH: Did you make the arrest?

23 MR. FAISON: After he shot me, he shot a volunteer.

1 policeman. We call them "mounted patrolman" in New Mexico.
2 It's an organized group that rides with us on a volunteer
3 basis mainly, I think, as a hobby, and also they're interested
4 in law enforcement, good people with good jobs that want
5 to assist us and work with us. They shot him twice. When
6 I landed, I was able to shoot the perpetrator and wound him
7 enough to where he couldn't shoot any more. We had him
8 handcuffed, and he's now in prison in New Mexico.

9 MR. SMITH: And from time to time do you find that
10 the drug smugglers you're dealing with on the roads in New
11 Mexico are also armed?

12 MR. FAISON: Some of them are. The majority that
13 I've seen have not been armed.

14 MR. SMITH: To get back to the compartments that
15 you've told us about in these automobiles, I understand you
16 brought some photographs with us to illustrate what you've
17 found. Can you tell us what some of these things show?

18 MR. FAISON: On the right cardboard, on the upper
19 right slide, there is the backseat tipped down. In the
20 center of that backseat on a metal reinforcement strip, there's
21 a latch, the male part of a latch, which would be similar
22 to the hood latch on a car. If you want to check the oil
23 on most new cars, you pull a manual switch on a cable, and

1 the hood pops up. They've taken that type of mechanism and
2 put it on that seat. They've hinged the seat at the bottom
3 so all they have to do is pull the control, and the seat
4 unlatches and comes forward.

5 I've also seen rear seats hinged with an electrically
6 operated control instead of the manual cable, both
7 types.

8 I believe in one of those pictures the man can
9 point out a hinge. Also the blue car is the one that those
10 seats are out of. You can see the hinge at the bottom where
11 he is pointing in the blue car.

12 Then I think down on the bottom there's a hidden
13 compartment that would be behind the seat.

14 The third one over from there, those are packages,
15 and it is turned a little odd, but that illustrates the
16 cavity in a quarter panel. A plate would bolt over that,
17 and then the interior of the car would go over that place.

18 MR. SMITH: How much coke can you get in one of
19 those quarter panel compartments?

20 MR. FAISON: More or less six kilos.

21 This cocaine, as you've shown, can be packaged,
22 can be shaped. It is just a powder basically, and you can
23 squeeze it into different forms and then put heavy tape

1 around it, duct tape, masking tape. They have bug-treated
2 paper down in the Miami area. They have a problem with bugs.
3 You know, we're high and dry. We don't have that problem.
4 So I didn't realize what it was, but they can wrap it in
5 this paper that's treated with insecticide, and that's one
6 reason that I think the dogs didn't key on it, but they can
7 wrap it and shape it and cram it in various cavities to fit.

8 MR. SMITH: We also saw in some earlier testimony
9 in this hearing that in Colombia the processors package it
10 in kilograms, wrap it tightly, and actually address it at
11 that point in code to the ultimate wholesale consumer. Have
12 you found cocaine packaged that way?

13 MR. FAISON: Yes, we have. A number of markings
14 have turned up, and they're called by the DEA as "fountain
15 head markings."

16 MR. SMITH: What does the term "fountain head"
17 indicate?

18 MR. FAISON: That's a DEA term, I guess, for the
19 project that they use to correlate the markings to different
20 defendants and maybe ongoing criminal conspiracies.

21 MR. SMITH: And these other photographs that you have
22 brought just illustrate additional concealed compartments
23 that you've found in automobiles?

1 MR. FAISON: Another compartment I found 13 kilos
2 in was a tailgate on a Chevrolet stationwagon. It wasn't
3 that particular wagon in the middle section, the third one
4 on the left down. That's a Chevrolet stationwagon. I found
5 13 kilos in one of those.

6 Then on the bottom picture on the right are hidden
7 compartments. I found 13 kilos. That's behind the backseat
8 of a car. Those white areas had trap doors over them. The
9 seat latched through -- you can see a hole between the two
10 compartments. The seat latched there. The back of the seat
11 cushions was reinforced. This was the first one I found,
12 and it was hinged at the bottom. By looking through the
13 trunk area on that car, I could see that it had been altered
14 and I could not get into the compartment out on the road.
15 We finally went to town and took an air chisel to cut the
16 hinges off so we could get into the load.

17 MR. SMITH: How many seizures of this type have
18 you made in your career as a State Trooper?

19 MR. FAISON: I have ten seizures, approximately
20 285 pounds of cocaine.

21 MR. SMITH: And many of these seizures have been
22 made as a result of consensual searches?

23 MR. FAISON: Yes, sir.

1 MR. SMITH: Is it your impression that frequently
2 this consent is given because the traffickers have confidence
3 in their ability to conceal these compartments from you?

4 MR. FAISON: I agree with that.

5 MR. SMITH: And how many seizures of this type
6 has the State Trooper agency in New Mexico made altogether
7 since this program began in 1983?

8 MR. FAISON: Approximately 61.

9 MR. SMITH: I'm sorry?

10 MR. FAISON: Approximately 61 seizures.

11 MR. SMITH: And what's the total weight of the
12 cocaine seized in those 61 seizures?

13 MR. FAISON: In New Mexico we seized 744 pounds,
14 and then one of these cases developed -- we try and talk
15 to these people and tell them, "Look, we've got a good case.
16 You're going to prison" -- try to get them to be an informant.
17 So a lot of these are just what we call "mules" or people
18 working for more important people in the drug operation.
19 So naturally we'd like to get their cooperation and move
20 up the chain of command in the drug industry.

21 One case resulted in arrests in California, and
22 that particular case resulted in the seizure of 697 pounds
23 of cocaine in Tallahassee, Florida, based on the information

1 we got from this one trafficker.

2 MR. SMITH: And that was done with the coopera-
3 tion of what agencies?

4 MR. FAISON: The Drug Enforcement Agency and
5 authorities in California.

6 MR. SMITH: Do you have a good working relationshi-
7 with DEA?

8 MR. FAISON: Yes, sir.

9 MR. SMITH: In fact, it's pretty clear to you,
10 isn't it, that New Mexico is simply one of several states
11 through which a major trafficking move passes?

12 MR. FAISON: I agree.

13 MR. SMITH: And have you entered into any coopera-
14 tive agreements or forms of cooperation with other states
15 along that route?

16 MR. FAISON: Yes, sir.

17 MR. SMITH: What are you doing?

18 MR. FAISON: Back in August of '83, I developed
19 a lesson plan for instructing policemen, state policemen,
20 in my agency on my techniques. In other words, I call it
21 "Detection of Narcotics on the Highway." I was making
22 presentations in New Mexico. Then we went to Amarillo,
23 Texas and made presentations, and we have other officers,

1 too, that have done some teaching.

2 The Department, in cooperating with other states
3 and with funding after we got going from the Drug Enforcement
4 Administration, has put on presentations in California,
5 Arizona, Colorado, Mississippi, Texas, Alabama, Arkansas,
6 Louisiana, Illinois, Indiana and New York.

7 MR. SMITH: And DEA pays for these?

8 MR. FAISON: Some of them, yes, sir.

9 MR. SMITH: In fact, your presentation has been
10 pretty successful, hasn't it, in terms of training other
11 officers?

12 MR. FAISON: Yes, sir, it's been well received.

13 MR. SMITH: And in fact, it's been duly noted by
14 the drug traffickers, hasn't it?

15 MR. FAISON: Yes, it has.

16 MR. SMITH: What kind of publicity have they given
17 you?

18 MR. FAISON: In "High Times" magazine, they put
19 a writeup of how the officers on I-40 do their work, and
20 basically they told the traffickers to stay off of Interstate
21 40.

22 MR. SMITH: Stay out of New Mexico?

23 MR. FAISON: Right.

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MR. SMITH: That's all right with you, isn't it?

MR. FAISON: Well, I kind of miss them.

(Laughter.)

MR. FAISON: No, seriously. I produced a lot and then I stopped, and they think it's my fault, you know. I'm expected to produce.

(Laughter.)

MR. SMITH: In fact, isn't it true that you've also in at least one arrest, seized a road map instructing a trafficker to stay out of New Mexico?

MR. FAISON: Right, and I know of two other cases where they had maps indicating alternate routes around New Mexico.

MR. SMITH: And it was their inability to resist a shortcut that brought them into contact with you?

MR. FAISON: Yes.

MR. SMITH: Just a last couple of questions on another topic. You told us that you find cocaine in these compartments moving east to west in the United States through New Mexico. Do you find any particular commodity in these compartments moving west to east?

MR. FAISON: Yes, we've found large amounts of money, currency. It looked like what I'd call "street" mon.

1 dirty bills wrapped in packets, maybe rubberbanded together,
2 mostly small bills.

3 MR. SMITH: When you say "small bills," what
4 denomination are you talking about?

5 MR. FAISON: Twenties, tens, a few hundreds, but
6 the majority -- and a few fifties -- but the majority twenties.
7 Like if there was one bill that there was the most of, it
8 would be twenties.

9 MR. SMITH: Have the State Police in New Mexico
10 developed any particular test or process that you give to
11 this seized money?

12 MR. FAISON: All of this seized money is washed
13 and tested for cocaine.

14 MR. SMITH: Now, when you say "washed," we've heard
15 about some money laundering in this hearing. You're not
16 talking about washing money in the criminal sense, but washing
17 money in the literal sense?

18 MR. FAISON: We take it to the New Mexico State
19 Police Crime Laboratory, and washing is the process they
20 call it where they wash the bills and then test the solution
21 for cocaine.

22 MR. SMITH: And what do you find in that solution?

23 MR. FAISON: They're finding cocaine.

1 MR. SMITH: The money actually has cocaine on it?

2 MR. FAISON: Yes, sir.

3 MR. SMITH: Is that true in most cases?

4 MR. FAISON: As far as I know, in all cases.

5 MR. SMITH: Do you have any theories as to why
6 that's happened?

7 MR. FAISON: It is my understanding, because natura
8 when I pick it up on the road, I turn this over to drug agen
9 Sometimes the State and Federal agencies will come out
10 to help work the case together, and we talk about these
11 things, and my understanding, when a drug deal is done, the
12 money is counted on the same table that the cocaine is
13 weighed. They weigh this stuff very precisely because of
14 the value of it. A gram is worth a lot of money. So they'
15 weighing it and checking it on the same table, and they get
16 mixed during the transaction. That's my understanding of
17 how the cocaine gets on the money.

18 MR. SMITH: Mr. Chairman, I have no further ques-
19 tions of this witness.

20 COMMISSIONER SKINNER: Thank you, Mr. Smith.

21 Questions from the panel? Yes, Mr. Miller.

22 COMMISSIONER MILLER: Do you have any experience
23 with drugs coming in from Mexico?

1 MR. FAISON: Yes, sir.

2 COMMISSIONER MILLER: Are they coming in in large
3 quantities?

4 MR. FAISON: Mostly marijuana. I had three kilos
5 of cocaine coming from Phoenix going east last September,
6 being transported by Americans, which was unusual as far
7 as the pipeline type cases are concerned that I've been talk-
8 ing about. I have seized this year, as far as marijuana
9 goes, five loads going east. One was 1,000 pounds. Four
10 of the five were coming from Arizona. The other was coming
11 from California, but it was wrapped with basically the same
12 type of packaging as that coming in from Mexico, and I'm
13 surely not the only officer that's picked it up this year.
14 They had three seizures in Tucumcari in one day and two
15 down in Roswell in one day, all of these going east, of
16 marijuana. But still it shows that Southern Arizona is a
17 viable drug route.

18 I saw on the news yesterday where they had approxi-
19 mately 1,500 pounds of cocaine seized over in Arizona. You
20 know, they can fly it into Arizona or smuggle it into
21 Arizona and go right to California, and they don't have to
22 go through New Mexico, and it's also shorter. So there's
23 less risk for them.

1 COMMISSIONER SKINNER: Yes, Mr. Brewer.

2 COMMISSIONER BREWER: Officer Faison, what percent-
3 age of the cases which you handle are handled in the state
4 courts and what percentage are handed in the Federal courts?

5 MR. FAISON: They vary. At first the cases were
6 going to state court, and the prosecutor in my particular
7 jurisdiction feels that narcotics is a victimless crime.
8 So I have a real good stop, a real good search and seizure,
9 say, 50 pounds of cocaine, 21 kilos, and the defendant could
10 pay \$50,000 in court costs and get a deferred sentence, one
11 year probation, and not even be a felon, documented felon,
12 after that one year. I have personally found that very
13 upsetting because it's a lot of work to make these cases.
14 It's not as easy as writing a citation.

15 The Federal authorities didn't agree with that
16 either, and they started taking the majority of these cases
17 into Federal court. I feel, and I think the Department feels
18 that these interstate cases belong in Federal court. We
19 do not have the resources, and that's part of the prosecu-
20 tor's philosophy. Our prison's full. We have had a riot
21 that basically burned the pen down. We don't have the
22 resources to keep these people in prison year after year,
23 and I don't see them going to prison in New Mexico on these

1 type of cases. We need the Federal system to prosecute them
2 and put them in the Federal prison, and we feel it's a
3 Federal problem.

4 COMMISSIONER BREWER: Thank you.

5 COMMISSIONER SKINNER: Yes, Phyllis.

6 COMMISSIONER WUNSCH: I have one question, Officer.
7 In your prepared statement you have made a statement request-
8 ing increased resources. Are you referring to personnel
9 in the form of consolidating law enforcement agencies or
10 in the form of direct financial assistance?

11 MR. FAISON: I think the resources are needed at
12 both the U. S. Attorney's level, and then re-
13 sources to take -- when we get a case where the defendant
14 wants to work for us, and we've had 11 convoys, what we call
15 convoys, where we take the cocaine out of the packages, all
16 but about, say, three ounces, and we salt the flour with
17 three ounces, and put the packages back in the car and make
18 a controlled delivery to California, convoying across with
19 other officers and security, and the defendants work with
20 us, and in turn, maybe they just get probation.

21 These kinds of things take a lot of money. The
22 follow-up of our agents on a conspiracy of these cases, a
23 lot of these cases the people have notebooks and all kinds

1 of paperwork and information that we turn in to DEA. To
2 develop the conspiracy cases, our department doesn't have
3 the resources to buy the plane tickets to send the agents
4 to the other states to put these cases together. If the
5 resources were available, I think more conspiracy cases could
6 be made, with our agents working with DEA and following up
7 on State Police cases originated by the uniformed officer.

8 Basically what we do is make the stop, make the
9 seizure, and then turn the case over to the Narcotics Divi-
10 sion, who work with DEA. Naturally we talk to them because
11 they have to know how the case was made. Some cases have
12 been made. I have been very fortunate. I haven't lost any
13 suppression hearings. Some officers have. So we have to
14 look at the cases. The search and seizure law is very
15 difficult, but as far as resources, we don't have the
16 resources to do major conspiracy cases or to convoy all of
17 the loads we seize, or, for that matter, to send me to other
18 states to instruct troopers on what to do.

19 The DEA has been funding these trips, and we can
20 spread our knowledge, but for us to do it alone would not
21 be feasible.

22 COMMISSIONER WUNSCH: This has been a complaint
23 from state and local law enforcement in several narcotics

1 hearings. Do you feel that by consolidating agencies that
2 direct financial assistance will be brought about by using
3 their funds, or would you prefer that it be a direct
4 monetary, financial leg for you to go through with your
5 cases?

6 MR. FAISON: I'm not in a position to follow up
7 on the cases, and I'm not an administrator. I'm strictly
8 a Highway Patrolman, a State Policeman, and I really don't
9 think I have the expertise to answer the question. You know,
10 I'm told to go somewhere and I go, and I happen to know that
11 the DEA pays for it, and that's great because I can't catch
12 all of the dopers alone, especially if they're not going
13 to go through New Mexico.

14 COMMISSIONER SKINNER: It's a little hard, isn't
15 it?

16 MR. FAISON: So if someone is going to pay to spread
17 this around the country, I think we need to declare war on
18 these drugs. You know, education is fine, and I agree with
19 the testimony we just heard, but we also need to make it
20 a deterrence. You know, we enforce a speed limit for
21 deterrence. We know we can't get all of the speeders; we
22 know we can't get all of the dope. But the idea that they
23 are using our interstate highways that we've spent millions

1 to build, to grin and go across the country, we catch them
2 all the time with citations in their cars.

3 So to spread this information, maybe we can at
4 least take some of them off the highways. There are other
5 ways they smuggle it, by swallowing it, I understand, and
6 if they do that because of me, I think that's great.

7 COMMISSIONER SKINNER: I want to explore a little
8 bit more, and then I am going to ask the staff or maybe you
9 could assist the staff. You have indicated to me, and I
10 don't want to misstate your testimony, that the local
11 prosecutor in the district in which you are assigned -- is
12 that Moriarty, New Mexico?

13 MR. FAISON: That would be Torrance County.

14 COMMISSIONER SKINNER: Torrance County prosecutor.
15 His name is?

16 MR. FAISON: (Pause.)

17 COMMISSIONER ROWAN: He has to go home again.

18 MR. FAISON: He's an Assistant District Attorney.

19 COMMISSIONER SKINNER: I wonder if we'll ask the
20 staff to do a review of all cocaine arrests in that particu-
21 lar county, the disposition at the county level of any cases
22 brought and possibly ask or consider getting an explanation
23 as to how any prosecutor can understand that it's a victimless

1 crime. I don't want to put words in your mouth. We ought
2 to hear from him what his opinion is on that so that we get
3 the record straight, but we may not accurately understand
4 what appears to be an attitude about cocaine smuggling that
5 is not shared, I'm sure, by people in Miami, Florida, New
6 York City, Chicago or other parts of the country.

7 How anyone who can have observed the testimony
8 in this hearing in the last two days can think that it is
9 a victimless crime is beyond my comprehension.

10 MR. FAISON: Can I elaborate on also some more
11 of his philosophy to give him the full credit or not credit --

12 COMMISSIONER SKINNER: Well, we want to be fair.
13 I want to be absolutely fair. So I just wanted to explore
14 that a little.

15 MR. FAISON: Okay. The State of New Mexico, his
16 feeling is, cannot afford to house these people at \$25,000
17 per year, more or less. Our prisons can't even hold our
18 local offenders. These people are going to go back to
19 Colombia or somewhere else. They are not going to be a prob-
20 lem in New Mexico. He can take this money, and as court
21 costs, it has been distributed to drug rehabilitation and
22 other what he feels is worthwhile deals, with the cooperation
23 -- the judge has agreed to it, the probation authorities,

1 the defense counsel and himself. So he's not doing it alone,
2 and the money that goes to the state general fund, it bene-
3 fits the State of New Mexico rather than having them cost
4 the state. So that along with his -- and he's told me that
5 he feels it's a victimless crime. We have had serious
6 discussions on this as far as I can take it, and the Depart-
7 ment has talked to him about it. So that's the whole picture
8 summarized briefly of what he says. It is more than just
9 a victimless crime.

10 COMMISSIONER SKINNER: Well, I think, Mr. Harmon,
11 we ought to send a letter on behalf of the Commission to
12 him and ask him for his position concerning these cases so
13 we can make it part of the record for whatever value it is
14 to the Commission.

15 But there may be ways to house these prisoners.
16 There are mutual assistance pacts between various states
17 and the Federal Government on prisoners after state prosecu-
18 tion. Maybe New Mexico law doesn't allow it, but I think
19 the record ought to be straightened out on that, and we ought
20 to give him an opportunity to state his position, and we
21 will do so.

22 MR. SMITH: Mr. Chairman, also in terms of the
23 record, I understand both of these witnesses have submitted

1 prepared statements, and I would ask that they be made part
2 of today's record.

3 COMMISSIONER SKINNER: Mrs. Sclafani has a comment.

4 COMMISSIONER SCLAFANI: Thank you, Mr. Chairman.

5 Trooper, you say you have some difficulty with
6 the search and seizure laws. Many of us in law enforcement
7 can agree with you. Can you give us some examples of how
8 they have inhibited your work and the work of your fellow
9 Troopers, and perhaps those who have lost some suppression
10 hearings?

11 MR. FAISON: Okay. That's a three-part question.
12 If you were a defense attorney I'd get all ornery with you.
13 If I don't answer it completely, please rephrase the part
14 I missed, and I'll do my best to answer your question.

15 COMMISSIONER SKINNER: You know these lawyers.

16 MR. FAISON: Right.

17 If I see a car that I suspect is
18 smuggling drugs and they are not violating the law in a traf-
19 fic violation, I cannot stop it. I can stop a car and I
20 can suspect they are violating the law, and if that car is
21 legally registered, legally licensed, and he says, no, I
22 cannot search his car, I cannot detain him any further
23 without developing probable cause. In a lot of these

1 cases, there has not been probable cause.

2 COMMISSIONER SCLAFANI: In cases in which there
3 were seizures, could you tell us those in which you lost
4 them and what amounts of cocaine were involved?

5 MR. FAISON: Okay. I haven't lost any myself.
6 One problem we've had is detention. We stop a man on the
7 interstate for a violation. The officer did, and brought
8 him into town to do a consent search on the vehicle at a
9 gas station. It was about one degree out. It was real cold,
10 in January, and so he brought the people into a gas station.
11 They consented. They followed him, and we took the gas tank
12 out of the back of a pickup. That's one place I haven't
13 mentioned. There are numerous compartments that I haven't
14 mentioned, which the rear gas tank we found in three Ford
15 pickups, factory installed, disconnected so that the gasoline
16 doesn't go in, and we drop the tanks down, and two of them
17 had 50 pounds and the last one, I think, he had 12 and a
18 half or 13 pounds.

19 Because he took them off the interstate to town,
20 two miles, he removed them from their course of travel. That
21 became a detention arrest, and naturally an arrest not
22 based on probable cause. It was a bad arrest. Therefore,
23 everything else that he did, although it was right, he had

1 written consent and he understood it, he found the drugs,
2 the case was lost.

3 COMMISSIONER SCLAFANI: And those people walked
4 away?

5 MR. FAISON: Yes.

6 COMMISSIONER METHVIN: Did you have to give them
7 the drugs back?

8 MR. FAISON: No, sir. You read my mind. We
9 didn't give them the pickup back either.

10 COMMISSIONER SKINNER: I must comment. I think
11 we have to move along, but I must comment. You're very
12 refreshing, to see a person of your attitude and your
13 approach in law enforcement, doing a very difficult job and
14 usually unheralded. So to the degree I can, on behalf of
15 the people in New Mexico and this Commission and the American
16 people, express appreciation not only to you, Officer
17 Nehrbass, but also you, Officer Faison. We greatly appre-
18 ciate the efforts that have been made on your behalf, and
19 if we had 10,000 more of the likes represented at that table,
20 I think we'd be a lot further ahead in dealing with a very
21 difficult problem.

22 So on behalf of the Commission, thank you both
23 very much.

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MR. FAISON: Thank you.

COMMISSIONER SKINNER: Okay. Do you want to have the next witness and then have the ten-minute break?

MR. SMITH: Yes, sir. Mr. Chairman, I call the next witness, Alvaro Suarez.

Mr. Marshal, would you swear the witness, please? Whereupon,

ALVARO SUAREZ

was called as a witness and, having been first duly sworn, was examined and testified as follows:

MR. SMITH: Would you state your name for the record, please?

MR. SUAREZ: My name is Alvaro Suarez.

MR. SMITH: How old are you, Mr. Suarez?

MR. SUAREZ: I'm 29 years old.

MR. SMITH: Where were you born?

MR. SUAREZ: I was born in Colombia, South America.

MR. SMITH: Where do you live now?

MR. SUAREZ: I live in Anchorage, Alaska.

MR. SMITH: How long have you lived in Anchorage?

MR. SUAREZ: Seven years, approximately.

MR. SMITH: Where do you live right now in

1 Anchorage?

2 MR. SUAREZ: I'm under custody right now.

3 MR. SMITH: You're in jail?

4 MR. SUAREZ: Yes, sir.

5 MR. SMITH: Are you serving a sentence for a par-
6 ticular criminal offense?

7 MR. SUAREZ: Yes, sir. What is it, possession
8 and intent to sell?

9 MR. SMITH: You're charged with possession and
10 intent to sell what?

11 MR. SUAREZ: Cocaine.

12 MR. SMITH: How long were you involved in the dis-
13 tribution of cocaine in Alaska?

14 MR. SUAREZ: Approximately a year and a half.

15 MR. SMITH: How did you get involved in that
16 traffic?

17 MR. SUAREZ: I was asked by an old acquaintance
18 if I wanted to deliver a package to an individual, and he
19 offered me \$300 to deliver this package, and I agreed.

20 MR. SMITH: How long had you known the man that
21 offered you that package and that money?

22 MR. SUAREZ: Previous to that, about six years.

23 MR. SMITH: He's presently in custody, as well,

1 isn't he?

2 MR. SUAREZ: Yes, he is, sir.

3 MR. SMITH: What's his name?

4 MR. SUAREZ: His name's Edgar, Edgar Gamez.

5 MR. SMITH: Did you know what was in this first
6 package that Mr. Gamez offered you to deliver to someone
7 else?

8 MR. SUAREZ: Yes, sir.

9 MR. SMITH: And how much cocaine was in there?

10 MR. SUAREZ: One ounce.

11 MR. SMITH: This, I believe, you've earlier
12 identified as an ounce of cocaine?

13 MR. SUAREZ: Yes, sir.

14 MR. SMITH: And this was what was in the first
15 package, this quantity that you delivered for Edgar Gamez
16 in exchange for a \$300 fee?

17 MR. SUAREZ: Yes, sir.

18 MR. SMITH: After you made that first delivery,
19 did you begin delivering packages for Mr. Gamez regularly?

20 MR. SUAREZ: Yes, sir. He would call me every
21 so often, and he set me up with about three different people.

22 MR. SMITH: And these were steady customers of
23 his?

1 MR. SUAREZ: Yes, sir.

2 MR. SMITH: And over the year and a half that you
3 worked for Gamez, approximately how many ounces did you
4 deliver per week?

5 MR. SUAREZ: I began bringing one or two a week,
6 and then it got to about a maximum of four a week or so.

7 MR. SMITH: Now, you weren't the only one making
8 these deliveries for Gamez, were you?

9 MR. SUAREZ: Not from what I understand, no.

10 MR. SMITH: There were other people delivering
11 to other customers?

12 MR. SUAREZ: Yes, sir.

13 MR. SMITH: And during the time that you were work-
14 ing for him, did you form the impression that Mr. Gamez had
15 cocaine available in case you should develop some customers
16 of your own?

17 MR. SUAREZ: Yes, sir.

18 MR. SMITH: And did you develop some customers
19 of your own?

20 MR. SUAREZ: Yes, I did.

21 MR. SMITH: Who were they?

22 MR. SUAREZ: One of them was my brother and another
23 was another acquaintance of mine.

1 MR. SMITH: And what was your arrangement with
2 your brother and your friend?

3 MR. SUAREZ: My brother would ask me about once
4 every three weeks or so to deliver him an ounce, and this
5 other acquaintance that I had, he wanted me to give him an
6 ounce a week.

7 COMMISSIONER ROWAN: I'm having a lot of trouble
8 hearing the witness.

9 MR. SMITH: Could you move the microphone closer
10 and speak into the microphone, please?

11 MR. SUAREZ: Okay.

12 MR. SMITH: So over this year and a half that you
13 were working for Gamez, you delivered to three of his regular
14 customers and to your brother and to Dave; is that right?

15 MR. SUAREZ: Yes, sir.

16 MR. SMITH: And your brother and Dave were your
17 own customers, so that in fact in their cases you would buy
18 the cocaine from Gamez and resell it to Dave and to your
19 brother?

20 MR. SUAREZ: Yes, I did.

21 MR. SMITH: How much did you pay Gamez for the
22 cocaine that you sold to your brother and to your friend?

23 MR. SUAREZ: Approximately 2,200 an ounce.

1 MR. SMITH: You would purchase wholesale from
2 Gamez this amount of cocaine for \$2,200?

3 MR. SUAREZ: Yes, sir.

4 MR. SMITH: And you would resell it to your brother
5 and to Dave for how much?

6 MR. SUAREZ: I would only charge my brother
7 2,300 and the other people about 2,600.

8 MR. SMITH: Now, during the course of the time
9 that you were doing business for Gamez, did he begin to trust
10 you enough to give you larger quantities of cocaine?

11 MR. SUAREZ: Yes, sir. One time he gave me a half
12 pound.

13 MR. SMITH: And what were you to do with that half
14 pound?

15 MR. SUAREZ: I was to hold onto it, and he would
16 call me and let me know when and where to bring it, you know,
17 as far as ounces were concerned.

18 MR. SMITH: And did he call you on the telephone
19 at home?

20 MR. SUAREZ: Yes.

21 MR. SMITH: Did he speak about cocaine over the
22 telephone?

23 MR. SUAREZ: Well, he would, but not in -- he

1 wouldn't call it cocaine. He would use codes.

2 MR. SMITH: What did he call it?

3 MR. SUAREZ: Records. He was in entertainment
4 so he would call it records.

5 MR. SMITH: And what did a record mean to you?

6 MR. SUAREZ: An ounce.

7 MR. SMITH: So if he said, "Take two records to
8 Mr. X," he was telling you to deliver two ounces of cocaine?

9 MR. SUAREZ: Yes.

10 MR. SMITH: During the time that you were deliver-
11 ing cocaine and selling it, did you have a legitimate source
12 of income, a regular job?

13 MR. SUAREZ: Yes, I did, but it slowed down. At
14 one time it was my only source of income.

15 MR. SMITH: The sales of cocaine?

16 MR. SUAREZ: Yes, sir.

17 MR. SMITH: Did there come a time when you stoppe
18 doing business with Edgar?

19 MR. SUAREZ: Yes, I did. I stopped doing busines
20 with him in about February of '84.

21 MR. SMITH: Why was that?

22 MR. SUAREZ: Because he wanted me to make a house
23 payment for him, saying that I owed him some money, which

1 I didn't, and I told him I just wouldn't deal with him any
2 more.

3 MR. SMITH: And after you had this falling out
4 with Edgar, did you ever deal coke again?

5 MR. SUAREZ: Yeah. I quit for about three months,
6 and then I went to New York on a business trip for a cloth-
7 ing show in the New York Coliseum, and ran across an
8 acquaintance, and this one person made me an offer that
9 really made me wonder whether I should go ahead and do it
10 or not.

11 MR. SMITH: What kind of offer did he make to you?

12 MR. SUAREZ: He offered me cocaine at about half
13 the price of what I was usually getting it.

14 MR. SMITH: Now, you had been paying Gamez \$2,200
15 an ounce, I believe you said?

16 MR. SUAREZ: Yes.

17 MR. SMITH: How much did he offer you cocaine for
18 in New York?

19 MR. SUAREZ: He offered it -- initially he offered
20 me a pound of cocaine for \$20,000, whatever that broke down
21 to be, and then I thought about it, and then he came down
22 to \$15,000, and I didn't have any money with me, and he worked
23 out a deal where I took four ounces with me, and he didn't

1 charge me, and the compromise was for me to send him the
2 money back in about a week or two weeks.

3 MR. SMITH: How much did he sell you the four ounce
4 for?

5 MR. SUAREZ: Thirty-five hundred dollars.

6 MR. SMITH: So now you're down to a little less
7 than \$900 an ounce, whereas you've been paying \$2,200 an
8 ounce in Anchorage?

9 MR. SUAREZ: Yes, sir.

10 MR. SMITH: Now, what did you do with those four
11 ounces that you got in New York?

12 MR. SUAREZ: I took it back, and I sold it to two
13 different individuals.

14 MR. SMITH: Who were those individuals?

15 MR. SUAREZ: One was named Dave and the other guy
16 was Frank, that I know.

17 MR. SMITH: When you got back to Anchorage with
18 four ounces of cocaine, did you just sell four ounces?

19 MR. SUAREZ: No. This friend of mine, Dave, the
20 one that I -- the one client that I got after I got started
21 in the business, he taught me how to cut the cocaine with
22 this thing he called Vitamin B complex, but he brought me
23 a bottle that he said that he bought at a head shop, and

1 I would mix seven grams of that to an ounce. So out of the
2 four ounces, I turned out with five.

3 MR. SMITH: There are 28 grams in an ounce. So
4 if you add seven grams per ounce to four ounces of what you
5 thought was pure coke, you've still got five ounces of pretty
6 good coke; is that what you're saying?

7 MR. SUAREZ: That's correct.

8 MR. SMITH: How pure was the coke you brought up
9 from New York?

10 MR. SUAREZ: I had -- I don't know.

11 MR. SMITH: What was the stuff you cut it with?

12 MR. SUAREZ: The stuff I cut it with was Vitamin
13 B. It said Manitol on the bottle.

14 MR. SMITH: Did you know what it was?

15 MR. SUAREZ: What, Manitol?

16 MR. SMITH: Yes.

17 MR. SUAREZ: Vitamin B complex is what this guy
18 told me.

19 MR. SMITH: And that's all you knew about it?

20 MR. SUAREZ: Yes, sir.

21 MR. SMITH: In fact, in all the time that you dealt
22 coke, did you ever know for a fact how pure the coke was
23 and in fact that it was coke at all?

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MR. SUAREZ: I never tested it, no.

MR. SMITH: How much did you make on the sale of the five ounces of cut cocaine that you brought into Anchor-age?

MR. SUAREZ: I netted about \$9,500.

MR. SMITH: Did you decide to go back and get some more from New York at that price?

MR. SUAREZ: Yeah. There was this individual Fran. which was after me about getting him a pound of cocaine, and since I had this connection in New York, I went ahead and made arrangements to get a pound from New York.

MR. SMITH: At the going rate of \$15,000 that you' arranged?

MR. SUAREZ: Yes, sir.

MR. SMITH: But Frank wasn't what he seemed to be, was he?

MR. SUAREZ: No, sir.

MR. SMITH: What was he?

MR. SUAREZ: He turned out to be an informant.

MR. SMITH: And that's how you wound up in jail?

MR. SUAREZ: Yes, sir.

MR. SMITH: I think you told us you weren't the only guy delivering for Gamez. In fact, the people that

1 you were delivering to on behalf of Gamez were purchasing
2 roughly an ounce or two ounces per week themselves; is that
3 right?

4 MR. SUAREZ: Yes, sir.

5 MR. SMITH: And at that quantity, they were pur-
6 chasing for resale themselves?

7 MR. SUAREZ: Yes, sir. They wouldn't use it all.

8 MR. SMITH: That's more than a person can use in
9 a week?

10 MR. SUAREZ: Oh, yes.

11 MR. SMITH: Right now, today in Anchorage, is
12 cocaine freely available?

13 MR. SUAREZ: Yes. I would say it's very easily
14 available.

15 MR. SMITH: If we took you back today and turned
16 you loose on the street, could you buy some?

17 MR. SUAREZ: It's possible, yes, that any newcomer
18 into town could go to just about any nightclub and say, "Hey,
19 I just got here and could you see if you could get me some,"
20 and they could probably come up with something.

21 MR. SMITH: Mr. Chairman, I have no further questions
22 for this witness.

23 COMMISSIONER SKINNER: Any questions from the panel?

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(No response.)

COMMISSIONER SKINNER: If not, thank you very much for your testimony and cooperation today. It is duly recognized.

MR. SMITH: Thank you, Mr. Suarez.

Mr. Suarez has also submitted a prepared statement for the record, Mr. Chairman. I'd ask that it be made part of today's record.

COMMISSIONER SKINNER: So be it.

MR. SMITH: On the original agenda for this day's hearing, Mr. Chairman, there was an additional cocaine trafficker whose testimony we had sought concerning his career distributing cocaine in what we consider the geographical heartland of America, specifically Lincoln, Nebraska. Last night in his final preparation to testify here, that witness indicated that he had grave concerns for his own personal safety. Evidence in the possession of the Commission staff indicates that there is a credible basis to believe that there was a threat to his safety. We were not able to guarantee his safety on that short notice and to guarantee his safety after appearing, and we have elected not to present him today, and he will not appear here.

COMMISSIONER SKINNER: And just so the record

1 is straight on that issue, we have been very successful in
2 obtaining the assistance of the United States Marshal's
3 Service and the FBI and the Drug Enforcement Administration.
4 Given proper notice, we are more than amply able to take
5 care of witness situations like that, where we deem their
6 security is necessary, but such arrangements, if you don't
7 know about the risk until a later date, it's impossible to
8 make arrangements of an adequate nature on such short
9 notice. So we'll put that over for a possible appearance
10 at a later hearing.

11 MR. SMITH: I would like to indicate, Mr. Chairman,
12 since I handled those discussions that what you said is
13 absolutely correct, and I would add that even on this short
14 notice, I believe that arrangements could have been made
15 if the witness had not declined such arrangements as could
16 have been made for his safety.

17 As he did decline those arrangements, we were not
18 prepared to put his physical safety at risk.

19 COMMISSIONER SKINNER: All right. Thank you, Mr.
20 Smith.

21 COMMISSIONER METHVIN: Mr. Chairman, should we
22 presume that the testimony would show essentially the same
23 situation in Lincoln, Nebraska?

1 MR. SMITH: Yes, sir, with the added fact that
2 during the time that the Lincoln, Nebraska trafficker was
3 selling and distributing cocaine in that city, he also held
4 a position of employment that involved substantial respon-
5 sibility for personal safety and property, and he would have
6 admitted the use of cocaine and other drugs while he was
7 in that position of responsibility.

8 COMMISSIONER SKINNER: At this moment, I understand
9 that the staff wishes to take a short break to arrange for
10 the next witness who will need certain security arrangements.
11 Will ten minutes do it, Mr. Harmon, instead of 15?

12 MR. HARMON: Yes, Mr. Chairman.

13 (Whereupon, a short recess was taken.)

14 COMMISSIONER SKINNER: I apologize for the slight
15 delay. Our next witness was scheduled to be here, Mr.
16 Nicholas Deak, with his attorney, who was scheduled to be
17 here at 11 o'clock. We have been advised by his office that,
18 which is moments away, he is in transit, and it is important
19 that we take him as our next witness, given our commitments,
20 and so hopefully they will be here any moment. They are
21 about an hour late now.

22 Mr. Deak has been subpoenaed to discuss certain
23 matters concerning the Commission's inquiry into money

1 transfers.

2 (Whereupon, a short recess was taken.)

3 COMMISSIONER SKINNER: The Commission will come
4 back to order.

5 Mr. Harmon, call your next witness.

6 MR. HARMON: Nicholas Deak.

7 Mr. Marshal, would you please swear the witness?
8 Mr. Deak, would you please rise?

9 Whereupon,

10 NICHOLAS DEAK

11 was called as a witness and, having been first duly sworn,
12 was examined and testified as follows:

13 COMMISSIONER SKINNER: Mr. Harmon, I notice that
14 Mr. Deak is present with counsel or at least I believe it's
15 counsel. Maybe counsel could identify himself for the
16 record.

17 MR. MORTENSEN: Yes, Mr. Chairman. My name is
18 Stan Mortensen, and I'm with the law firm of Miller, Cassidy,
19 Larroca & Lewin here in Washington, and I appear here on
20 Mr. Deak's behalf.

21 COMMISSIONER SKINNER: Mr. Deak is, for the record,
22 well represented. It's a very fine law firm, and your
23 reputation precedes you.

1 MR. MORTENSEN: Thank you.

2 MR. HARMON: Mr. Mortensen, I've been advised that
3 Mr. Deak wishes to make an introductory statement; is that
4 correct, sir?

5 MR. MORTENSEN: Yes.

6 MR. DEAK: Yes, Mr. Harmon. I would like to make
7 an introductory statement, and, however, with the permission
8 of this Commission, I'm going to ask Mr. Mortensen to read
9 the statement. His voice and his accent comes through much
10 better than mine.

11 MR. MORTENSEN. The statement by Mr. Deak I will
12 read.

13 "I would like" --

14 MR. HARMON: Excuse me.

15 Mr. Chairman, I understand that our rules require
16 that witnesses present sworn statements in one fashion or
17 another, and perhaps if --

18 COMMISSIONER SKINNER: Has Mr. Deak been sworn?

19 MR. HARMON: Yes, sir.

20 COMMISSIONER SKINNER: Mr. Deak has been sworn.
21 Counsel is reading the statement that Mr. Deak adopts.

22 MR. HARMON: Yes.

23 COMMISSIONER SKINNER: There is no need to have

1 counsel sworn.

2 MR. MORTENSEN: All right. Thank you, Your Honor.

3 COMMISSIONER SKINNER: You understand, counsel,
4 that you are operating as Mr. Deak's agent, and you are
5 giving us a statement that he authorizes and approves.

6 MR. MORTENSEN: That is correct.

7 COMMISSIONER SKINNER: And we are free to ask Mr.
8 Deak questions concerning the statement after you've given
9 it.

10 MR. MORTENSEN: Absolutely.

11 "I would like to describe for the Commission the
12 extensive efforts" --

13 COMMISSIONER METHVIN: Mr. Chairman, I object to
14 this procedure.

15 COMMISSIONER SCLAFANI: I also object, Mr.
16 Chairman. I believe since this is a sworn witness, the
17 witness ought to be reading his own statement.

18 COMMISSIONER SKINNER: Well, Mr. Deak, I think
19 they have more confidence in your articulation than you do,
20 and I must, having heard you speak here briefly, I think
21 we will probably be able to understand you. So I don't think
22 we'll have any problem at all. So rather than spending any
23 more time on this issue, I would ask that you read your

1 own statement, and if, counsel, you want to amplify anything
2 please comment to Mr. Deak and ask him to do that. It might
3 be just as easy.

4 MR. DEAK: Mr. Chairman, I will do my best.

5 COMMISSIONER SKINNER: Oh, you'll do fine, Mr.
6 Deak. Don't worry about it.

7 MR. DEAK: First of all, I want to express, well,
8 the pleasure of being here and giving you my version of the
9 situation in which you are interested and which you have
10 time to explore here, and I'll try to be as helpful as
11 possible.

12 I would like to describe for you the extensive
13 efforts which we at Deak-Perera have made to comply with
14 and support Federal regulations, and I would like to address
15 quickly some of the statements made by Deak-Perera in the
16 Commission's report.

17 I also would like to discuss some concrete pro-
18 posals for improving the regulation of financial transactio

19 Deak-Perera's procedure for currency reporting
20 compliance begins with extensive staff training, including
21 written instructions from the legal department, from our
22 legal department, special information-taking forms, seminar
23 by the legal department, and periodic reminders from

1 management. A 24-hour hotline service is provided by the
2 legal department for our far away offices to answer staff
3 questions concerning currency reporting compliance.

4 Each Deak-Perera office in the United States and
5 United States territories and possessions has at least one
6 person expressly designated to supervise the compliance
7 function. That person is responsible for reviewing system-
8 atically every transaction handled by the office to determine
9 whether the currency report must be filed and for insuring
10 that each required report is properly filed with the
11 Treasury Department. Any staff errors are caught and
12 corrected before they can be repeated.

13 Staff responsible for compliance receives in-depth
14 training from the legal department, and each compliance
15 officer receives a comprehensive manual created by the legal
16 department which supplies legal advice and guidance.

17 In addition, periodic unannounced audits are
18 conducted at our offices throughout the United States under
19 the legal department supervision to insure proper under-
20 standing and application of the law.

21 All offices prepare monthly reports for the legal
22 department on the number of forms filled and filed. In these
23 monthly reports, the office manager and the compliance

1 officer must each certify that proper procedures have been
2 followed.

3 Despite all of these efforts, we had compliance
4 difficulties in 1978 and earlier. Because these problems
5 were mentioned in the Commission's interim report, I would
6 like to correct a couple of possible misimpressions in the
7 record.

8 I would like to take the Orozco case. The interim
9 report, your interim report, ladies and gentlemen,
10 incorrectly suggests on pages 42 and 43 that our New York
11 subsidiary committed currency reporting violations in
12 connection with so-called Orozco case, and further implies
13 that our subsidiary somehow concealed Orozco's financial
14 activity from the government.

15 In truth, however, our New York subsidiary filed
16 currency reports for each of the Orozco-related cash trans-
17 actions, for each transaction. By March 1982, the government
18 already had in its possession approximately 180 written
19 reports filed by our subsidiary concerning Orozco-related
20 transactions. All of our subsidiary currency reports filed
21 in connection with Orozco were reviewed by the Internal Re-
22 venue Service and the Customs Service during the 1982 audit
23 and by the United States Attorney's Office in connection

1 with the prosecution of Orozco.

2 To date none of these agencies has advised us of
3 any violation in connection with those filings. Further, to
4 the management's knowledge, no such violations exist. As
5 a matter of fact, we feel that we called the attention of
6 the government to the Orozco case and prompted an investiga-
7 tion of Orozco.

8 Now, concerning the Issac Kattan matter, on pages
9 42 and 43 of your interim report, refers to over 1,266
10 allegations of currency reporting noncompliance by one of
11 our New York subsidiaries during the 1977-1978 period,
12 including allegations concerning Isaac Kattan. Our subsidiary
13 has filed with the Treasury Department a petition for
14 remission and mitigation of the \$572,000 penalty assessment
15 proposed by the Treasury Department in connection with these
16 allegations.

17 To put into context the numbers mentioned in the
18 report on this subject, it is a matter of public record that
19 these allegations relate to a period during the 1970s when
20 there was widespread confusion concerning the interpretation
21 and application of the law, and the high degree of technical
22 noncompliance was a damage to the industry.

23 According to the 1981 General Accounting Office

1 report on currency reporting, a Customs Service study
2 estimated that during early 1978 as many as 50 percent of
3 the Federal Reserve member banks were not filing between
4 ten percent and 90 percent of the required reports.

5 The California case, the interim report mentions
6 our San Francisco subsidiary's 1978 conviction for currency
7 reporting violations. The proof at trial, however, included
8 evidence that the manager, who was immediately fired when
9 the violations were discovered, had violated company policy
10 and had concealed his failure to file the forms from the
11 company. This was the only time, to management's knowledge,
12 that any member of our group was ever convicted of a
13 criminal violation of any law.

14 I am coming now to the recommendations I'd like
15 to make to this Commission to improve the system of report-
16 ing and spotting of illegal money transactions.

17 In our industry at the present time, we are using
18 two types of forms to cover two different types of trans-
19 actions. One relates to the import and export of currencies
20 and of negotiable instruments, and any transaction in excess
21 of \$5,000 has to be reported, and then there is another repor-
22 ting requirement. Any transaction in excess of \$10,000, over
23 the counter domestically, has to be reported.

1 There are two different forms used. There are two different
2 limits. My recommendation is either the government reduces
3 the 10,000 limit to \$5,000 or increases the 5,000 limit to
4 \$10,000, and uses one form. That simplifies greatly the
5 compliance with administration requirements. I see no
6 justification whatsoever to have these two categories
7 separately.

8 At the present time when somebody leaves the
9 country or comes in the country, he can request Customs to
10 provide him with a simple form which he fills out if he wants
11 to comply with the reporting requirements. Why couldn't
12 the banks, the financial institutions in this country, do
13 the same? When a customer walks in with more than \$10,000
14 cash, the customer should fill out the form as it is done
15 at Customs, at U.S. Customs when someone leaves the
16 country or comes back to the country.

17 The customer should fill it out. These forms should
18 be available to the customers. The tellers should require
19 the customer to fill out in duplicate these forms. One form
20 would go to the government. The other form goes to the
21 financial institution. That would facilitate greatly the
22 burden which the financial institutions have to carry today
23 and the mistakes which occur continuously in various levels

1 of the organization.

2 If that is done, the customer would have to sign
3 a simple form stating his name, his address, the amount,
4 which account it goes to, sign it and indicate what identi-
5 fication he is using, and the teller just has to check it
6 and confirm it so that we, the financial institutions,
7 wouldn't have the burden of filling out the forms. Let the
8 customer do it, and we just verify it. That would greatly
9 reduce our expenses, greatly reduce the burden which is place
10 on us.

11 Another recommendation I would like to make is
12 the government, to my knowledge, did not provide satisfactory
13 information of what they understand under "negotiable
14 instruments." At universities and school, we learned about
15 negotiable instruments. We would like to know what the
16 exact understanding of the government is concerning negotiable
17 instruments, and that is important in order to avoid mistakes.

18 We cannot really expect low level, newly trained,
19 newly hired tellers to use sophisticated knowledge in that
20 area. We have to provide that. We feel that our training
21 is far superior to the training the average institution
22 provides and superior to the training which the Federal
23 Reserve recommends to the members of the Federal Reserve.

1 There might be some other minor recommendations
2 concerning the reporting to the government, which probably
3 comes after you ladies and gentlemen ask me some questions,
4 and that is the end of my presentation.

5 COMMISSIONER SKINNER: Thank you, Mr. Deak.

6 I might add for the record that you are here
7 pursuant to a subpoena, but you are not here pursuant to
8 any orders from any authority other than from a subpoena
9 of this Commission; is that correct, counsel?

10 MR. MORTENSEN: Yes, that is correct.

11 COMMISSIONER SKINNER: So the earlier report, your
12 testimony was not available to this Commission, and it was
13 mentioned in the earlier report that you had not appeared
14 or had not been worked out. That part of the report is now
15 inaccurate because you now have appeared pursuant to a subpoena
16 and have given your statement, which will be duly recognized,
17 and if there is a copy of that, we record these, but I think
18 to insure that it is an adequate part of the record, counsel,
19 you should reduce it, counsel, and make sure it's correct
20 with all of the recommendations and submit it to Mr. Harmon
21 so that it can be made a permanent part of the record with
22 all inaccuracies corrected if there happen to be any.

23 MR. MORTENSEN: I will do so.

1 COMMISSIONER SKINNER: Mr. Harmon, do you have
2 some questions of Mr. Deak?

3 MR. HARMON: Yes, Mr. Chairman.

4 Mr. Deak, the Commission has been seeking your
5 views for some time on measures that financial institutions
6 could take to prevent them from being abused and used by
7 money launderers who have over the years resorted to financial
8 institutions to gain access to their proceeds.

9 I'd like to say to you, Mr. Deak, that no infer-
10 ence should be drawn by anybody with regard to any of the
11 questions that may be asked of you, and I'd also like to
12 make very clear that at the present time the staff of the
13 Commission is not aware of any evidence that you personally
14 were directly involved in any criminal conduct of any kind.

15 So with those thoughts in mind, Mr. Deak, you've
16 made some reference to a legal department of your company.
17 How many attorneys are there in that legal department?

18 MR. DEAK: At any given time, there might be
19 between two and five.

20 MR. HARMON: And these are the -- at
21 present how many are there?

22 MR. DEAK: I'm sorry?

23 MR. HARMON: At present how many are

1 there?

2 MR. DEAK: At present there are two.

3 MR. HARMON: There are two, and these
4 are the people to whom you have given the responsibility
5 to make certain that the filing requirements required by
6 the Bank Secrecy Act are taken care of; is that correct,
7 sir?

8 MR. DEAK: The legal department's responsibility
9 is to comply with all government regulations, including the
10 reporting.

11 MR. HARMON: And those are the two people
12 that you count upon to make sure that the Deak companies
13 comply; is that correct?

14 MR. DEAK: Correct.

15 MR. HARMON: Now, what is the overall
16 dollar volume on an annual basis of the company known as
17 Deak-Perera?

18 MR. DEAK: I wish I could tell you, but I don't
19 know.

20 MR. HARMON: Well, approximately, sir?

21 MR. DEAK: It goes into hundreds of millions of
22 dollars and possibly billions.

23 MR. HARMON: And somewhere within those

1 possibly billions of dollars, you recognize as you sit here
2 today that there could be substantial amounts of money
3 passing through your companies, put there by cocaine
4 traffickers or heroin traffickers; is that right, sir?

5 MR. DEAK: I am not aware of it.

6 MR. HARMON: It could be though today?

7 MR. DEAK: Anything could be.

8 MR. HARMON: Well, you know, sir, as you sit
9 here today that in the Orozco case to which you refer that
10 one money launderer passed through \$97 million through one
11 account at Deak-Perera; isn't that right, sir?

12 MR. DEAK: That is what I understand has happened,
13 yes.

14 MR. HARMON: Well, what did you do, Mr. Deak,
15 after you found out that one money launderer had put \$97
16 million through Deak-Perera to make sure that that wouldn't
17 happen again?

18 MR. DEAK: I would recommend to the Government
19 to be more alert when we are filing the reports.

20 MR. HARMON: Mr. Deak, what is your position
21 with Deak-Perera?

22 MR. DEAK: Well, as you know, sir, I am Chairman.

23 MR. HARMON: Now, what do you see as

1 your responsibility in the company?

2 MR. DEAK: To assign responsibilities to the
3 various departments.

4 MR. HARMON: Do you have any interest
5 personally, sir, in preventing narcotics money from going
6 through your company?

7 MR. DEAK: I have great interest to comply with
8 the regulations of the country.

9 MR. HARMON: You are interested in complying
10 with the letter of the law; is that correct, sir?

11 MR. DEAK: And with the spirit of the law.

12 MR. HARMON: And the spirit of the law.
13 Would you take any measures and have you taken any measures
14 beyond compliance with the Bank Secrecy Act to prevent
15 narcotics traffickers from placing money through Deak-
16 Perera?

17 MR. DEAK: We are continuously taking measures,
18 improving the quality of the personnel and the understanding
19 which is necessary for the personnel to comply with the
20 regulations, to understand what people are doing, and report
21 all occurrences which they think is suspicious to the
22 responsible people.

23 MR. HARMON: Now, would you consider

1 suspicious --

2 COMMISSIONER SKINNER: Mr. Harmon, I don't know
3 that he answered your one question. Mr. Deak, so that the
4 record's clear, I think Mr. Harmon asked you what steps you
5 took when you learned of these transactions. What steps,
6 if any, did you take after you learned that these transaction
7 had occurred?

8 MR. DEAK: I called in the legal people, and I
9 tell them to exercise more intelligent, training, supervision
10 to avoid such occurrences in the future, but in all fairness
11 to them, I must say that our tellers, in my opinion, have
12 little choice when somebody comes in and wants to deposit
13 money to refuse it on the ground that he doesn't like the
14 face of the depositor.

15 MR. HARMON: The choice is --

16 MR. DEAK: All he can do is to report that that
17 happened, and from that moment on it is up to the government
18 to take action.

19 MR. HARMON: And the choice is to accept it or
20 reject it, correct, Mr. Deak?

21 MR. DEAK: Well, the tellers have instructions
22 to accommodate the customers as well as they can.

23 MR. HARMON: Do you --

1 MR. DEAK: They have no way of knowing who is an
2 honest and who is a dishonest man.

3 MR. HARMON: As you sit here today, Mr. Deak, have
4 you instituted a policy in your company by which you have
5 told your employees in so many words that they are to take
6 efforts, specific efforts, to reject and turn away money
7 which appears to be the money of narcotics traffickers?

8 MR. DEAK: Not -- our legal department, in their
9 instructions to the tellers, provide certain outlines that
10 the transaction which in their opinion is suspicious should
11 be reported immediately to the legal department for further
12 analysis and action.

13 MR. HARMON: Well, drawing your attention to the
14 Orozco matter, the money launderer who has since been con-
15 victed, would you, based upon your many years of experience
16 in this business --

17 MR. DEAK: I'm sorry, would you repeat the ques-
18 tion?

19 MR. HARMON: Yes. Would you consider it suspicious,
20 in your many years of experience, for somebody to bring into
21 your company a deposit of \$3,405,000, weighing 230 pounds,
22 consisting of 13,300 one dollar bills, 6,200 fifty dollar
23 bills, 79,900 twenty dollar bills and 17,100 ten dollar

1 bills? Would you consider that a suspicious --

2 MR. DEAK: I would consider that suspicious, of
3 course.

4 MR. HARMON: Have you told that to your employees,
5 Mr. Deak, that you personally would consider that a suspiciou
6 deposit?

7 MR. DEAK: I've told our people that any suspicious
8 deposit, any suspicious deposit, should be reported.

9 MR. HARMON: Did you ask your employees to report
10 back to you in the Orozco matter any deposits which in
11 retrospect, which in looking back on it, Mr. Deak, appear
12 to be suspicious so you, as a responsible person, might
13 effect company policy in that regard?

14 MR. DEAK: Mr. Harmon, I learned about the Orozco
15 matter probably two or three years after it had occurred,
16 two years.

17 MR. HARMON: The question is: what have you done
18 since, Mr. Deak, to make sure that that does not happen again

19 MR. DEAK: When you --

20 MR. MORTENSEN: Mr. Harmon, if I could interrupt
21 just a moment, I think that Mr. Deak is trying his best to
22 tell you that. I do want to clarify the record that in your
23 questions in terms of whether you have made suggestions

1 or comments to your employees, that Mr. Deak has been
2 responding in the context of his communications with the
3 legal department, not that he has personally talked with
4 every member of the Deak companies.

5 MR. HARMON: Then that's the case, Mr. Mortensen
6 that he has not done that?

7 MR. MORTENSEN: My understanding of where we are
8 in the record right now is that his answers have been in
9 the context of talking with the legal department.

10 MR. HARMON: Mr. Deak, isn't it true that for many
11 years you, on behalf of your company, took the position that
12 because of the nature of the Deak companies' businesses,
13 that they should not be required to file forms now required
14 by the Bank Secrecy Act?

15 MR. DEAK: If I heard you well, Mr. Harmon, you
16 are asking me whether it was my position not to comply with
17 the regulations?

18 MR. HARMON: Was it your position over many years
19 that your company did not come within the requirements of
20 the Bank Secrecy Act and, therefore, your company should
21 not be required to fill out these forms?

22 MR. DEAK: I have no recollection, but it's con-
23 ceivable when regulations come out for banks to do certain

1 things, then the question comes up whether we are -- certain
2 offices of ours are in the category of banks or are in the
3 category of nonbank institutions. That question is raised
4 quite often.

5 COMMISSIONER SKINNER: Have you ever had a legal
6 opinion expressed by counsel prior to that time that you
7 were not a bank?

8 MR. DEAK: We usually check with the Federal
9 Reserve whether certain regulations apply to nonbanking
10 financial institutions or to banks only.

11 COMMISSIONER SKINNER: And did you in the case
12 of the Bank Secrecy Act regulations check with your counsel
13 or the Federal Government and get an opinion one way or the
14 other?

15 MR. DEAK: I'm sure that our legal department did
16 that.

17 COMMISSIONER SKINNER: Would you provide us --

18 MR. DEAK: I have no positive knowledge.

19 COMMISSIONER SKINNER: -- counsel, to the degree
20 that you can obtain information that shows that you did or
21 did not, and the answers you got back from the Federal
22 Government concerning those questions, we'd like those pro-
23 vided to the Commission at a later date.

1 MR. HARMON: So is it correct, Mr. Deak, that as
2 you sit here today, if a money launderer came to one of Deak's
3 companies, wherever located in the world, that he could
4 expect to be turned away if he presented the kind of deposit
5 that I described, 230 pounds in the amount that I've describ-
6 ed and in the kinds of denominations that I've described,
7 because that is the conscious policy of you and, therefore,
8 your company?

9 MR. DEAK: I don't think that they will be turned
10 away. I think that they would be reported.

11 MR. HARMON: To whom?

12 MR. DEAK: To the legal department for further
13 action.

14 MR. HARMON: And to law enforcement?

15 MR. DEAK: The legal department takes care of the
16 law enforcement reporting.

17 MR. HARMON: And if you continued in your suspicion,
18 Mr. Deak, would it then be the policy of your company to
19 report such a matter to law enforcement?

20 MR. DEAK: It is certainly my policy, and I try
21 to inject that policy on the company on every level.

22 MR. HARMON: That was not done in the Kattan matter
23 though, was it?

1 MR. DEAK: As I stated in my opening -- as I stated
2 in my opening remarks, in the Kattan matter, that was the
3 very beginning of the regulations, and I understand that the
4 all fair (phonetic) of reporting were transactions which
5 occurred between affiliated companies of ours and between
6 our company and banks, and I believe that at that time the
7 impression was that we should report only transactions with
8 the general public, but not interoffice transactions between
9 affiliated companies. My recollection is that a question
10 was raised in the report that our interpretation was not
11 correct, and we had to report also transactions which are
12 between our company and the banks and between affiliated
13 companies. That is my recollection.

14 MR. HARMON: Is it your current company policy,
15 Mr. Deak, to permit persons to open up accounts in fictitious
16 names?

17 MR. DEAK: It is not a policy that we invite people
18 to open accounts with fictitious names, but in the financial
19 world, the financial industry, I can walk in and you, Mr.
20 Harmon, can walk into a bank and say, "This is my name. This
21 is my address. Here is my signature. I want to open an
22 account, and I want you to carry that account under this
23 trade name of mine, and not under Mr. Harmon, but under

1 the name of Interfair," or whatever name you choose.

2 MR. HARMON: Well, how about a fictitious personal
3 name rather than a company name or a trade name? Would you
4 permit that today, Mr. Deak?

5 MR. DEAK: I would certainly discourage it.

6 MR. HARMON: But you would permit it if the customer
7 insisted?

8 MR. DEAK: I don't -- such requests would not come
9 to me. I am not in the business of opening accounts, and
10 if our people would ask whether they should do it, I would
11 discourage it.

12 MR. HARMON: Now, Mr. Deak, you make reference
13 to the Orozco case and whether or not currency transaction
14 reports were adequately completed in that particular case,
15 and I believe I'm merely paraphrasing in repeating what I
16 think you said, which was that all of the currency trans-
17 action reports in that case were filled out properly.

18 I'd like to show you and draw your attention to
19 one, Mr. Deak, dealing with a deposit on November 14th, 1980,
20 in the amount of \$1,204,600, and I'd ask you whether you
21 consider this currency transaction report to be adequately
22 filled out.

23 COMMISSIONER SKINNER: If you want to consult with

1 counsel on that document, I think you may have seen it before.
2 but you have just been show it again, so take a minute if
3 you want.

4 (Pause in proceedings; witness conferred with
5 counsel.)

6 MR. MORTENSEN: Mr. Harmon, my client advises
7 that he really has no familiarity with the currency trans-
8 action reports in the sense of being involved in the
9 transaction reporting itself, and therefore, does not real-
10 know about this document, but I think he can explain that
11 to you if that is what you are interested in.

12 MR. HARMON: Mr. Deak, are you through your
13 attorney telling the Commission that as of today, after you
14 company in San Francisco has been convicted in 1978 of
15 currency violations, after you know that Edwardo Orozco
16 laundered \$97 million through one of the Deak companies in
17 New York, and after you know that Isaac Kattan laundered
18 money through Deak in New York on behalf of cocaine traffi-
19 ers, and when you know that with regard to Kattan that the
20 were currency violations, that as of today you are not
21 familiar with the requirements of this form?

22 MR. MORTENSEN: Let me interrupt, Mr. Harmon.
23 I said, and I do not want to mislead you, Mr. Deak is not

1 familiar with the actual form itself. I think he's explained
2 to you the steps he's tried to take through the legal
3 department to make sure that whatever the form requires,
4 that that be carried out. That's all I'm trying to say.

5 COMMISSIONER SKINNER: Counsel, I may have over-
6 stepped what I intended. I wanted him to be able to con-
7 sult with you concerning his answer. As you could tell
8 earlier, the Commission feels very strongly that the witness
9 ought to answer himself. So if you could exercise whatever
10 opinion or facts through your client and have him exercise
11 them to the Commission, it might help.

12 MR. MORTENSEN: Very well, Mr. Skinner.

13 MR. DEAK: Mr. Harmon --

14 COMMISSIONER SKINNER: And as I understand the
15 testimony, he has no familiarity with the two documents that
16 have been shown him, and the issue now is, I think: do you
17 consider, in your opinion, as Chairman of Deak-Perera, do
18 you consider these documents to be filled out correctly as
19 a matter of Deak-Perera policy? If you can answer that
20 question, I think that's Mr. Harmon's question.

21 MR. DEAK: As Chairman of the Deak-Perera Group,
22 I must tell you, gentlemen, that I -- I -- it is not -- it
23 doesn't come to my desk, the filling out and the handling

1 of the forms. I don't think I could perform the function
2 of chairmanship of the organization if all forms would have
3 to come to my attention and I would have to examine the forms.
4 That is why I have a staff to do that.

5 COMMISSIONER SKINNER: I understand, and your testimony
6 money earlier, as I understand, was you directed your lawyer
7 internal lawyers now consisting of two but as many as five
8 on occasion, to make sure you're in compliance with all
9 regulations and CTRs, and the question now is: did they
10 report back to you, "This is our procedure. This is how
11 these forms should be filled out," and you know, does this
12 pass Deak-Perera muster post the incidents in question? And
13 that was the question, I do not know if you can answer
14 that or not.

15 MR. DEAK: Forgive me, Mr. Chairman. What is
16 specifically the question that you want?

17 COMMISSIONER SKINNER: Well, is this form correct
18 filled out pursuant to the new policies that I assume you
19 say have been implemented since your incident?

20 MR. DEAK: Well, if I did have the staff at my
21 disposal, I would ask them to come and help me and determine
22 whether it is properly filled out.

23 COMMISSIONER SKINNER: All right. So the answer

1 to the question is, I think, you don't know. Is that fair?

2 MR. DEAK: Correct.

3 COMMISSIONER SKINNER: And as Chief Executive Officer,
4 it's your opinion that these are the kind of details that
5 would not normally come across your desk and that you would
6 be familiar with, and I guess the question to complete that
7 that Mr. Harmon was attempting to ask is: given the fact
8 you had a very serious problem where multi-million dollars
9 worth of funds were laundered by drug dealers through your
10 company, did they report back to you concerning what you
11 should be doing as far as filling out these forms, and what
12 was their advice or report to you as to what they had done?
13 And I think that's the question.

14 MR. DEAK: Well, my understanding is that forms
15 which are filed are properly filled out. If they wouldn't
16 be properly filled out, they would be returned by the
17 authorities for correction.

18 COMMISSIONER SKINNER: Go ahead, Mr. Harmon.

19 MR. DEAK: That is my assumption.

20 MR. HARMON: Did you --

21 MR. DEAK: That would be the logical thing to
22 expect.

23 MR. HARMON: Did you, as Chairman, Mr. Deak, ask

1 anybody in your company to report back to you the basis upon
2 which Orozco presented himself as a customer of Deak-Perera?

3 MR. DEAK: I never heard the Orozco name until
4 the matter came to the attention of the authorities.

5 MR. HARMON: As you sit here today, Mr. Deak, have
6 you asked people, your subordinates, to report back to you
7 the basis upon which Orozco presented himself, what he said
8 he was, what kind of business he was in which permitted him
9 to do business as a customer of Deak-Perera?

10 MR. DEAK: No, I did not.

11 MR. HARMON: Don't you think that would have been
12 important for you to know, Mr. Deak, so that you could set
13 company policy and make sure that narcotics traffickers would
14 not come into your business?

15 MR. DEAK: The investigation turned up all -- the
16 investigation turned up all of the details which I could
17 have learned from our staff. The staff --

18 MR. HARMON: Well --

19 MR. DEAK: The staff gave the information to the
20 authorities, and I heard about it later.

21 MR. HARMON: If you had done that, taken the effort
22 to do that, Mr. Deak, you would have found out that Orozco
23 represented himself as a foreign exchanger, money exchanger,

1 from Panama, and that he was bringing into your bank
2 literally millions of dollars at a time in U.S. dollars.
3 Does that make any sense to you, Mr. Deak, as somebody who
4 has been in the foreign exchange business for a long time,
5 that somebody would be in the money exchange business in
6 Panama and bring back from Panama millions of dollars in
7 U.S. cash?

8 MR. DEAK: I think it happens all the time from
9 the whole world.

10 MR. HARMON: From Panama, Mr. Deak?

11 MR. DEAK: From Panama, from other countries, from
12 Argentina, from Hong Kong, from Africa:

13 MR. HARMON: What is the nature of Deak-Perera's
14 business?

15 MR. DEAK: Basically foreign exchange.

16 MR. HARMON: Are you a bank?

17 MR. DEAK: We have banks and we have foreign
18 exchange offices.

19 MR. HARMON: And by foreign exchange, you mean
20 that persons would come to you to seek a service whereby
21 they could convert one form of currency into another; is
22 that correct, sir?

23 MR. DEAK: Yes.

1 MR. HARMON: Now, isn't it true that of the \$97
2 million that Orozco, the money launderer, brought to Deak-
3 Perera, that none of that money was changed from U.S.
4 dollars into any other currency, but that it merely was tra-
5 mitted to different parts of the United States and different
6 parts of the world in U.S. dollars upon his instructions?

7 MR. DEAK: Mr. Harmon, that question -- that ques-
8 tion we raise quite frequently. The foreign exchange --

9 MR. HARMON: Excuse me, sir. Did you know that
10 that was the case?

11 MR. DEAK: At that time, I didn't. I am not
12 familiar with the day-to-day --

13 MR. HARMON: Did you bother to find that out before
14 you came in here today?

15 MR. DEAK: No, I didn't.

16 MR. HARMON: Well, wouldn't that have been an in-
17 cator to you, Mr. Deak, so that you as the Chairman could
18 set policy for the company, so that you could tell your
19 employees that if somebody comes in with millions of dolla-
20 and that if on occasion those millions of dollars weigh 23
21 pounds, and if the foreign exchange service offered by you
22 company is not utilized, that that could be a basis not on-
23 of rejecting the money, but reporting that money to law

1 enforcement authorities?

2 MR. DEAK: Mr. Harmon, if the client is located
3 in Panama, as you say, and --

4 MR. HARMON: The question, Mr. Deak, is --

5 MR. SKINNER: Mr. Harmon, let the witness answer
6 the question, please.

7 MR. HARMON: Yes, sir.

8 MR. DEAK: If it is in a foreign country and
9 dollars come to us, obviously dollars we assume is the
10 receipt of a foreign exchange transaction in that foreign
11 country where the dollar is not the legal tender. So there
12 is somewhere a foreign exchange transaction. When the
13 dollars come to us, we do not know whether these dollars
14 will be used for a foreign exchange transaction or for
15 transmission to other institutions. We have no control over
16 that. Some of the dollar funds which come to us are used
17 for further foreign exchange transactions, and some of them
18 are used in this country for purposes of the foreign clients.

19 MR. HARMON: You know as well as I do, don't you,
20 Mr. Deak, that the dollar is the form of legal tender in
21 Panama, and therefore, it's highly unlikely that there is
22 any significant foreign exchange business conducted in
23 Panama?

1 MR. DEAK: Panama is the center of Latin American
2 trade. What foreign exchange transactions and what
3 currencies they got these funds, I have no control over it.

4 MR. HARMON: Mr. Deak, the reason -- I appreciate
5 on behalf of the staff, Mr. Chairman, the views that Mr.
6 Deak has expressed here today, and if I could ask you a couple
7 of final questions, Mr. Deak.

8 Are you aware in any way, Mr. Deak, of the
9 serious consequences of the use of cocaine?

10 MR. DEAK: That is not my field. I'm sorry. I
11 cannot answer that question.

12 MR. HARMON: If you knew, Mr. Deak, things that
13 the Commission has heard here during the last couple of days,
14 that cocaine is addictive, and that cocaine wreaks havoc with
15 people's lives, do you think you might change Deak's policy
16 to go beyond the mere letter of the law, to prevent narcotics
17 traffickers from putting money through your companies?

18 MR. DEAK: Mr. Harmon, what policy do you refer
19 to?

20 MR. HARMON: You have made no effort, have you,
21 Mr. Deak, to examine past transactions by narcotics traffick-
22 ers to see whether or not there should be a change in company
23 policy; isn't that what you've said, sir?

1 MR. DEAK: I think that we -- you asked it repeated-
2 ly. The policy is that we accept deposits if we are
3 authorized to accept deposits. The policy is that if the
4 deposit is suspicious, that the teller has to report it,
5 and it is up to the authorities then from that moment on
6 to investigate.

7 COMMISSIONER SKINNER: Is it your --

8 MR. DEAK: We are not an investigative body. That
9 is you, gentlemen, that should do that.

10 COMMISSIONER SKINNER: I understand, and let me
11 see if I can summarize what concerns Mr. Harmon and the
12 Commission, and you have pointed out, as we did in our report,
13 that the Bank Secrecy Act and the Regulations and the enforce-
14 ment of them has been lax for a number of years, and that
15 there has been an increased alertness on behalf of a number
16 of financial institutions, as well as the Federal Government,
17 as well as, from what you've said, your organization in dealing
18 with it.

19 Our concern is as being one of the major money
20 processing firms in the world, is it not incumbent upon you,
21 your company, as a matter of policy, to reject, summarily
22 reject at the window, deposits of huge cash where suspicious
23 factors are present which lead you to believe that the

1 money being processed by your institution may result from
2 illegal activities?

3 MR. DEAK: Mr. Chairman, first of all, you flatter
4 me when you say that we are one of the major money processing
5 institutions in the world. We are a fraction by size compar-
6 ed to the major banks, a fraction of a fraction.

7 COMMISSIONER SKINNER: Well, in your little niche,
8 you are prominent.

9 MR. DEAK: Pardon me?

10 COMMISSIONER SKINNER: In your niche, you're quite
11 prominent, but putting that aside, go ahead.

12 MR. DEAK: Okay. It is difficult to expect from
13 a minor teller, who went through a training of a month and
14 is intending to service the public, to spot a suspicious
15 depositor from a nonsuspicious depositor. All we can
16 expect from that teller, to report back, but to give them
17 the opportunity or the freedom to refuse a customer because
18 he doesn't like the lack of cleanliness of the money or the
19 quantity of the money or the face of the customer is a diffi-
20 cult decision, and I don't say it could not be done, but
21 I think we serve the purpose of what we all try to accom-
22 plish, to prevent crime by urging the teller to report such
23 cases instead of refusing it because the individual can go

1 to the next bank and does the same thing which he intended
2 to do with us.

3 COMMISSIONER SKINNER: Well, your description,
4 I guess, would say that you do not put yourself in the pre-
5 vention business. You just put yourself in the reporting
6 business and leave the investigation to someone else. Now,
7 there are other major financial institutions, as a matter
8 of policy, I should tell you, that have advised us that they
9 do routinely reject account balances and clients from their
10 institutions unless they verify certain circumstances, and
11 I think the Commission is trying to understand why your
12 organization does not take a similar policy.

13 MR. DEAK: I am not aware of that, but if that
14 is, indeed, the case, and obviously it is the case because
15 you, Mr. Chairman, say so, my guess is that there are very
16 few major institutions following this policy, and if they
17 do follow, well, more credit to them.

18 COMMISSIONER SKINNER: Well, Mr. Harmon, any more
19 questions?

20 MR. HARMON: Yes. I'd like to just point out one
21 thing. Mr. Deak has referred in some ways to our interim
22 report. I would point out finally, Mr. Chairman, that
23 several banks used by Orozco literally threw him out on

1 his ear once they suspected that he was using those banks
2 for criminal purposes. Those include the Chase Manhattan
3 Bank, Marine Midland, Irving Trust Company, and Credit
4 Suisse.

5 Do you have any explanation, following up on what
6 the Chairman has asked you, why those several banks found
7 it in their interest and in the interest to their community
8 to throw Orozco out?

9 MR. DEAK: Mr. Harmon, I think that we were more
10 useful than those banks which you suggest because those
11 banks refused. We reported it to the Federal authorities.
12 Isn't that better? If we would have refused him also, you
13 would have never learned about it.

14 COMMISSIONER SKINNER: In all fairness, Mr. Harmon,
15 we also ought to point out that with the exception of Marine
16 Midland, none of those other banks reported it to the
17 officials. I think that --

18 MR. HARMON: That's absolutely correct, sir.

19 COMMISSIONER SKINNER: Just to complete the record
20 on that issue.

21 I think that at this point, Mr. Deak, we would
22 ask you to entertain questions from certain members of the
23 Commission.

1 Yes, Commissioner Rowan.

2 COMMISSIONER ROWAN: Mr. Deak, in conjunction with
3 your legal department, did you set up some kind of guidelines
4 or a profile for your tellers to use or for your next stage
5 managers to use when they evaluate the information which
6 the teller reports to them?

7 MR. DEAK: No, I have no knowledge of such action
8 on the part of our legal department, but I appreciate your
9 question, and it will be something which I'm going to take
10 up in our next meeting, whether it would be worthwhile to
11 create a profile of people who might be suspicious and should
12 be reported right away.

13 The problem is if the teller refuses a person whose
14 profile would fit such a description, we will never know
15 who the person is. It is better to deal with that person,
16 accept his deposit and report it.

17 COMMISSIONER ROWAN: Well, what we're really
18 looking for is the management balance there, that somebody
19 in management has the obligation then to review this informa-
20 tion and match it with some kind of, I will call it a profile,
21 for want of a better word.

22 MR. DEAK: It is a good suggestion. I appreciate
23 it.

1 COMMISSIONER ROWAN: And if you can set that kind
2 of thing up, you'll be doing as much as the government is
3 doing in many cases because the government works from pro-
4 files.

5 MR. DEAK: It would be very good, indeed, and I
6 will look into it. I appreciate the thought.

7 COMMISSIONER ROWAN: I am sure the staff would
8 be glad to help you.

9 MR. DEAK: We would have one problem which we might
10 try to overcome, and that is the quality of the young tellers
11 whether they are going to be able to use the profile and
12 apply it. The human element is always a problem.

13 COMMISSIONER ROWAN: Well, that is why I would
14 want to remove it from that level and move it up into
15 management where the true responsibility lies, and of course,
16 if we could get some of the mind-altering drugs off of the
17 streets, perhaps our young folks won't be so difficult to
18 deal with.

19 MR. DEAK: Mrs. Rowan, if we could replace the
20 tellers with managers, we would provide better service to
21 the public.

22 COMMISSIONER SKINNER: Any other questions from
23 the Commission?

1 COMMISSIONER METHVIN: I just would make one
2 comment apropos of that, and that is young people are very
3 intelligent and very capable. Uncle Sam teaches them to
4 fly airplanes and turns them loose alone in less than a
5 month's time. I'm sure that your month long training program
6 for tellers can succeed in upgrading their performance very
7 well.

8 MR. DEAK: Mr. Methvin, you are absolutely right.
9 The problem is when the teller is intelligent, he moves into
10 higher positions.

11 COMMISSIONER SKINNER: That's the way it should
12 be. Seeing no further questions --

13 MR. HARMON: One last thing, Mr. Chairman.

14 COMMISSIONER SKINNER: Wait until he finishes talking.

15 MR. HARMON: Yes, sir.

16 (Pause in proceeding; the witness conferred with
17 counsel.)

18 COMMISSIONER SKINNER: Go ahead, Mr. Harmon. You
19 had a question?

20 MR. HARMON: Oh, yes. I would suggest, and on
21 behalf of the staff I thank Mr. Deak for his offer to develop
22 a profile by which his tellers might judge what is suspicious
23 and what isn't, and I direct his attention to the Commission's

1 interim report, which does suggest those kinds of guidelines
2 as a place to start, and we would certainly be happy to work
3 with you on that, Mr. Deak.

4 COMMISSIONER SKINNER: I'm sure he's probably had
5 enough advice from the Commission, but I would direct your
6 attention to the report for whatever value it is. I appre-
7 ciate the time that you and counsel have spent appearing
8 here today.

9 Do you have any final comments you wish to make,
10 Mr. Deak?

11 MR. DEAK: Yes. I believe that we might be able
12 to come forward with additional suggestions concerning makin
13 it more effective, the application of the regulations. It
14 is -- I have certain thoughts which haven't crystallized
15 yet. I would be happy to be in touch with you gentlemen.

16 COMMISSIONER SKINNER: I do say you have, unfor-
17 tunately, I am sure, for your concern incurred some negative
18 publicity, and to the degree that some positive suggestions
19 can come forth that could be encompassed in our report and
20 give credit to you, maybe we can balance the scale on the
21 other side. We don't have a monopoly on ideas and suggestio
22 and in fact, industry has much more knowledge on how to deal
23 with this problem, if they put it to work, than we do.

1 Counsel?

2 MR. MORTENSEN: Mr. Skinner, with due deference
3 to the Commission and the staff, I have an impression based
4 upon information that I've obtained that it may be the
5 Commission will be hearing from a witness who may describe
6 the transactions that he's entered into with Deak-Perera
7 affiliated companies that might well be able to demonstrate
8 that even with all of the precautions that one might take,
9 one can still manage to use those facilities. If that is
10 so, I think that it would be appropriate for the staff to,
11 in essence, ask Mr. Deak about those circumstances so that
12 he can explain to them why that might happen, given the
13 efforts that have been taken.

14 COMMISSIONER SKINNER: Let's assume for a minute
15 that your intelligence is accurate, which I think it's
16 probably a valid assumption, and let's assume for a minute
17 that he may not have any information on these individual
18 transactions. It would be unfair, I think, and against your
19 advice for us to ask him right after this witness appears
20 to respond, "How did this possibly happen," when he hasn't
21 had the benefit except for a few minutes ago of learning
22 of it.

23 We certainly would be, after that testimony, if

1 such testimony occurs, we certainly would be receptive, but
2 I'm not so sure you wouldn't be better equipped to answer
3 that after you've had a chance not only to hear that testimony
4 but to digest it. Is that fair?

5 MR. MORTENSEN: It's certainly fair, and I guess
6 the point was that I'm certain there are examples where any
7 policies can be circumvented. Thank you, Mr. Chairman.

8 COMMISSIONER SKINNER: Thank you very much, gentlemen.
9

10 Call your next witness, Mr. Harmon.

11 MR. HARMON: Thank you, Mr. Mortensen and Mr. Deak-

12 COMMISSIONER SKINNER: And while you're calling
13 your next witness, I would point out to those present that
14 the Commission obviously in issuing its interim report, in
15 the hearings that we've had in New York and here, is very
16 concerned about the ability and willingness of the entire
17 financial industry, not just Deak-Perera, to deal with the
18 problems of huge amounts of cash flowing into this country
19 and how it's being handled and whether or not these organi-
20 zations from the very biggest banks to the very smallest
21 are complying with these regulations.

22 It so happens that the situation at Deak-Perera
23 is an excellent example of how we can identify how serious

1 the problem is, and in using that as a vehicle, it is not
2 the intention of this Commission to be unduly harsh on his
3 company and to condone conduct of others. It's just that's
4 kind of the way the ball bounced, so to speak.

5 MR. MORTENSEN: Thank you, Mr. Chairman.

6 MR. HARMON: Thank you.

7 Would you please make arrangements to have the
8 next witness come forward, please?

9 I would ask the Marshal to please swear the
10 interpreter.

11 Whereupon,

12 MIRIAM HODGKINSON

13 was called as a Spanish interpreter and was duly sworn.

14 MR. HARMON: Mr. Witness, I'd ask you to please
15 raise your right hand. You can remain seated. Please
16 remain seated.

17 Whereupon,

18 AN UNIDENTIFIED WITNESS

19 was called as a witness and, having been first duly sworn,
20 was examined and testified as follows:

21 MR. HARMON: Now, Mr. Witness --

22 COMMISSIONER SKINNER: Maybe, Mr. Harmon, you could
23 ask the interpreter to identify herself for the record.

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MR. HARMON: Yes. Please, do that, ma'am.

MS. HODGKINSON: MIRIAM HODGKINSON

MR. HARMON: And are you employed by the Department of State?

MS. HODGKINSON: Yes. I'm a contract interpreter with State.

COMMISSIONER SKINNER: And just so we make it clear you have served as an interpreter for the Department of State for a number of years?

MS. HODGKINSON: That's correct, for about 13 years

COMMISSIONER SKINNER: And have you served as an interpreter in official and unofficial proceedings for a number of years?

MS. HODGKINSON: That's correct.

COMMISSIONER SKINNER: And your testimony and interpretation has been accepted by various hearing bodies?

MS. HODGKINSON: That's correct.

COMMISSIONER SKINNER: I find that the witness is qualified to serve as an expert interpreter.

MR. HARMON: Thank you, Mr. Chairman.

Mr. Witness, do you understand that you've been asked to give testimony under oath here before this Commission?

1 UNIDENTIFIED WITNESS (through interpreter): Yes.

2 MR. HARMON: And do you understand that in the
3 event that it should be found that in any way you gave
4 untruthful testimony before this Commission, that you could
5 be prosecuted for perjury?

6 UNIDENTIFIED WITNESS: Yes.

7 MR. HARMON: Now, Mr. Witness, for a period of
8 approximately four years, did you launder money on behalf
9 of Colombian cocaine traffickers?

10 UNIDENTIFIED WITNESS: Yes.

11 MR. HARMON: And are these cocaine traffickers
12 known in Colombia as "coqueros"?

13 UNIDENTIFIED WITNESS: Yes.

14 MR. HARMON: Now, did you during the course of
15 that four years operate in Colombia a money exchange business?

16 UNIDENTIFIED WITNESS: Yes.

17 MR. HARMON: And during the course of that money
18 exchange business, were you provided with cash in the form
19 of U.S. dollars?

20 UNIDENTIFIED WITNESS: Yes.

21 MR. HARMON: And what were the two sources of these
22 U.S. dollars?

23 UNIDENTIFIED WITNESS: One source in Bogota,

1 Colombia was through the people of the Mafia that sold me
2 dollars, and another source came from tourists or people
3 who sold dollars in the black market.

4 MR. HARMON: So in addition to accepting monies
5 from cocaine traffickers, whom you referred to as Mafia,
6 you also received monies on the black market from other per-
7 sons; is that right?

8 UNIDENTIFIED WITNESS: Yes.

9 MR. HARMON: Did you also purchase U.S. dollars
10 in Colombia?

11 UNIDENTIFIED WITNESS: Yes.

12 MR. HARMON: From what kinds of people?

13 UNIDENTIFIED WITNESS: People who came as tourists
14 or people who would receive dollars for different reasons
15 and came to sell it in my office.

16 MR. HARMON: And as a result of receiving these
17 U.S. dollars in Colombia, did that leave you with, from time
18 to time, large amounts of U.S. cash?

19 UNIDENTIFIED WITNESS: Yes.

20 MR. HARMON: And did you transport that U.S. cash
21 to the United States?

22 UNIDENTIFIED WITNESS: I took it from Bogota,
23 Colombia in suitcases.

1 MR. HARMON: To where?

2 UNIDENTIFIED WITNESS: To Miami or New York.

3 MR. HARMON: And did you personally carry this
4 money?

5 UNIDENTIFIED WITNESS: Yes.

6 MR. HARMON: Now, when you came into the United
7 States, Mr. Witness, did you report to the Customs Service
8 these large amounts of money which you brought into the
9 United States?

10 UNIDENTIFIED WITNESS: Yes.

11 MR. HARMON: And did this money that you brought
12 into the United States consist of money from the "coqueros"?

13 UNIDENTIFIED WITNESS: Yes.

14 MR. HARMON: Excuse me one minute, please, Mr.
15 Chairman.

16 (Pause in proceedings.)

17 MR. HARMON: Now, when you brought this money into
18 the United States, Mr. Witness, did you use your own name
19 upon entering the country?

20 UNIDENTIFIED WITNESS: Yes.

21 MR. HARMON: Weren't you afraid of being asked
22 any questions about these large amounts of money that you
23 brought in?

1 UNIDENTIFIED WITNESS: None.

2 MR. HARMON: Why were you not afraid?

3 UNIDENTIFIED WITNESS: Because what I was doing
4 was legal.

5 MR. HARMON: What was the reaction of Customs
6 inspectors upon seeing these large amounts of money?

7 UNIDENTIFIED WITNESS: They were very frightened
8 because I had so much money.

9 MR. HARMON: So you were able to bring these large
10 amounts of money into the United States and comply with the
11 laws of the United States; is that right, sir, as far as
12 you were concerned?

13 UNIDENTIFIED WITNESS: Yes.

14 MR. HARMON: Now, upon entering the country, did
15 you carry this money directly to United States banks, or
16 what did you do with it?

17 UNIDENTIFIED WITNESS: I took the money to my
18 offices either in Miami or New York.

19 MR. HARMON: And what did you do with it there?

20 UNIDENTIFIED WITNESS: We would count it and put
21 it up in order to take it to the banks.

22 MR. HARMON: Count it by hand?

23 UNIDENTIFIED WITNESS: No, we counted it with

1 counting machines.

2 MR. HARMON: Where did you buy those, Mr. Witness?

3 UNIDENTIFIED WITNESS: In the United States, just
4 in a shop.

5 MR. HARMON: Now, did you have persons working
6 for you in the United States?

7 UNIDENTIFIED WITNESS: Yes, I had partners.

8 MR. HARMON: And what was the nature of their work?

9 UNIDENTIFIED WITNESS: Well, they helped me in
10 the office, and they also carried the money to the banks.

11 MR. HARMON: Did you open up accounts in banks
12 in New York and in Miami?

13 UNIDENTIFIED WITNESS: Yes.

14 MR. HARMON: In your own name?

15 UNIDENTIFIED WITNESS: Several accounts.

16 MR. HARMON: In your own name, sir?

17 UNIDENTIFIED WITNESS: No, fictitious names.

18 MR. HARMON: Now, in New York and Miami, Mr.
19 Witness, were you also given other monies which you had not
20 actually brought into the United States yourself?

21 UNIDENTIFIED WITNESS: Yes.

22 MR. HARMON: And what was the source of those
23 monies?

1 UNIDENTIFIED WITNESS: From the sale of cocaine.

2 MR. HARMON: Now, during the approximately four-
3 year period that you were engaged in laundering money,
4 approximately how much money did you personally launder on
5 behalf of cocaine traffickers?

6 UNIDENTIFIED WITNESS: In total I laundered about
7 \$250 million.

8 MR. HARMON: Were you the only one that was launder-
9 ing money for cocaine traffickers in Miami and New York to
10 your knowledge?

11 UNIDENTIFIED WITNESS: No, there were more.

12 MR. HARMON: Were you the biggest?

13 UNIDENTIFIED WITNESS: No, I don't think so.

14 MR. HARMON: Now, if I could, approximately how
15 much of the \$250 million was transported to New York during
16 the course of that approximately four years?

17 UNIDENTIFIED WITNESS: More than \$25 million.

18 MR. HARMON: And once this money was transported
19 to New York, into which bank was it deposited?

20 UNIDENTIFIED WITNESS: I deposited it into the
21 account of Deak-Perera in my fictitious account.

22 MR. HARMON: Did the employees of Deak-Perera know
23 that you had opened up an account in a fictitious name?

1 UNIDENTIFIED WITNESS: Yes. Yes, they accepted
2 it.

3 MR. HARMON: Now, I'd ask you to refer, if I could
4 -- maybe you could bring that chart just up a little bit --
5 and I'd like to review this to make sure that it's been made
6 clear to the Commission the ways in which money can be
7 laundered through foreign exchange firms on behalf of
8 narcotics traffickers.

9 You've said, is it not correct, Mr. Witness, that
10 you had a money exchange house in Colombia --

11 UNIDENTIFIED WITNESS: In Bogota in Colombia.

12 MR. HARMON: -- where both narcotics traffickers
13 and other persons brought you U.S. dollars; is that right,
14 sir?

15 UNIDENTIFIED WITNESS: Yes.

16 MR. HARMON: And then you've said that on occasion
17 you personally transported large amounts of cash to New York?

18 UNIDENTIFIED WITNESS: Yes.

19 MR. HARMON: Where you also received cash from
20 cocaine sales occurring there; is that correct?

21 UNIDENTIFIED WITNESS: Yes.

22 MR. HARMON: And you've also said that this cash
23 was deposited in Deak-Perera accounts maintained by you;

1 is that right, sir?

2 UNIDENTIFIED WITNESS: Yes. I had six -- I'm
3 sorry -- I had five accounts there. One of them was under
4 a fictitious name, and four of them had real names.

5 MR. HARMON: But they were your accounts; is that
6 right?

7 UNIDENTIFIED WITNESS: Yes, they were mine.

8 MR. HARMON: Now, deposits in these accounts reflect
9 a large number of deposits split among those five accounts
10 in amounts between nine and \$10,000. Can you explain why
11 you did that?

12 UNIDENTIFIED WITNESS: I would deposit amounts
13 lower than \$10,000 in all of the five accounts with the pur-
14 pose of avoiding filling out the form that was required by
15 the government.

16 MR. HARMON: At any point did Deak-Perera employees
17 tell you that you had to stop that practice?

18 UNIDENTIFIED WITNESS: They told me that almost
19 a year later.

20 MR. HARMON: Did they tell you why?

21 UNIDENTIFIED WITNESS: No.

22 MR. HARMON: Did they continue to take your money
23 after that?

1 UNIDENTIFIED WITNESS: No, and I didn't ask either.

2 MS. HODGKINSON: What was your next question?

3 MR. HARMON: Did Deak-Perera continue to permit
4 you to make deposits and use their services subsequent to
5 that?

6 UNIDENTIFIED WITNESS: Yes, and I continued deposit-
7 ing large sums of money.

8 MR. HARMON: Did you ever use the services of Deak-
9 Perera for the purposes of engaging in foreign exchange or
10 currency exchange?

11 UNIDENTIFIED WITNESS: No.

12 MR. HARMON: Now, I'd like to draw your attention
13 to what else you said about taking money to Miami and pick-
14 ing money up in Miami. Now, is it correct, Mr. Witness,
15 that you brought from Colombia, U. S. cash, consisting of a
16 mixture of black market money and money given to you by
17 "coqueros" in Colombia?

18 UNIDENTIFIED WITNESS: Yes.

19 MR. HARMON: And did you deposit that cash in various
20 banks in Miami?

21 UNIDENTIFIED WITNESS: Yes.

22 MR. HARMON: And was one of those banks the Great
23 American Bank?

1 UNIDENTIFIED WITNESS: Yes.

2 MR. HARMON: Now, at this point in the cycle, Mr.
3 Witness, you had placed cash transported from Colombia and
4 cash which was the proceeds of cocaine sales in the United
5 States into financial institutions located in Miami and in
6 New York.

7 UNIDENTIFIED WITNESS: That's correct.

8 MR. HARMON: How did the "coqueros," the cocaine
9 traffickers get their money?

10 UNIDENTIFIED WITNESS: From Bogota, I would receive
11 a phone call, and they would inform me that they were going
12 to send some money within a few days or a few weeks. The
13 person in Bogota would send me someone who, say, was called
14 Pedro, and in order to identify that person, Pedro, would
15 take half of this bill and the other half of the bill was
16 sent to me to Miami by mail or to New York by mail. When
17 Pedro was already in Miami, he called me by a beeper, and
18 we would meet. That way we would meet and he was telling
19 me or would tell me that within a few days he would bring
20 me some dollars.

21 When the dollars were ready, Pedro called me with
22 the beeper, and we would meet. I received those dollars,
23 and then I would go and deposit them either in Miami or

1 in New York.

2 MR. HARMON: Did you have a method of communicating
3 other than through this dollar bill, through the use of
4 beepers?

5 UNIDENTIFIED WITNESS: No, just through the beepers,
6 through the telephone calls to the beepers.

7 MR. HARMON: Would you explain that, please?

8 UNIDENTIFIED WITNESS: Well, supposedly Pedro would
9 call me from a public phone, call from the public phone to
10 my beeper, and then I would answer his call, and we would
11 meet and talk about the negotiations that were going to occur.

12 MR. HARMON: Now, Mr. Witness, after having received
13 the money from the "coqueros" either in New York or in Miami,
14 and after having deposited this cash either into Miami or
15 New York, at what point were the "coqueros" actually paid
16 and the money laundering cycle complete for them?

17 UNIDENTIFIED WITNESS: I would then have to get
18 and obtain pesos, and to do so I would interview or meet
19 the businessman in Colombia to purchase the pesos.

20 MR. HARMON: And then were the "coqueros" paid
21 in pesos in Colombia?

22 UNIDENTIFIED WITNESS: Yes.

23 MR. HARMON: So then is it correct that the black

1 market money exchange which you operated in Colombia was
2 an integral part of the laundering operation on behalf of
3 the "coqueros"?

4 UNIDENTIFIED WITNESS: Yes.

5 MR. HARMON: Now, there was other money that was
6 brought into the United States that was black market money
7 that you said was deposited either into Miami or New York,
8 and that this was done on behalf of businessmen who had co
9 to you. Did you receive instructions from them on what to
10 do with these funds once they were deposited in the United
11 States?

12 UNIDENTIFIED WITNESS: They gave me instructions
13 to deposit them in certain banks in New York or in Miami
14 in order to take care or pay bills that they had to pay in
15 the United States.

16 MR. HARMON: Now, the chart shows cashier's chec
17 drawn upon the Great American Bank and deposited into the
18 Bank of Miami. It also shows bank drafts drawn upon Deak-
19 Perera and deposited into the Bank of Miami. For what rea
20 was that done, Mr. Witness?

21 UNIDENTIFIED WITNESS: When I deposited funds in
22 Miami to cover commitments that I had acquired in Colombia
23 for the businessmen, I would take the money that I had

1 deposited in New York and would draw it and deposit it in
2 the banks in Miami or the Bank of Miami because when I
3 deposited a check in Miami, it would take five days to clear
4 and not 20 like it would take in New York, and that was the
5 reason and that is why I was bringing sometimes money from
6 New York to Miami.

7 MR. HARMON: Do you, Mr. Witness, consider your-
8 self to be an expert in laundering narcotics money?

9 UNIDENTIFIED WITNESS: Yes.

10 MR. HARMON: Now, let me pose a hypothetical
11 question to you, Mr. Witness, that has nothing to do with
12 you, and let me ask you if you assume that you were an
13 employee of no bank in particular in New York, and that over
14 a period of time someone came to you with \$97 million and
15 said that he was in the foreign exchange business in Panama.

16 UNIDENTIFIED WITNESS: In Panama?

17 MR. HARMON: What would you think of that?

18 UNIDENTIFIED WITNESS: There cannot be foreign
19 exchangers in Panama because their currency is the dollar.
20 Therefore, what that person would be doing is laundering
21 money.

22 MR. HARMON: No further questions, Mr. Chairman.

23 COMMISSIONER SKINNER: Do any members of the

1 Commission have any?

2 Go ahead, Commissioner Rowan.

3 COMMISSIONER ROWAN: You said that you opened some
4 accounts at Deak-Perera, one in a fictitious name and some
5 others in names of other people, not your name.

6 MS. HODGKINSON: Excuse me. Are you asking him
7 what the name was?

8 COMMISSIONER ROWAN: No, no. He said that he op-
9 ed those accounts. Did you open them all on the same day
10 with the same bank officer?

11 UNIDENTIFIED WITNESS: I don't remember exactly
12 if I opened them the same day, but I opened four accounts
13 using the names of my partners that were real names, and
14 the other one was in a fictitious name.

15 COMMISSIONER ROWAN: You said the bank or Deak-
16 Perera knew that you were using a fictitious name. Explain
17 that to us.

18 UNIDENTIFIED WITNESS: Yes, they knew my real name.

19 COMMISSIONER ROWAN: What explanation did you give
20 them for using a fictitious name and the names of your
21 partners to open all of the accounts?

22 UNIDENTIFIED WITNESS: I just asked them for the
23 service and they provided it.

1 COMMISSIONER ROWAN: They didn't ask you why. They
2 didn't ask you to explain to them anything?

3 UNIDENTIFIED WITNESS: I just explained to them
4 that I needed to open the account in a fictitious name in
5 order to operate in Colombia.

6 COMMISSIONER ROWAN: When did you open these
7 accounts, what year?

8 MR. HARMON: Excuse me just a minute.

9 (Pause in proceedings.)

10 COMMISSIONER ROWAN: I will withdraw the question
11 for a moment. I understand we're going to have an IRS
12 agent who can give us some dates and times.

13 You also said that when you brought all of that
14 money through Customs, the Customs agents were frightened.
15 Explain that to me.

16 UNIDENTIFIED WITNESS: Well, it's normal when one
17 sees so much money in cash to get frightened.

18 COMMISSIONER ROWAN: Did they ask --

19 UNIDENTIFIED WITNESS: So -- so much so that they
20 would offer me police escort or protection to take it
21 directly from the airport to the bank.

22 (Laughter.)

23 COMMISSIONER ROWAN: Very helpful.

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Okay. I have no further questions. Thank you.

COMMISSIONER SKINNER: Yes, Chief Brewer.

COMMISSIONER BREWER: Mr. Witness, why did you select Deak-Perera and the Great American Bank to handle your deposits?

UNIDENTIFIED WITNESS: Let's separate both banks. Deak-Perera, a good client recommended Deak-Perera to me, and that I could open accounts there, that is, Deak-Perera, and that they would open accounts for me in fictitious name and also receive my cash, and without giving me any problem.

The Great American Bank was also recommended to me, and that there I could also open an account and deposit cash without any problems.

COMMISSIONER SKINNER: Any other questions?

(No response.)

COMMISSIONER SKINNER: If not, the witness will be excused.

MR. HARMON: May I, Mr. Chairman --

COMMISSIONER SKINNER: Oh, yes.

MR. HARMON: -- just ask one other question, sir? Are you prepared, Mr. Witness, to identify those "coqueros" who brought narcotics dollars to you?

UNIDENTIFIED WITNESS: No.

1 MR. HARMON: Why is that?

2 UNIDENTIFIED WITNESS: Because I have to protect
3 my family and myself. My family still lives in Bogota,
4 Colombia, and to avoid that they be killed.

5 MR. HARMON: With your permission, Mr. Chairman,
6 I'll excuse the witness.

7 COMMISSIONER SKINNER: Just a minute.

8 MR. HARMON: Excuse me.

9 COMMISSIONER SCLAFANI: Yes, just a question, Mr.
10 Witness. You mentioned counting machines. How many did
11 you use in your operation?

12 UNIDENTIFIED WITNESS: I don't recall exactly,
13 but because these machines sometimes would break down, we
14 had two or three in each office.

15 COMMISSIONER SCLAFANI: And how many offices did
16 you have?

17 UNIDENTIFIED WITNESS: Two, one in Miami and one
18 in New York.

19 COMMISSIONER SCLAFANI: And where did you buy the
20 machines?

21 UNIDENTIFIED WITNESS: I bought them from a sales
22 representative who would bring them from San Francisco.

23 COMMISSIONER SCLAFANI: What company?

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UNIDENTIFIED WITNESS: I don't recall.

COMMISSIONER SKINNER: The witness is excused.

MR. HARMON: Mr. Chairman, I'd like to call the final witness on behalf of the Commission.

COMMISSIONER SKINNER: Go ahead.

MR. HARMON: Would Martin Molod please come forward?

COMMISSIONER SKINNER: Mr. Methvin, while this witness is getting situated, I believe you had a statement which you wanted to make into the record, pursuant to our last hearing. Why don't you go ahead and do that at this time.

COMMISSIONER METHVIN: Thank you, Mr. Chairman.

At our last hearing on Vietnamese street gangs, we heard from the widow of a newspaper editor who was murdered. We heard from another newspaper editor who had ceased publication, and we asked that our transcript be sent to the Justice Department to see if the Civil Rights Act, Title 18, Section 241 criminal statute had been violated. We did find out that the Civil Rights Division and the Federal Bureau of Investigation had entered that case. The Justice Department is studying the transcript to see what further can be done.

I would just like to make the comment that when

1 a reporter by the name of Don Bolles was killed by a
2 racketeer down in Arizona, the press descended upon Arizona.
3 Investigative reporters went in there in force, and I was
4 struck by the disparity of attention given to the murder
5 of this Vietnamese editor who had tried to expose extortion
6 in his own community, and I want to keep this case very much
7 in the public eye, before my colleagues of the press, until
8 we can assure that the First Amendment applies just as well
9 to the Vietnamese press as it does to the rest of us.

10 COMMISSIONER SKINNER: It would make a good article
11 for the Reader's Digest, I might add.

12 COMMISSIONER METHVIN: We're working on that, Mr.
13 Chairman.

14 MR. HARMON: Okay. Would you please rise, sir,
15 and raise your right hand?

16 Mr. Marshal, would you swear the witness?
17 Whereupon,

18 MARTIN MCLOD .
19 was called as a witness and, having been first duly sworn,
20 was examined and testified as follows:

21 MR. HARMON: Would you please state your name for
22 the record?

23 MR. MCLOD: Martin Molod.

1 MR. HARMON: What's your present position, sir?

2 MR. MOLOD: I'm an Internal Revenue agent.

3 MR. HARMON: And how long --

4 COMMISSIONER SKINNER: Move closer to the microphone
5 sir, so that everybody can hear you. Those mikes have to
6 be pretty close to you for you to transmit.

7 MR. HARMON: For how long have you worked with
8 the Internal Revenue Service?

9 MR. MOLOD: Since 1957.

10 MR. HARMON: And are you a Revenue agent?

11 MR. MOLOD: I am.

12 MR. HARMON: Generally, what's been the nature
13 of your experience during the course of that time?

14 MR. MOLOD: I've been conducting excise tax
15 examinations.

16 MR. HARMON: And have you, as part of your respon-
17 sibilities, been asked from time to time to conduct audits
18 of various financial institutions to see whether or not they
19 are in compliance with the Bank Secrecy Act, which requires
20 reporting of cash transactions of \$10,000 or over?

21 MR. MOLOD: I have.

22 MR. HARMON: Now, were you asked at one point,
23 Agent Molod, by the Under Secretary of the Treasury to

1 conduct an audit of Deak-Perera in New York covering a cer-
2 tain period of time?

3 MR. MOLOD I did. I was.

4 MR. HARMON: Did you go in there cold?

5 MR. MOLOD: I did.

6 MR. HARMON: You now know the identify of the person
7 who last testified, do you not, sir?

8 MR. MOLOD: I do.

9 MR. HARMON: You had no advanced information before
10 going in there?

11 MR. MOLOD: I did not.

12 MR. HARMON: Did something cause you to zero in
13 on the accounts which this past witness has just described
14 in general?

15 MR. MOLOD: The first time I saw this account
16 opened, there was one account, and the sequence of deposits
17 were brought -- receipts of deposits was something that I
18 zeroed in on, the fact that it was U.S. currency, and the
19 deposits were all under \$10,000.

20 MR. HARMON: Was there anything else that you later
21 discovered subsequent to the opening of one account?

22 MR. MOLOD: I found out after several months that
23 four other accounts had been opened. Deposits were made

1 each day to each one of them. The sequence of deposits,
2 for example, would be on Monday, deposits in each one just
3 under 10,000; Tuesday, the same thing; Wednesday, the same
4 thing; Thursday, the same thing; Friday, the same thing.

5 MR. HARMON: And approximately how many of these
6 deposits were there; that is, deposits between 9 and
7 \$10,000 in these several accounts?

8 MR. MOLOD: Over 340.

9 MR. HARMON: Totaling approximately how much, or
10 have you made that computation, Agent Molod?

11 MR. MOLOD: I think they were over \$3 million.

12 MR. HARMON: Now, was there another pattern of
13 deposit, other than deposits into this single account
14 followed by deposits just under \$10,000 in these five accounts
15 Was there still another pattern of deposits?

16 MR. MOLOD: This developed towards the end of my
17 audit period when I found that deposits well over \$10,000
18 were made to one account of the five, and the sequence also
19 of these deposits was something that I zeroed in on.

20 MR. HARMON: Now, having seen these series of
21 deposits in the patterns which you've described, did that
22 cause you to suspect anything, sir?

23 MR. MOLOD: It did.

1 MR. HARMON: Well, what did it cause you to
2 suspect?

3 MR. MOLOD: The very fact that the deposits were
4 made and the sequence, meaning, as I indicated before,
5 Monday, Tuesday, Wednesday, Thursday, Friday, and possibly
6 a couple of days later, start all over again, it was very
7 difficult for me to see how a Colombia entity could deposit
8 this particular money every day. What came to my mind was:
9 did he go back and forth every day? Was this a commuter?
10 It sounded incredible to me.

11 It seemed to me that the money was acquired within
12 the United States.

13 MR. HARMON: In what way, to your thinking at the
14 time, as a possibility?

15 MR. MOLOD: The possibility was the following:
16 I felt that the money was acquired within the United States,
17 and that is the series of five accounts and possibly the
18 other, and the possibility of it being drug money also
19 entered into my mind. With that in my mind, I found out
20 later in the course of my examination that Deak-Perera
21 charged a counting fee for deposits of over 10,000 in small
22 bills.

23 MR. HARMON: Excuse me for one second, Agent

1 Molod. if I could. If I could ask you to just summarize
2 the results of your audit, did you examine this series of
3 accounts covering a 13-month period of time?

4 MR. MOLOD: I did.

5 MR. HARMON: And approximately how much money was
6 put through those several accounts during only the 13 months
7 which you took a look at?

8 MR. MOLOD: Over eight million.

9 MR. HARMON: Now, on another occasion, Agent
10 Molod, talking about something perhaps totally separate,
11 were you again asked to go in to Deak-Perera cold, so to
12 speak, without any advance notice of what it was by way
13 of name or otherwise, as to what it was you were to look
14 for?

15 MR. MOLOD: Yes, I was.

16 MR. HARMON: And was that because you had been
17 advised by Deak-Perera employees that they had changed poli-
18 cies which would prevent future currency transaction viola-
19 tions?

20 MR. MOLOD: That's correct.

21 MR. HARMON: Well, going in cold the second time,
22 did something that you saw cause you to zero in on an
23 entirely separate money laundering scheme?

1 MR. MOLOD: It was.

2 MR. HARMON: Well, could you describe what the
3 indications were that caught your eye, Agent Molod?

4 MR. MOLOD: Again, the sequence of deposits, for
5 example, deposits would be made on a Thursday, a Friday and
6 a Monday. The enormous amounts of currency only in U.S.
7 denominations, the fact that no other foreign currency was
8 involved with deposits from this account, these things caused
9 me to look into it and to go further.

10 MR. HARMON: How about the weights of the money,
11 the physical weight of the money brought in during the course
12 of these deposits?

13 MR. MOLOD: As I've indicated, Mr. Harmon, when
14 I decided to go further, I decided to look into the denomina-
15 tions of the currency, and I found that over 85 percent were
16 in small bills. The other 15 percent were in \$100 bills.

17 With that in mind, also I decided to take a third
18 step, and that is to add up the number of bills deposited
19 each day in tens, fives, even singles, 20s, 50s and 100s,
20 and with that in mind, I found out that in the initial five
21 days of my audit period there were deposits ranging in weight
22 from 20 pounds to well over 200 pounds each day.

23 MR. HARMON: And of course -- excuse me. Go ahead,

1 sir.

2 MR. MALOD: Two hundred pounds, 130 pounds, 70
3 pounds, enormous amounts of weight of currency. So I
4 delved into various factors to understand how a foreign
5 entity could come into a financial institution in the United
6 States on a Thursday, on a Friday, on a Monday, with enormous
7 sums running into millions and accept it.

8 MR. HARMON: And of course, you later found out,
9 did you not, Agent Molod, that on the second occasion that
10 you went into Deak-Perera cold, what you had uncovered was
11 the Orozco money laundering operation, which had laundered
12 \$97 million through Deak-Perera?

13 MR. MOLOD: I made a schedule for three months
14 of every deposit, the number of the amounts in fives, the
15 amounts in tens, the amounts in singles, the amounts in 20s,
16 the amounts in 50s and the amounts in hundred dollar bills,
17 and I came to the conclusion that it was laundering of funds.

18 MR. HARMON: The laundering of funds?

19 MR. MOLOD: Right.

20 MR. HARMON: No further questions, Mr. Chairman.

21 COMMISSIONER SKINNER: Go ahead. I know
22 Commissioner Rowan has a question.

23 COMMISSIONER ROWAN: You said that Deak-Perera

1 charges accounting fees for handling small bills in amounts
2 over \$10,000.

3 MR. MOLOD: That is correct.

4 MR. HARMON: Is that a standard procedure for
5 financial institutions?

6 MR. MOLOD: I have not encountered that anywhere
7 else. Now, we must keep in mind that Internal Revenue is
8 only charged with the responsibility of enforcing the laws
9 with an exceedingly minute portion of financial institutions.

10 COMMISSIONER ROWAN: But you've never found that
11 policy before?

12 MR. MOLOD: No.

13 COMMISSIONER ROWAN: In effect, by charging a fee
14 for handling monies above \$10,000, they're encouraging the
15 depositors to deposit money below \$10,000, thereby obviating
16 the need to report that to the government; isn't that
17 correct?

18 MR. MOLOD: It happened in this case.

19 COMMISSIONER ROWAN: But isn't that the effect
20 of the fee being placed on amounts being deposited?

21 MR. MOLOD: I think that has bearing.

22 COMMISSIONER SKINNER: Any other questions?

23 COMMISSIONER ROWAN: Oh, I'm sorry. I did want

1 to know the approximate time frame. What I am trying to
2 determine, Mr. Deak came here this morning and told us that
3 after he had been advised of the problems that the
4 Government had discovered, he tried to institute some
5 policies in his operation which would let management know
6 that there were questionable deposits being made.

7 Do you have any idea of whether these deposits
8 occurred after Mr. Deak says his policy was changed or before?

9 MR. MOLOD: When I first went in I came across
10 the first money launderer that I explained. Subsequently,
11 we were advised by Deak-Perera that they had changed their
12 method, and they had tightened up on their controls, and
13 I went in for a second investigation, and that is when I
14 encountered Orozco.

15 COMMISSIONER ROWAN: So the controls went into
16 effect before Orozco started making his deposits in the
17 financial institution?

18 MR. MOLOD: Correct.

19 COMMISSIONER ROWAN: Thank you.

20 COMMISSIONER SKINNER: Have you been in recently?

21 MR. MOLOD: No, sir.

22 COMMISSIONER SKINNER: So you don't know what the
23 condition of the procedures are as of the last several months?

1 MR. MOLOD: No, sir.

2 COMMISSIONER SKINNER: How many people like yourself
3 does the Internal Revenue Service have working on CTRs
4 nationwide, if you know?

5 MR. MOLOD: In my group we have ten, and
6 throughout the country I have no idea. I couldn't even ven-
7 ture a guess. Probably running into a hundred or more.

8 COMMISSIONER SKINNER: Has that increased substantially
9 over the last several years, or has that been about the same?

10 MR. MOLOD: If anything, I think it would be less.

11 COMMISSIONER SKINNER: What I'm really getting
12 at is there seems to be since the Bank Secrecy Act and all
13 of the acts and regulations were passed a callous disregard
14 for these regulations by a number of financial institutions.
15 There's been some indication that this was known to some
16 government agencies early and nothing was done about it.
17 I'm trying to determine whether or not this was an enforce-
18 ment problem and it wasn't being brought to their attention,
19 or how the interest of financial institutions is so recent.

20 MR. MOLOD: I think your question has two parts.
21 I will try to address myself to both. In the enforcement
22 of the law, national banks are assigned to the Comptroller
23 of the Currency for enforcement. State banks are assigned

1 to the Federal Reserve. Stock brokers are assigned to the
2 Securities and Exchange Commission. Customs is assigned
3 to those people coming in and out of the country. Internal
4 Revenue is assigned to whatever is left. That's the first
5 answer to your question.

6 (Laughter.)

7 MR. MOLOD: The second answer to your question
8 is the second one. I notified my findings as to the first
9 money launderer to Internal Revenue Income Tax Division for
10 their consideration. I referred it to the Criminal
11 Investigation Division for their consideration. I referred
12 it to the Treasury Department for possible civil penalty,
13 and I referred it to the Customs Service for their considera-
14 tion because he was a foreigner, and the possibility of some
15 of the money coming in the United States or out is within
16 their jurisdiction.

17 COMMISSIONER SKINNER: So, as we usually find in
18 government, there's a duplication of efforts, and there may
19 be no central place to coordinate these types of activities;
20 is that your impression having been in this currency verifi-
21 cation business for a while?

22 MR. MOLOD: All I can do is get my findings, and
23 I don't mean to be rude, I get my findings. I submit them.

1 I do not hear anything that happens. The only thing that
2 happens is what I read in the newspapers.

3 COMMISSIONER SKINNER: You are in the audit division?

4 MR. MOLOD: I am.

5 COMMISSIONER SKINNER: So therefore, just so that
6 Internal Revenue Service doesn't necessarily get criticized,
7 there are some strong regulations and policies concerning
8 communications between civil audit and criminal investi-
9 gation, are there not?

10 MR. MOLOD: There are, and that is that if we in
11 our examinations uncover something that has possible criminal
12 implications, we refer it to our Criminal Investigation
13 Division, and wait for their guidance. I did it in this
14 matter.

15 COMMISSIONER SKINNER: And you eventually got some
16 guidance?

17 MR. MOLOD: Eventually it was taken up with the
18 U. S. Attorney, and I operated under his guidance.

19 COMMISSIONER SKINNER: Just out of curiosity, which
20 agency responded first, if any?

21 MR. MOLOD: Either question, I'm in trouble.

22 COMMISSIONER SKINNER: I don't think you will ever
23 be in trouble. You seem to have a pretty good marshall of

1 the facts. We all should be in that kind of trouble.

2 MR. MOLOD: I work for Internal Revenue.

3 COMMISSIONER SKINNER: All right. I'll withdraw
4 the question.

5 (Laughter.)

6 COMMISSIONER SKINNER: Thank you very much. Your
7 vigilance is noted by the Commission, and it is efforts like
8 yours that not only identify problems but, as you can see,
9 I think Mr. Harmon will agree that as a result of your effort
10 at identification, it may have been a long period of time
11 before the fruits of your work bear fruit, I guess, but they
12 have today. Thank you very much.

13 MR. HARMON: Mr. Chairman, speaking personally
14 from my own personal experience, I have never seen anybody
15 better at this than the agent that sits before the Commission
16 today.

17 MR. MOLOD: Thank you.

18 COMMISSIONER SKINNER: You ought to go out and
19 train some other people, I think.

20 COMMISSIONER SCLAFANI: Maybe you can go to Deak-
21 Perera.

22 COMMISSIONER SKINNER: Mr. Harmon, I think that
23 completes the witnesses for today. Do you have any final

1 statement to make?

2 MR. HARMON: Yes, Mr. Chairman, just very briefly.

3 The Commission has spent three days dealing with
4 the ways in which the Colombian cocaine networks operate
5 from cultivation, through processing, through shipment to
6 the United States, and by way of distribution in this
7 country, as well as the money laundering cycle. It is a
8 mistake to think of the Colombian cocaine networks in iso-
9 lation, and Mr. Chairman, at the direction of the Commission
10 and in working closely with a number of the Commissioners,
11 the Commission has sent out surveys, questionnaires, to 1,000
12 law enforcement agencies around the country, which points
13 out and the early responses are this: that 77 percent of
14 the agencies responding reported cocaine trafficking
15 activity which, on the average, was reported to be a sig-
16 nificant income producer for many elements of organized
17 crime, including La Cosa Nostra, motorcycle gangs, prison
18 gangs, and others.

19 The results varied geographically, but it is clear
20 that cocaine is a national problem, a national law enforce-
21 ment problem that goes beyond the cocaine networks themselves.
22 The ability of the cocaine networks to merchandise their
23 wares through domestic organized crime groups has far-reaching

1 strategic implications which, at the direction of the
2 Commission, the staff has also under study and will report
3 back to the Commission with our preliminary results when
4 they are in.

5 Other than that, Mr. Chairman, that concludes the
6 presentation of witnesses for this series of hearings.

7 COMMISSIONER SKINNER: Let me add in closing that
8 we commend the staff, not only our own internal staff, but
9 the Marshal's Service, and all of those people that have
10 been working on putting one of these hearings together. It
11 is a great deal of work and a great deal of long hours.

12 I know last night I spoke to Commission staff about
13 10:30, and they were still at the offices, and that should
14 be recognized.

15 I also want to, on behalf of the Commission, thank
16 the media, especially those that have stayed to the end.
17 When the President established this Commission, one of the
18 mandates he gave the Commission was to educate the American
19 people on the problems that face the organized criminal
20 activity areas, and cocaine is clearly one of those. The
21 media coverage has been excellent. It has been fair; it
22 has been complete. And I think in doing so, the media is
23 providing a great public service in assisting us carry out

1 the President's mandate.

2 With that, this meeting is adjourned. The next
3 meeting of the Commission will be held in New Orleans to
4 further discuss illegal drug activities in other areas in
5 the latter part of January.

6 The meeting is adjourned.

7 (Whereupon, at 2:01 p.m., the hearing in the above-
8 entitled matter was adjourned.)

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CONCLUSION

The testimony in this record portrays a state of war. This is the only appropriate term for a situation in which large, sophisticated organizations, based abroad but with agents and collaborators within our borders, have launched a massive, well-armed and well-financed invasion of our country by sea and air, resulting in thousands of our citizens being killed or disabled.

Our response to such an assault can be no less than that we would devote to any other foreign invasion. No partial response can possibly succeed, for as the testimony in this record shows, every aspect of our defense depends on all of the other components. Interdiction is at best a random and occasional threat as long as cocaine comes in its current flood, unabated at its source. Source country eradication cannot succeed unless it is comprehensive, long-term, and visibly supported by a national commitment in this country to effective interdiction, enforcement, and education designed to stamp out demand. Education cannot be completely effective unless bolstered by a clear expression of national will to identify, intercept, and incarcerate the criminals who bring the poison of cocaine to our shores and our streets.

In its report to be issued in months to come, the President's Commission on Organized Crime will culminate its study of drugs and those who traffic in them. In that report, we

will present our conclusion and recommendations for pursuing the war on drugs, a war in which there can be no alternative to victory.

APPENDIX

WITNESS STATEMENTS

PHOTOS AND ILLUSTRATIONS

Opening Statement

Statement of Judge Irving R. Kaufman

President's Commission on Organized Crime

Public Hearing

Tuesday, November 27, 1984

Opening Statement

I would like to welcome you to this public hearing of the President's Commission on Organized Crime. In the past month, I presented the Commission's first interim report on money laundering to President Reagan and Attorney General Smith at the White House, and at a public hearing in New York, we examined new types of criminal groups with origins in Asia. A clear picture of the changing nature of organized crime is beginning to emerge from the Commission's investigation.

The traditional notion of organized crime as limited to a few ethnic groups and a few activities such as extortion or racketeering is no longer a valid one. Today, organized criminal enterprises transcend national boundaries. Backed by a sophisticated and intricate multinational financial and logistical network, criminal cartels are able to insinuate themselves into the legitimate economy, where they can flourish and grow. Their methods are brutal and their scope is pervasive.

The principal income-generating activity for organized crime is the production and distribution of illegal drugs. This activity has proved to be so lucrative that the profits from it are literally beyond measure. It has been estimated that drug trafficking is an \$80 billion a year industry, creating a tidal wave of illegally earned dollars that are re-invested into the legitimate economy. This figure represents a sizable drain on the national treasury, and to this sum we must add the incalculable social costs the drug trade has imposed on our nation.

Lured by the deceptively seductive allure of mind-altering substances, millions of Americans--especially the young--have suffered the cruel agonies of addiction and all too often lost their lives so that ruthless gangs of criminals can prosper from the miseries of others. These cynical drug smugglers exploit the most vulnerable members of society--the young, the disillusioned, the discontented--and exact cruel profits from the ravaging of these millions of lives.

In this week's hearing we will expose to the American people the extent of organized crime's involvement in the trafficking of the most profitable illegal drug--cocaine. Only a few years ago, this substance was considered a minor problem whose abuse was limited to the very rich. This week, we will show that cocaine smuggling is actually the locus of a world-wide system of production and distribution. We will explain how cocaine merchants have exploited a false image of glamour in order to create a market for their product that extends to every corner of this country and into every level of society. We will demonstrate both to drug users and those contemplating drug use that their purchases support groups whose capacity for inhuman violence and brutality is unequalled. We will show how users of

caine are helping to finance an international criminal network
terrorism and callous disregard for human life. Finally we
ll explore how law enforcement authorities, legislators, and
e American people can begin to reverse the debilitating flow of
caine that engulfs our society.

I will now ask James Harmon, Executive Director of the
mission staff, to call the first witness.

"THE COCAINE EPIDEMIC IN THE U.S."

Testimony of

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and

Research Director
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to be presented before the President's Commission on Organized
Crime, Washington, D.C., November 27 1984.

INTRODUCTORY REMARKS

I am grateful to the President's Commission for this opportunity to speak publicly about the cocaine epidemic in America: about the devastating consequences of cocaine on the personal health and lives of American citizens; about the destructive impact of cocaine on the very fabric of American society - its cost to industry, its cost to the healthcare system, its erosion of basic American values. I am also here to challenge the popular but entirely false and misleading notion that cocaine is a harmless, nonaddictive drug that can be used "recreationally" without significant dangers. My colleague, Dr. Wetli will show quite convincingly that highly toxic and even fatal reactions to cocaine occur in unsuspecting users. My comments will focus mainly on the debilitating effects of cocaine in otherwise healthy and well-functioning people who hold responsible jobs, have never been addicted to drugs in the past, and find themselves at some point seriously dependent on cocaine: unable to function properly at work, unable to fulfill their family responsibilities, and on the verge of losing everything they have worked for. I will also address the problem of cocaine use among adolescents. These are clearly problems that cannot be ignored and I am encouraged by the Commission's efforts to address these problems in a public forum.

PE OF THE PROBLEM

According to nationwide surveys, an incredible 22 million Americans - one out of every 10 - report that they have used cocaine at least once. Between 5 and 6 million say they use "regularly" - at least once a month. Over 2 million are so dependent on the drug that they cannot stop using it despite serious consequences to their health and functioning. Every year, some 5,000 adults and adolescents try cocaine for the first time. In a one-year period from May 1983 to 1984, over 1,000 men, women, and teenagers have called our 800-COCAINE national toll-free helpline seeking advice and assistance with a cocaine problem. The helpline continues to receive over 1,200 calls per day with no evidence of any tapering off. These statistics make clear that cocaine use is widespread and escalating all across the U.S. It has permeated virtually every geographic area and socioeconomic group. Cocaine is no longer uniquely the drug of the very rich and famous. It is now the drug of choice of middle class America - those who hold responsible jobs - those who perform vital services - those we most rely upon for their judgement, skill, and experience. The fastest growing group of cocaine users is made up of Americans in the 25-40 age group, the "baby-boom" generation who started with marihuana in the 60's or 70's and switched to cocaine in the 80's. Americans consume over 100 metric tons (110,000 pounds) of cocaine believed to enter the country illegally every year, mainly from Columbia, Bolivia,

and Peru. Americans spend over 50 billion dollars for the drug, most of which ends up in the illegal bank accounts of drug lords in Latin America.

The statistics on medical consequences of this cocaine epidemic are staggering. Cocaine-related deaths and emergency-room visits have increased over 200% in just the past two or three years alone. The number of cocaine users seeking treatment for their drug problem has increased over 500%. This figure is based solely on government-funded programs and so does not take into account the many cocaine users who seek private treatment in doctor's offices and programs where such statistics are not recorded. By all indicators, experts in the law enforcement and medical fields believe that the upward trend of cocaine use has not even begun to reach its peak. Many estimate that the prevalence of cocaine use and its serious consequences may continue to increase substantially before it begins to level off or recede.

SOCIETAL IMPACT

In addition to the users themselves, the real victims of the cocaine epidemic are the American people - you and me. We are all victimized when the productivity and efficiency of American business declines because of cocaine use in the workplace. We all pay higher premiums for health insurance because of increasing utilization of medical services by drug abusers. We all pay higher taxes to support government-sponsored drug abuse programs. Cocaine rips at the very core of American family life claiming mothers, fathers, and now even youngsters as its

ctims. Cocaine is increasingly involved in automobile acci-
nts and deaths. The combination of cocaine and alcohol is an
cially dangerous mixture on the road. Violent crime, drug
ling, police corruption, overcrowded courts and jails would
be reduced if cocaine would cease to be the drug of choice
so many millions of Americans. Faith and trust in our entire
of life is undermined by cocaine. This is evidenced by a
t disturbing realization: namely, that among the ranks of
ious cocaine abusers in America are many who we routinely
rust with our health, welfare and even with our survival.
se include physicians, airline pilots, nuclear plant opera-
s, military personnel, railroad switchmen, school bus drivers,
son guards, police officers, and highly skilled factory work-
whether they are involved in the manufacture of pharmaceuti-
products, safety devices, or automobiles. America is paying
eavy price for its love affair with drugs. We are yet to suffer
full consequences of this nightmare - we are just now starting
become aware of how pervasive and destructive the problem
ly is.

COCAINE ADDICTING?

Although cocaine usually does not produce a dramatic with-
al syndrome as with heroin or other physically addictive
s, there is no doubt that some users develop an irresistible
ulsion to use cocaine at higher doses and with increasing
uency even in the face of serious medical and psychological
lems and despite severe disruption of the user's functioning.

In this sense, cocaine is without question a powerfully addictive drug. The fact that cocaine does not ensnare everyone into compulsive use makes it even more insidious and dangerous. Many who try the drug but do not become addicted proclaim the safety and harmlessness of cocaine. But there is no way to predict who among the total pool of cocaine users will eventually become addicts. An "addictive personality" has not been identified. In fact one of the most astonishing aspects of the cocaine problem is that so many mature, stable, well-integrated individuals develop an irresistible craving for the drug. Cocaine-dependent persons will continue to use the drug until their supply of money, drugs, or physical energy is completely exhausted. They will exhibit radical changes in their personality, behavior, and lifestyle. Cocaine-driven persons will relegate all other normal drives and pleasures (e.g., food, sex, sports, hobbies, achievement) to a position of minor importance in their lives and may perform unthinkable acts of deceit, betrayal, and manipulation that are grossly incompatible with their former standards of conduct.

Animal experiments dramatically portray the reinforcing and addictive power of cocaine. When laboratory animals are given intravenous injections of cocaine they will do almost anything to obtain additional injections of the drug. Animals will work harder and more persistently for cocaine than for any other drug, including heroin. They will choose to press a bar that gives higher doses of cocaine together with a painful electric shock in preference to one that offers lower doses without the shock. Hungry animals will preferentially bar press

or cocaine rather than for food. If given unlimited access to cocaine, monkeys will bar press until exhausted or unconscious from a drug-induced brain seizure. Many of these animals die from self-inflicted cocaine overdose but if the animal survives it will return immediately, if given the chance, to the task of acquiring more cocaine. Male monkeys will continue to work for cocaine even in the presence of a receptive female in their cage. In one experiment monkeys continued to work feverishly at pressing a bar even though it took nearly 13,000 presses to obtain a single dose of the drug.

Although cocaine gives the user a rapid and powerful euphoria, the feeling disappears within only a few minutes. This is followed immediately by an unpleasant rebound reaction, called the cocaine "crash", which is characterized by feelings of depression, irritability, and nervousness. Both the "high" and the "crash" drive the user to seek more cocaine. Moreover, the "crash" tends to promote the abuse of other drugs. Many cocaine abusers become heavy drinkers or become addicted to sleeping pills, tranquilizers, or even heroin in the process of trying to relieve the negative aftereffects of cocaine. Chronic cocaine use will induce tolerance. The drug will no longer be able to produce the much-desired euphoria and only the dysphoric, unpleasant effects dominate. This phenomenon leads to escalating use in a futile attempt to recapture the highly desirable but elusive and transitory cocaine "high".

Is cocaine addictive? The answer is an unequivocal "YES".

THE 800-COCAINE HELPLINE

On May 6, 1983 we established the 800-COCAINE toll-free National Helpline at Fair Oaks Hospital in Summit, New Jersey.

In its first 18 months of existence, the helpline has received over 750,000 calls from virtually every state in the U.S. The regular volume of calls continues to exceed 1,200 per day. We have conducted several surveys of helpline callers to obtain a descriptive profile of cocaine users in the U.S. and to evaluate drug-related effects on health and functioning. In each of these surveys, a random sample of callers were asked to participate in a 20-30 minute anonymous telephone interview to obtain the research data. The results of two surveys are summarized below. The first is a survey of adult cocaine users, the second is a survey of adolescents.

ADULT USERS

The results summarized below are based on a random sample of 500 adult cocaine users who called the 800-COCAINE helpline in May through June 1983.

Origin of Calls

New York/New Jersey	37%
California	17%
Florida	12%
34 other states	34%

Cocaine Use

Intranasal	61%
Freebase	21%
Intravenous	18%
Grams/week	6.5
Cost/week	\$637
History of use	4.9 years
Other drug use	68%

Profile of Users

Male	67%
Female	33%
White	85%
Black/Hispanic	15%
Average age	30 years
Average education	14.1 years
Annual income:	
under \$25,000	60%
\$25,000+	40%

Addiction/Dependency

Feel addicted	61%
Can't limit use	73%
Can't refuse cocaine	83%
Can't stop for 1 month	67%

<u>Medical and Psychiatric Consequences</u>		<u>Social Consequences</u>	
Sleep problems	82%	Dealing drugs	39%
Chronic fatigue	76%	Stealing from work, family, friends	29%
Severe headaches	60%	In debt	42%
Nasal sores, bleeding	58%	Absent from work	40%
Depression	83%	Reduced productivity	40%
Irritability	82%	Family/marital problems	66%
Memory problems	57%	Fired from job	25%
Loss of sex drive	53%	Loss of friends	51%
Brain seizures	14%	Violent behavior	66%
Attempted suicide	9%	Arrested for dealing or possession	12%
		Auto accident	11%

These survey results demonstrate quite clearly that cocaine poses substantial risks and dangers particularly to the unsuspecting, poorly-informed user. Cocaine is not "nose candy". It is a powerfully addictive drug with the ability to ruin its victims. Our findings also show that severe cocaine abuse is rampant among white middle-class employed men and women who have become trapped in a vicious cycle of escalating drug use. Most of these people had never stolen a penny, but due to involvement with cocaine had become thieves and drug dealers. Previously healthy, well-functioning people were now suffering a wide range of physical, psychological, and social problems as a result of using cocaine.

This survey provides a very disconcerting portrait of cocaine users in deep trouble. These men and women are your friends, neighbors, husbands, wives, or your clean-cut upwardly mobile children. For all of them, the description of cocaine as a "recreational" or "social" drug is deceiving. Recreation does not usually take over and ruin one's life. The despairing loneliness and depression of the cocaine abuser challenges the image of cocaine as a "social" drug. The cocaine abusers feel themselves to be ill, attribute their

illness to cocaine, and yet are either unable or simply unwilling to stop. While many deny that they are addicts, their descriptions of themselves fit the classic profile of the addict. Their lives are out of control.

It is generally believed that people who use cocaine by snorting do not become addicted or suffer other serious consequences. The results of our survey challenge this view. The intranasal users displayed compulsive use patterns and experienced many of the serious physical, psychological, and social problems. The bottom line is that for most people there is no safe way to use cocaine. Use of cocaine promotes further use of cocaine. The best and safest response to offers of a snort, even from close friends or associates, is "NO THANKS".

ADOLESCENT USERS

We all had hoped and assumed that the high price of cocaine would prevent the spread of this problem to adolescents. However, with increased availability of the drug, increased purity, and markedly reduced prices, cocaine use has indeed become more widespread among teenagers. The price of cocaine has fallen by at least 50% in the past year: a gram of cocaine, at \$60-70 on the illegal market, is now cheaper than an ounce of marijuana. Meanwhile, the purity has increased from 28% in 1982 to over 40% in 1983. Cocaine use among high school seniors in the U.S. increased from 6% in 1976 to over 20% in 1982.

The survey results summarized below are based on a random sampling of 100 adolescent cocaine users who called our 800-COCAINE helpline in January through June 1984.

ADOLESCENT SURVEY
N=100

PROFILE	
Sex	65%
Race	83%
Average Age	16.2 years
Average Education	11.4 years
Rank in top 50% of class	66%
Parents earn over \$25,000 per year	38%
Parents use drugs	41%

OTHER DRUG USE	
Alcohol	85%
Marijuana	92%
Tranquilizers	64%
Sleeping Pills	53%
Heroin	4%

SCHOOL PROBLEMS DUE TO COCAINE USE	
Miss days of school	75%
Poorer school performance	69%
Quit classes to get high	58%
Get high instead of studying	57%
Disciplinary problems in school	48%
Expelled from school	31%
Less focused on career goals	88%

MEDICAL AND PSYCHIATRIC PROBLEMS	
Insomnia	98%
Fatigue	98%
Depression	94%
Irritability	92%
Nasal/Sinus Problems	80%
Severe Headaches	82%
Excessive Weight Loss	59%
Loss of Sex Drive	70%
Memory Problems	61%
Difficulty Concentrating	66%
Attempted Suicide	14%
Seizures	19%

COCAINE USE	
Intranasal	88%
Freebase	10%
Intravenous	2%
Started with Intranasal	100%
Average Grams per week	1.4 grams
Average Cost per week	\$95
Time Since First Use	1.5 years

ADDICTION/DEPENDENCY	
Feel Addicted	78%
Unable to refuse cocaine	83%
Craving and Compulsion	80%
Unable to stop for 1 month	76%
Prefer Cocaine to food, sex, family, friends, recreation	73%

SOCIAL PROBLEMS DUE TO COCAINE USE	
Deal drugs to support use	44%
Steal from family, friends, job	31%
In debt	52%
Arrested for sale or possession	9%
Auto accident on cocaine	13%
Drive while high	29%
Use lunch money or carfare to buy drugs	62%
Loss of straight friends	91%
Most friends are users	58%
Fired from part-time job	27%
Break-up of love relationship	39%
Less active in sports/exercise	81%
Avoids family involvement	73%
Fighting and violent arguments	27%

As you can see, the average caller in this survey was a white 16-year-old high school student who was doing fairly well in school before getting involved with cocaine. They had all started with an occasional "snort" of cocaine on the weekend, at a party or at a friend's home. By the time they called the helpline, an average of one and a half years after first trying the drug, they were using an average of \$95 worth of cocaine per week in addition to using marijuana, pills, or alcohol to come down from the cocaine. They were getting money for drugs by diverting allowance from parents, salary from a part-time job, or by dealing drugs and stealing from their family or friends. Their school performance had dropped significantly. Disciplinary problems in school were common. Extreme changes in behavior, personality, and attitude were also noticed. Their interest in sports and in achieving career goals had all but disappeared. The severe depression from chronic cocaine use caused many of them to stay in bed all day and miss school. In some cases it resulted in attempted suicide. They routinely avoided contact with family members and straight friends. When higher doses of cocaine were taken to intensify the effects, brain seizures and loss of consciousness were induced by the drug. Automobile accidents with serious injury and property damage were also occurring as a result of driving under the influence of cocaine or the combination of cocaine and alcohol.

Our survey findings show without a doubt that adolescents can become intensive cocaine users and suffer serious drug-related consequences. In adolescents the addiction to cocaine seems to develop much more rapidly than in adult users and there is a greater

frequency of serious drug-induced problems such as brain seizures, automobile accidents, suicide attempts, and violent behavior. Cocaine use is especially devastating in adolescents because of immaturity, peer pressure, and the powerful reinforcing effects of the drug. Adolescents are less able than adults to hide or compensate for the disruptive effects of chronic drug use. Chronic drug use during the adolescent years can thwart the maturational process. Drug-using youngsters fail to complete their emotional growth and development. They simply do not acquire the coping skills that are needed to become successful adults. Prevention of drug use in youngsters and efforts to stop early experimentation are of paramount importance. We cannot afford to lose any of our children to cocaine or any other drug.

CHANGING PATTERNS OF COCAINE USE IN AMERICA 1983 VS. 1984

By comparing several surveys of 800-COCAINE helpline callers over the past 18 months, we have been able to identify shifts in patterns of cocaine use in the U.S. as these trends have started to emerge.

The major shifts we have noted are as follows:

1) The cocaine epidemic has spread to small towns and rural areas across the U.S. In addition to major metropolitan and urban areas, we are receiving an increasing volume of calls from geographic areas thought to be relatively free of serious cocaine problems. These areas include small towns in areas of the deep south (e.g., Alabama, Mississippi, Louisiana), midwest (e.g., Minnesota, North Dakota, Michigan), far west (Montana, Oregon, Utah),

and New England (e.g., Maine, New Hampshire, Vermont). It appears that cocaine is now available just about everywhere in the U.S.

(2) Heavier and more frequent use of cocaine is becoming more common. More users are switching to freebasing and more of them are abusing alcohol or other drugs (including heroin) to offset the negative aftereffects of heavy cocaine use. The increasing popularity of freebase smoking is an issue of special concern because this method of using cocaine not only increases the intensity of the cocaine compulsion but is also more likely to result in severe addiction, overdose reactions, and death.

(3) More women are using cocaine. In 1983, women represented approximately one-third of all callers to the 800-COCAINE helpline. In 1984, the proportion of women callers is about 45%. Women now have more money to spend on drugs, are more exposed to drugs through the workplace, and are often introduced to cocaine by men. In some circles, it appears that "gifts" of cocaine have replaced candy and flowers in the courtship ritual.

(4) Cocaine use has spread to lower socioeconomic groups. An increasing number of helpline callers say they earn less than \$15,000 per year but use over \$500 worth of cocaine every week. The cocaine compulsion has led many in lower income groups to become drug dealers and commit other crimes to obtain drugs. Lower prices of cocaine have also contributed to increased use of the drug among lower income groups.

(5) Cocaine use has increased among adolescents. We have been receiving an increasing volume of calls from adolescents, especially since the price of cocaine plummeted about six months ago. The horrors of adolescent cocaine abuse were outlined before so require no further

descriptions at this point.

(6) Cocaine is involved in more automobile accidents. In 1983, approximately 10% of helpline callers said they had experienced at least one cocaine-related automobile accident. In 1984 that figure has jumped to over 15%. Sometimes the combination of cocaine and alcohol is responsible for the problem. When someone is high on cocaine they do not feel the intoxicating effects of alcohol, so they get behind the wheel of a car feeling sober enough to drive. Within 15-20 minutes the cocaine wears off and the driver falls into a drunken stupor. Testing for the presence of drugs is usually not done when someone is stopped for drunken driving - so the involvement of cocaine is usually not detected.

TREATMENT

Despite the rather gloomy picture I have presented thus far, there is still hope. Fortunately, cocaine abuse is a treatable problem. In fact, success rates in our programs at Regent and Fair Oaks Hospitals are unusually high. Over 80% of those who complete our outpatient cocaine abuse treatment program are still free of their cocaine habit at up to one year follow up. The prognosis is especially good for the middle-class employed cocaine abuser who has a history of good functioning before cocaine and still has a good job to return to. Successful treatment requires that the patient stop using not only cocaine but all other mood-altering drugs including alcohol, that the treatment last for at least six months to one year, and that the patient participates in a peer recovery group as well as in individual counseling or therapy.

The real hope lies in prevention of drug abuse before it starts. This involves public education of children and adults, training of professionals in how to diagnosis and treat substance abuse problems, and a global change in attitude about drug use in America. We do not have to accept the legacy of the sixties that "recreational" drug use is acceptable, harmless, and a matter of personal choice. Every citizen has a responsibility to NOT use drugs. Drug use by one person invariably affects the lives of others. It should be recognized that drug abuse is a contagious disease. Drug use by parents promotes drug use in children. Drug use by one friend promotes drug use by other friends, and so on... Our choice is clear: should we continue to view drug use a personal right and freedom, or, should we take a firm stand on this issue and state without hesitation or ambiguity that our goal for this society is to be drug-free?

RECOMMENDATIONS

1. PUBLIC EDUCATION. Because misconceptions about the safety and pleasures of cocaine tend to foster more widespread abuse, accurate information about the potential dangers and health consequences must be made known to the public. This hearing represents one such attempt at informing the American people of the truth about cocaine.
2. EDUCATION OF HEALTH PROFESSIONALS. Specific training in the diagnosis, treatment, and prevention of substance abuse problems should be a standard feature of training for physicians, psychiatrists, psychologists, or other health professionals.

. HIGHER PENALTIES FOR COCAINE DISTRIBUTION. This can act as a deterrent to commercial activity by offsetting the incentive of higher profits. Also, higher penalties and enforcement pressures on cocaine offenses can help keep the price up so as to defer use by youngsters.

. MANDATORY URINE OR BLOOD TESTS FOR INTOXICATED DRIVERS. Cocaine and other drug use as contributors to auto accidents are virtually ignored. Persons stopped for driving while intoxicated should be routinely checked for the presence of these substances. Police officers should be taught how to recognize the signs of cocaine and other drug intoxication.

. GREATER EFFORTS TO PREVENT COCAINE FROM ENTERING THE U.S. An enormous quantity of cocaine reliably enters the U.S. borders from Central and South America. It is clear that increased availability of cocaine contributes to more widespread and intensified use. Stronger interceptive efforts and binding agreements with cocaine-exporting countries (with appropriate penalties for lack of cooperation) can only serve to reduce the supply and make the cost of the drug more prohibitive to potential users.

STATEMENT OF KARYN RICHWEIN

r. Chairman and Members of the Commission:

My name is Karyn Richwein. I am currently 20 years old and have been drug free for two years thanks to my family and a program named Straight Incorporated. I presently live with my father, an engineer, and mother, a nurse, and three sisters in Glenwood, Maryland.

My drug problem started at the age of 12 when I tried pot out of curiosity. By the time I had entered high school, I had done alcohol, pot, speed, acid--you name it, I had experimented with it. I thought that if you did drugs, you were cool. I did whatever I could get. One morning during my freshman year, I was at my girlfriend's house where I discovered a bottle of prescription medicine, which I later learned was Demerol, a potent painkiller. I was completely ignorant of what the pills were. I took a bunch of them anyway. Later that morning in school, I overdosed and was taken to my parents' home.

After the overdose, my movements were closely monitored and were much restricted for the summer by my parents. However, every night I'd wait until everybody was asleep, and then sneak out through my bedroom window. I'd go joyriding with friends, usually from the neighborhood, in cars we'd borrow from our families

or neighbors. We usually did drugs--a hit of speed, a tab of acid, angel dust, a couple of joints, uppers or downers. Sometimes I'd go out alone. This continued until one night I was detained by the police, and my parents had to pick me up at the police station.

Even though I ran around with this group at school, I felt lonely. When I overdosed in the spring, not one person came to see me, and I felt bad about that. I turned my younger sister Sandi on to drugs when she was about thirteen, partly to keep her from snitching, but mainly because she always wanted to do what I did. She looked up to me.

I really felt awful when I hurt my family - particularly my mother - because of my drug problem. But no matter how hard I tried to be good, I ended up making a mess of things. I'd work real hard at school and at the end of the term, I couldn't even pass gym. My parents decided that Sandi and I would transfer to Catholic school and repeat our school year because our marks were so bad. They thought that it would get us away from the bad elements, but I was the bad element. That's how I thought of myself.

Counseling didn't help. In my first visit to a drug counselor, she confided that she had used drugs and we talked about how cool it was.

One day when I was 16, Sandi and I were at a party when a guy I had never met before pulled out some cocaine and a needle and started to shoot up. I asked him if he could do that to me. He said, "sure", and shot me up. It was the most incredible high I had ever felt in my life.

The rest of the time I used drugs - about a year and a half - was devoted to trying to have that high again. I could not afford cocaine, but I would attempt anything that might give me the cocaine feeling again. I started shooting up in search of that same incredible feeling. In one instance, I injected a prescription - I don't know what it was - which I flushed on the floor of a public bathroom. I needed water to mix with, and the only available water was in the toilet. It went into my arm. In another effort, I found a dirty hypo, stuck it in my arm, withdrew blood, and then shot it back again.

In still other attempts to recreate the high, I would stick my arm with safety pins just to get the feeling of a needle penetrating my skin. I stole money from my family and friends to support my drug needs. I wore long-sleeved blouses, but I never worried about people finding out.

The only reason I am here today, drug free and in control of my life, is because my parents cared enough to put me into an effective rehabilitation program. They did that the very week I was trying to score my first taste of heroin. I believed this saved my life.

STATEMENT OF SETH WITONSKI

Mr. Chairman and Members of the Commission:

My name is Seth Witonski, I am 17 years old and a resident of Philadelphia, Pennsylvania. I am currently participating in a drug rehabilitation program named Straight Incorporated and have been drug free for 504 days.

I started with drugs at the age of 12 when I stole \$100 from my parents for pot. By the time I was 12 1/2, I was taking pot, alcohol, hash, uppers and downers. At this age, I also tried cocaine for the first time and continued taking it at least once every three weeks. My cocaine use gradually increased depending on its availability and my financial situation, to once a day for a period of a week then I would go without it until I was again able to obtain it.

Cocaine was my drug of preference, however, when I was not able to get it I would get high on what ever was available. By the time I was 14 years old, I was using pot alcohol, hash oil, LSD, mushrooms, mescaline and any prescription drugs I could locate.

Cocaine was abundant to school and was sold to me by high schoolers who came to the elementary school. Peer pressure to get high was great and as a result all my friends from the ages of 11 through 19 were taking cocaine. I switched schools 5 separate times in one year and to receive a "D" in any subject

was an effort and an achievement. However, no matter how many times I changed schools, the drug problem continued to exist. In fact, in one of the schools I attended, the teachers themselves did "coke" in school.

As a result of my cocaine abuse I was experiencing daily nose bleeds, insomnia and hallucinations. In order to support my habit I stole from my parents including silver valued at \$10,000 which I resold for approximately \$2,000.

For five months prior to entering Straight Inc., I maintained a \$400 dollar a week habit taking coke 3 times a day, six days a week. My mother was aware of my problem for I continuously threaten to kill her with knives. She was a prisoner in her own home.

Statement of Gus Savalas

Mr. Chairman and Members of the Commission

My name is Gus Savalas and I am currently 52 years old. Eighteen months ago I was a very successful businessman, financially solvent and well respected in my community. I was also a cocaine user who refused to admit or believe I had a problem.

I first started experimenting with drugs when I was 18 years old. It was the usual beginning, marijuana, some pills, both usually in conjunction with alcohol. At the time it was strictly a social thing to do, and I honestly felt I could take it or leave it.

In later years I began to progress in my drug experimentation. In the early 1960's, I started using cocaine for the first time. I can still remember that it was about \$40.00 per gram and of a lot better quality than it is today. I was working in the music business then, and I felt that cocaine was the "in thing" and definitely a way of life. By the mid 1970's, I had spent a great deal of time promoting records and socializing with various rock groups, disc jockeys and record company personnel. Cocaine at that time was a motivator and a necessary tool in doing business. If you wanted a disc jockey to play your record, a gram or two of coke at the right time was definitely an asset. If you needed a rock group's cooperation, there was no better way to get it than with cocaine. I understand that today cocaine is even more of a factor in the music business.

In 1975, I became involved with some people in the manufacturing and distribution of P.C.P. I was arrested for same, convicted and subsequently sentenced in 1977 to two years in the federal prison system. Within 3-4 months after my release in 1979, I began to get socially involved with drugs again, predominately cocaine. I remember telling myself that I wasn't dependent on it, didn't have to have it, that it was only a social thing to do. I was now working in the garment district of Los Angeles, promoting and distributing various lines of clothing. Again I found that "socializing" was an intricate part of the garment industry. So was cocaine. It always seemed to me to be readily available in unlimited quantities.

Between 1981 and 1983, I found that the quantity of cocaine that I was consuming began to rise. During this period I was financially secure, had money in the Bank, single and of course socializing on just about a regular basis. I found that I was now using 3-4 grams of cocaine a month and starting to rationalize with myself that I wasn't dependent on it but rather needed it to be social because everyone else was using it. I also began to really enjoy the "high."

In February, 1984, Cocaine took control of me and completely altered my life. One night, two friends and mine came over to my house and introduced me to a new method of using cocaine called "freebasing". It was by far the best "high" I had ever attained.

I felt sexually invigorated and completely in control with myself. But I also remember telling myself to stop, to quit now, because this "high" is just to damn good.

Three nights later I wanted to attain that incredible "high" again. I went out and purchased the necessary "freebasing" paraphernalia, learned how to use it and then bought another gram of coke. This time there were only two people present, a girlfriend and myself. That night I believe I finally admitted to myself that I was dependent on cocaine and getting hooked both physically and physiologically.

By June 1984, my cocaine consumption had made me impotent. Since I no longer needed a female companion to get high with, I started "freebasing" by myself. I found that I was on the Pipe 3-4 times per week. I never slept, had no appetite or desire to eat, and became on edge and wirey. I also became very paranoid and could only focus on cocaine and that pipe. I had to have it. No longer was I debating with myself whether or not I was a habitual user. I needed cocaine.

By later August, 1984, I was "freebasing" on about a daily basis. Sometime I would go three days in a row without stopping. No food, no sleep. I remember one Sunday night in early September, 1984, buying 1 ounce of cocaine and spending approximately \$1,400. By the following Tuesday night I had "freebased" it all by myself.

By the first of October, 1984 I had virtually depleted all of my financial resources and was now living from hand to mouth. I was borrowing heavily on my credit cards to buy cocaine. My business had come to a standstill and I had hit the skids. In eight months I had spent \$16,000 on it and needed to relive that ultimate high. I was also beginning to realize that I was crying out for help, and wanted to regain control of my life. Cocaine had completely taken over it.

In October 16, 1984, I was arrested at my residence for possession of cocaine. When I opened the door and saw the cop standing there, the only thing I remember saying to him was "you saved my life, I was dying."

STATEMENT OF KEITH O'MALLEY

Mr. Chairman and Members of the Commission:

My name is Keith O'Malley. I am thirty years old, and currently employed as Director of the Addiction Recovery Treatment Program in Vauxhall, New Jersey.

I first tried drugs when I was 16 years old, smoking pot with friends and classmates in my junior year of high school. Within a year, I had been turned on to cocaine by a friend who had purchased some and wanted me to try it with him. I used both marijuana and cocaine sporadically for two years, before I decided at age 19 that I wanted to go to the police academy and become a law enforcement officer.

In order to do so, I quit using drugs for several months before entering into service on the police force and completely stopped using any type of drugs for my first two years on the force.

After about 2 years, I became re-introduced to drugs at social gatherings where cocaine was used. In the succeeding 2-3 years, my use of cocaine escalated dramatically, eventually reaching the level of a \$500/week habit. I became dependent on coke, using it on the job, on the beat, in a motor pool squad car, wherever and whenever I could. My coke use had a profound effect on my work habits, and I frequently would miss work, report in sick, or come onto a shift late, I had numerous near-misses in auto accidents. I became short-tempered in my dealings with fellow officers and citizens alike, and my judgment became impaired

even in routine police matters. In one instance, when attempting to serve a warrant for a minor traffic offense on a subject who had fled, I pulled out my service revolver and unloaded. Fortunately, I missed my target; although I was an expert marksman, apparently my coke habit had affected my aim as well as my sound judgment.

My cocaine abuse increased after I was transferred to a plainclothes division after several years with the department, as did my contact with criminals and street dealers. Faced with an ever-increasing personal demand for coke, I began engaging in activities that I never would have considered when I joined the department. I volunteered for the third shift, feeling so exhilarated from my cocaine high that I could stay up for days on end, and realizing that the shift afforded the least supervisory scrutiny.

Finally, my drug usage led me to experiment with heroin, and before long I had developed a heroin habit. Eventually, my career as a law enforcement officer began to crumble, as my increased involvement with narcotics and criminals led to departmental disciplinary proceedings and formal criminal charges against me. I was discharged from the police department, and thereafter began a program of rehabilitation from my narcotics addiction.

My experience with cocaine and other narcotics, and the hard lessons I learned as my life and career crumbled around me, have led me to my current position with the Addiction Recovery Treatment Program, where I have attempted to help other abusers put their lives back together again and become productive contributors to society.

SUMMARY STATEMENT
DR. ERIC WISH

. Chairman, Ladies and Gentlemen of the Commission:

My name is Dr. Eric Wish and I am associated with Narcotics and Drug Research Inc., which is affiliated with the New York State Division of Substance Abuse Services.

I was part of a team which conducted a study on drug use and use in arrestees in East Harlem, New York for a two year period. My testimony will deal with the results of this study. In addition, I am prepared to give testimony on new findings which resulted from a study of 6000 arrestees in Manhattan, New York.

My overall findings suggest that cocaine is prevalent among street drug users and is not the sole preserve of the affluent.

Preliminary Findings

from

The "Drug Use as A Predictor of Pretrial Behavior in Arrestees" Project

By

Eric D. Wish, Elizabeth Brady, Mary Cuadrado and Alton Sears*

November 5, 1984

Presented at the annual meeting of the American Society of Criminology, Cincinnati, November, 1984.

*Additional information may be obtained by writing to the first author at: Narcotic and Drug Research, Inc., 6754 2 World Trade Center, New York, NY 10047.

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Purpose of the study

The National Institute of Justice sponsored study, "Drug Use as a Predictor of Pretrial Behavior in Arrestees in Manhattan," was designed to study whether arrestees identified by urine tests to be current users of hard drugs are at greater risk for pretrial rearrest and/or failure-to-appear than arrestees not detected to be using drugs. Approximately 6,400 male arrestees processed in the central booking facility in Manhattan have been reached and asked to participate in the research. This report presents preliminary findings from the urinalysis test results and the information obtained during a brief interview in central booking. Information about the trial behavior and case dispositions for the sample members will be available at a later phase of the project.

Data collection

The arrestees were approached between March and October, 1984. Because the research was intended to focus on serious offenders, priority was given to interviewing persons charged with felony offenses. We intentionally excluded persons charged with offenses that were so minor that they were not booked in central booking prior to their court appearance. About two-thirds of the sample members were charged with felony offenses. Drug offenses constituted about 20% of the arrest charges. It should therefore be noted that the study findings are based on a sample of all male arrestees processed in Manhattan Central Booking facility weighted toward felony offenses (about

Response rates for this voluntary, confidential research were high. Approximately 95% of the persons approached answered the interview questions regarding their drug abuse and treatment experiences. Of these, approximately 80% agreed to provide a urine specimen for analysis. The specimens were sent to the New York State Division of Substance Abuse Services laboratory in Albany. Each specimen was tested using TLC (thin layer chromatography), a highly sensitive screen for about 20 substances. In addition, each specimen was tested for alcohol by gas chromatography, and for opiates, PCP, cocaine, and methadone using the more sensitive EMIT tests.

Findings

These findings are based upon the data that were available at the time of this report. It is probable that some findings will change when the final data base has been assembled.

Drugs detected. Table 1 shows the percentage of tested arrestees who were positive for drugs, according to urinalysis method. It is based on the 4204 results available in our current data file. (The final number of tests will exceed 5,000.) The urine specimen was typically obtained within three to six hours after the arrest. Given the sensitivity of these tests, we can assume that a positive test result for all of these drugs but PCP indicates the presence of the substance within 24-48 hours of obtaining the specimen. Because

PCP can be stored in the body and excreted over longer periods, a positive result for this drug could indicate use of this substance as long as a week before the specimen was provided.

Several findings appear evident:

- . Thin layer chromatography (TLC), the most commonly used method to monitor drug use in treatment and criminal justice populations, provides estimates of drug use that are substantially below those provided by the EMIT tests.
- . Approximately 54% of all male arrestees charged with serious offenses and processed in Manhattan Central Booking have evidence of recent, illicit drug use (cocaine and/or opiates and/or PCP).
- . Cocaine was the drug most likely to be found. Approximately 40% of all male arrestees charged with a serious offense have recently used cocaine.
- . Opiates, primarily morphine (the metabolite of heroin), was the second most frequently detected substance. Approximately 20% of the tested arrestees were positive for this drug.
- . PCP was found in approximately 13% of the arrestees. This is considerably below the 30% rate found in a comparable study of arrestees in Washington, D.C.
- . Methadone, although widely prescribed in New York City for heroin addicts, is relatively rare in this population of arrestees.

Drug use and age. The purpose of these analyses was to compare the prevalence of drugs in younger arrestees with that in older arrestees. To do this, we selected (randomly) a subsample of arrestees at each age, for analysis.

These findings are based on approximately 50 arrestees at each age level and may change slightly when the entire sample is analyzed. Furthermore, because these statistics use only test results that were definitely positive by the EMIT tests (and exclude specimens containing only a trace of a substance), these findings may underestimate the true amount of recent drug use in the arrestees.

Table 2 shows the percentage of arrestees at each age level who were found to be positive for drugs by the EMIT tests. (See Figure 1 for a graphic presentation of some of these findings.) The probability of having a positive urine test increased dramatically with the age of the arrestee, until about age 35. The youngest arrestees were not strangers to drugs, however. Forty-one percent of the arrestees who were 16 and 17 years old were positive for any of four drugs (cocaine, opiates, methadone or PCP), compared with about 60% of the persons in their early twenties. Fifty percent or more of all arrestees between the ages of 20 and 35 had a positive test result. After age 35, there was a decline in the rate of positive test results.

Cocaine was the drug most likely to be detected in arrestees below the age 20. Little opiates or methadone were found in their urines. Furthermore, like the older arrestees who usually injected heroin and/or cocaine, almost all of these youths indicated in the research interview that their usual route of administration of cocaine was by noninjection. These younger arrestees were found positive for only one drug and few reported having ever had drug abuse treatment.

We also compared the arrestees' self-reports of drug use within the 48 hours prior to their arrest with the urine test results. Many of the persons found positive by the urine test had not admitted use of these drugs, in the confidential research interview.

Conclusions/Implications

First, in this study of male arrestees charged with a diversity of serious offenses and processed in Manhattan Central Booking, more than one half were found to have used illicit drugs within the 24 to 48 hours prior to arrest. The use of cocaine far exceeds that of opiates--approximately 40% of all arrestees had recently used cocaine.

Applying these rates to the 76,000 arrestees who were charged with serious offenses and processed in the Manhattan Central Booking facility in 1983, we estimate that approximately 40,000 persons entered this facility with evidence of recent use of an opiate, cocaine or PCP. Some of these persons are probably not chronic users of these drugs, and we need ways to distinguish them from persons who have problems. Thus, a great opportunity exists for combatting a major health problem as well as a crime problem, by addressing the drug abuse problem in persons processed by the criminal justice system.

However, the criminal justice system in New York, much like those in other cities has no strategy for routine detection and intervention in the drug use of arrestees. A comprehensive strategy for addressing the drug abuse problem in arrestees in New York and in other large cities needs to be developed.

Second, although about one fifth of the arrestees below the age of 20 were using cocaine near the time of arrest, these youths appear to have had less severe drug problems than did older arrestees. They reported less injection drugs and little dependence on them. The group of young drug using arrestees may offer the best chance for breaking the cycle of drug use and dependence. The development of methods for identifying drug use in young arrestees for deterring their progressing to the injection of multiple hard drugs seems to receive immediate attention.

Third, programs desiring to detect and monitor illicit drug use must not rely solely on a general drug screen using thin layer chromatography (TLC). Our estimates based upon TLC were found to be consistently below those derived from more sensitive tests. Programs that rely upon TLC to deter drug use will minimize their potential impact.

Fourth, it appears that even in a very safe research interview, arrestees do not report their recent drug use. Any attempt by the criminal justice system to detect drug use in arrestees as part of routine arrestee processing may therefore require the use of appropriate urine tests.

TABLE 1

DRUGS DETECTED IN 4204 URINE SPECIMENS FROM MALE ARRESTEES, BY TYPE OF TEST

<u>Drug Detected</u>	<u>TLC*</u>	<u>EMIT**</u>	
		Low Estimate	High Estimate
Cocaine	14%	41%	48%
Heroin/opiates***	9%	20%	29%
Quinine	12%	NA	NA
PCP	NA	13%	17%
Methadone****	4%	7%	12%
Alcohol (gas chromatography)	16%		

Positive for cocaine and/or opiates and/or
PCP and/or methadone (by EMIT test, low estimate): 56%

Positive for cocaine and/or opiates,
and/or PCP (EMIT, low estimate): 54%

*Thin layer chromatography general drug screen.

**EMIT is generally accepted to be a more sensitive test. A range of percent positive is presented, depending upon how a result indicating a trace of a drug was counted. The higher estimate includes specimens containing a trace of the substance at a level below that normally required to conclude that the substance was detected. A conservative estimate is provided by the lower figure that represents specimens definitely meeting the positive standard for that drug. In practice, one might want to retest or question arrestees with a trace of the substance in their urine.

***The EMIT test is for all opiates combined and does not discriminate between drugs such as codeine, dilaudid, Darvon. Virtually all of the positives for opiates are for morphine, the metabolite of heroin. The TLC screen detects codeine or Darvon in fewer than 1% of the specimens. Because heroin is often mixed with quinine, a TLC test for quinine is often used as a reason to retest the specimen for opiates with a more sensitive test.

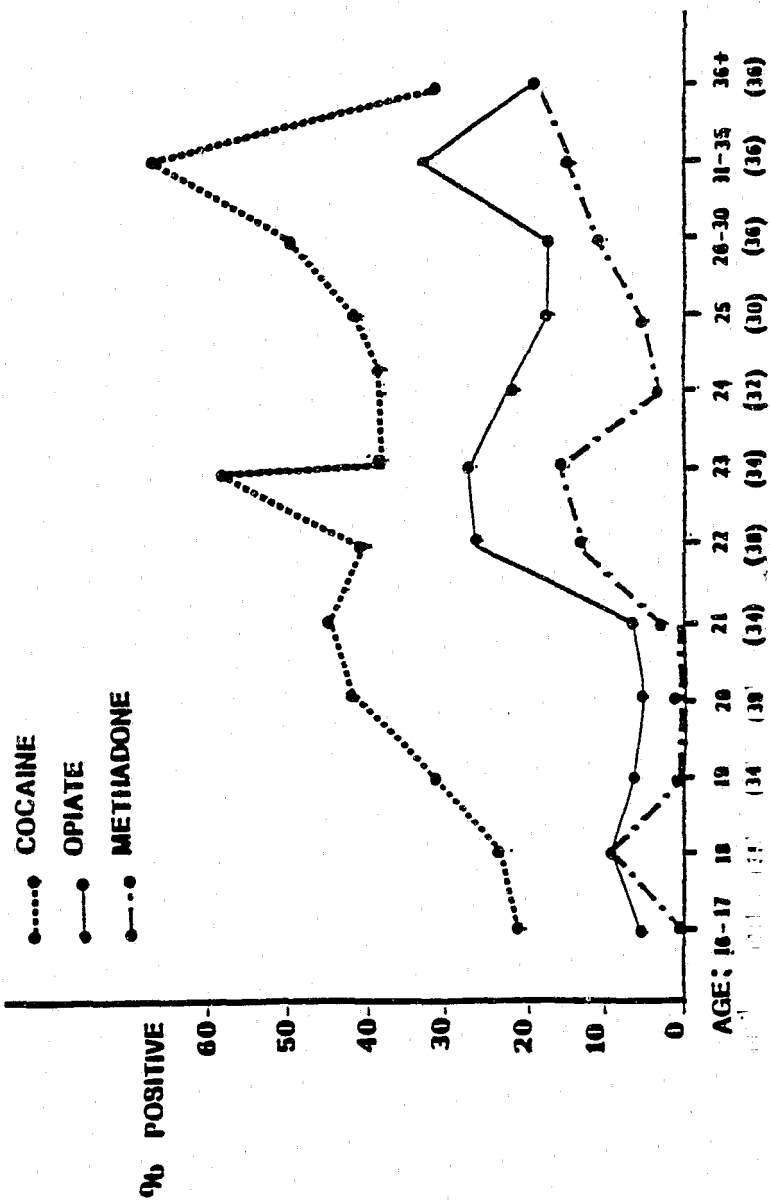
****Methadone is widely prescribed in treatment programs in New York. The test cannot indicate whether the drug detected is caused by legal use as part of treatment or illicit use of the drug.

URINE TEST RESULTS FOR MALE ARRESTEES, BY AGE AT ARREST

		<u>Age Of Arrestee</u>											
		16-17 (N=95)	18 (48)	19 (43)	20 (45)	21 (47)	22 (43)	23 (44)	24 (44)	25 (44)	26-30 (44)	31-35 (44)	36+ (43)
Provided specimen		74%	75%	79%	84%	72%	86%	77%	75%	70%	82%	84%	88%
		(N=71)	(35)	(34)	(39)	(34)	(38)	(34)	(32)	(30)	(36)	(36)	(36)
		<u>%</u>	<u>%</u>	<u>%</u>	<u>%</u>	<u>%</u>	<u>%</u>	<u>%</u>	<u>%</u>	<u>%</u>	<u>%</u>	<u>%</u>	<u>%</u>
Tested positive		41	43	44	56	50	71	68	56	60	58	78	47
Positive for:													
Cocaine		21	23	32	41	44	40	59	38	43	50	67	31
Opates		6	9	6	5	6	26	27	22	17	17	33	19
Methadone		0	9	0	0	3	13	15	3	7	11	14	19
PCP		15	11	18	21	15	32	6	16	17	0	8	6
Total number of drugs found (of 4):													
0		59	57	56	44	50	29	32	43	40	42	22	53
1		39	37	35	46	35	39	41	38	43	41	44	19
2+		2	6	9	10	15	32	27	19	17	17	34	28
		100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

FIGURE 1

DRUGS DETECTED IN THE URINE OF MALE ARRESTEES, BY AGE



STATEMENT OF BRUCE JOHNSON

COCAINE IS NOT JUST A RICH MAN'S DRUG!

November 27, 1984

Bruce D. Johnson, Ph. D., Director,
Interdisciplinary Research Center for the Study of
The Relations of Drugs and Alcohol to Crime

The news media has emphasized the rise of cocaine use and abuse among middle and upper income persons. Badly overlooked is the fact that cocaine is also used by street criminals. Especially among heroin abusers and injectors, cocaine is frequently the second drug of preference. During eight years of research funded by the National Institute on Drug Abuse and National Institute of Justice among heroin abusers active in the streets, we have seen cocaine expand and surpass heroin as the major expensive drug in New York City.

COCAINE USERS

Fortunately, heroin abusers now appear to be rare among persons under age 25. But those under 25 appear to be at high risk for cocaine abuse and injection. That is, cocaine is now the "in" drug among young adults, ages 18-25, in low income areas of the city, while heroin is not.

Virtually all heroin abusers use cocaine, many use it as frequently as they do heroin. They combine heroin and cocaine in the same mixture and inject it as a "speedball;" which is a better way they claim, "to go slow and fast."

These low income cocaine users have lifestyle exhibiting multiple problems. Not only do they consume cocaine routinely, but they also are heavy users of alcohol and marijuana and sometimes pills, frequently during the same day. In addition, they typically have multiple other problems: low educational achievement, no or few skills, chronic unemployment and underemployment, no welfare or other legal income, unstable residence, lack of family ties, and may be criminally victimized--to mention a few. All of these problems need to be addressed; solutions to one will not automatically solve the others.

COCAINE AS ONE SUBSTANCE HANDLED BY STREET DRUG DISTRIBUTORS

Since poor cocaine abusers do not have legal incomes with which to purchase these drugs, they engage in a variety of crimes by which they obtain cocaine. Virtually all engage in a variety of drug distribution crimes to obtain cocaine. While some cocaine dealers sell only cocaine, many street distributors handle a wide variety of substances (heroin, marijuana, pills) in addition to cocaine.

In the retail cocaine market, thousands of cocaine users-distributors perform a variety of roles in addition to direct SALES of cocaine; they also:

STEER buyers to cocaine sellers.

TOUT a dealer's drugs to all potential buyers.

COP cocaine (or other drugs) for buyers who never meet the seller.

Most "street dealers" are really persons who steer, tout, and cop. The roles of dealer, steerer, tout, and cop man are rapidly changed; one person may perform all of these roles several times on the same day. For working in the cocaine (and drug) business, cocaine abusers are typically paid in cocaine (and other drugs) rather than in cash. Virtually every possible combination of drug use and sales activity can be located.

Such street distributors are perhaps the major crime/drug use/seller problem in New York City and can be found in virtually all neighborhoods of New York City. In some ghetto neighborhoods, drug distributors routinely approach and hassle the ordinary citizens. Until Operation Pressure point, they controlled street life in the Lower East Side, Harlem, and many other neighborhoods of the city.

Cocaine abuse is a major problem in efforts to treat drug abusers. Almost 28,000 heroin abusers are enrolled in methadone treatment programs in New York City. The methadone reduces their need for heroin, but many continue preexisting patterns of cocaine abuse while receiving methadone. Many heroin abusers not in treatment also consume cocaine just as extensively.

The cocaine abuse problem has become more extensive and more diversified since 1980. If wholesale prices of cocaine continue to drop as they are at the current time, the purities are likely to increase so that risk of cocaine overdoses increase. Cocaine free basing appears more common and product differentiation is on the increase among heroin distributors.

The worst appears yet to come. If the wholesale price of cocaine continues to decline, not only will the rich be able to afford more, but there will be more cocaine in the (relatively) low quality street bags purchased by the cocaine abuser on the street.

My remarks here apply mainly to New York City; we are not certain how applicable these findings may be outside the city or in other large cities.

I would be happy to answer any questions you may have.

Criminal Diversity Among Heroin Abusers

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Criminal Diversity Among Heroin Addicts

Our study, funded by the National Institute on Drug Abuse (NIDA) and the National Institute of Justice, presents the first detailed information about the characteristics, criminal activity, and drug use patterns of 201 heroin abusers in New York City. The study shows extensive criminal diversity among this group, and offers a basis for suggesting policy alternatives for dealing with the problem of this criminal activity.

There has been much controversy about how much crime heroin abusers actually commit. The systematic data collected in this study show that the abusers commit a large number and wide variety of serious crimes ranging from robbery, burglary, thefts, and many property crimes to an "extraordinary" number of drug distribution crimes in support of their heroin and cocaine use.

My colleague Paul Goldstein and our associates from the New York State Division of Substance Abuse Services and from Narcotic and Drug Research, Inc., used former heroin users with good "street" reputations to recruit study participants from East and Central Harlem in 1980-1982. We interviewed the 201 subjects nine different times about their criminal behavior, drug use, purchase and sale, as well as their income for all sources and their expenditure for all purposes during a period of thirty-three or more consecutive days.

The respondents were a fairly homogenous group: most were male high school dropouts without legal employment or legal income, minority group members, age 24-40, most of whom were not in drug treatment or jail during their reporting period.

We found that all too often, criminals are defined according to the particular crime for which they are arrested. That is, persons who are arrested for theft are assumed to be mainly thieves, those for drug sales to be drug dealers, and so on. Our findings indicate that this assumption is highly inaccurate. Very few heroin abusers are specialists who commit only one type of crime.

Heroin abusers function as the "day laborers" in the drug business, but are typically paid in drugs which they consume, rather than in cash. About half of the subjects engaged in drug sales and virtually all participated in drug distribution activity which they did not consider to be sales (even though these activities are considered so by the police). The heroin abusers "steer" (or refer) a buyer to a seller, "tout" (find customers for) drug dealers, and "cop" (transport money and drugs) for buyers and dealers who never meet. They also may "pick-up", "hold", or "test" drugs, "lend works" (needle and droppers), or "run a shooting gallery."

The average heroin abuser committed a nondrug crime on 2 days per week, drug crimes on 2 days per week, and some form of crime on 3 days per week. However, on many days they commit several crimes per day.

We estimate that the average heroin abuser commits more than 1,000 crimes during a typical year. We found that the 160 nondrug crimes consisted of 6 robberies, 18 burglaries, 51 shoplifts, 16 other larcenies, 33 con games, 27 prostitution events, and 13 other crimes. Their drug crimes were far more numerous: 364 drug sales, 300 steering-touting-copping events, and 185 other illegal drug transfers.

Very few of these crimes earned the heroin abuser more than \$100; even robberies and burglaries resulted in an average return of \$80, and thefts earned an average of \$35. As a result, their annual criminal income was less than \$12,000, almost half of which was cash income from nondrug crimes; 10% was cash income from drug business crimes; 42% came as drug income.

When we classified the heroin abusers according to the most serious crime combinations, we found that the most serious offenders could be identified as robbers and drug dealers. When compared with less serious offenders such as burglars, thieves, and drug dealers, these robber-dealers:

- committed a larger number of different kinds of crime at higher annual rates;

- were more likely to report involvement in any specific offense,

- committed almost every type of crime; and

- obtained a high cash income from each of their offenses--about \$3,000 annually from each type of offense resulting in an annual salary of \$16,000. This compares with about \$10,000 annually among the low-level robbers, burglars, and theft-dealers, and \$7,000 among heroine abusers who limited their crimes to theft, drug sales, steer-tout-cop, or prostitution.

The robber-dealers also had the greatest proportion of person-days (58%) on which they were active in some crime. We estimated that the robber-dealers committed more than 850 drug sales on an annual basis, plus 380 steer-tout-cop events, and committed 1,411 crimes per year. Although only 11 percent of the subjects were robber-dealers, they committed 60 percent of the robberies, 22 percent of the burglaries, and 26 percent of the drug deals.

Many crimes of a particular type of offense were not committed by persons whose most serious crime was of that type. That is, the data suggest that if a heroin abuser was arrested for a relatively less serious crime (such as burglary, theft, or drug sales), the probability was high that he or she had actually committed more serious offenses but had been caught committing one of their more numerous crimes of a relatively less serious nature. During their interviewing period, three of the ten most active robbers in the study were arrested, not for robbery, but for burglary and fare evasion.

Our work has provided a detailed description of the heroin-crime connection. However, it is important to view this information in light of

other NIDA-supported research which shows that addicts commit more crime than nonaddicts, and that addicts who remain in treatment commit far less crime than the same addicts when they are not in treatment and out on the street.

Our research suggests five policy alternatives to dealing with the criminality associated with heroin use:

1. Incarceration of all heroin abusers.
2. Incarceration of only the most seriously criminal.
3. Mandatory treatment for abusers convicted of a crime.
4. Provision of incentives to reform their lifestyles.
5. Maintaining the status quo.

Our research has shown that heroin abusers live a multiproblem lifestyle. Therefore, our belief is that the most viable policy alternative is mandatory treatment, enhanced by a supervised program to provide positive incentives for the heroin abuser to solve his or her lifestyle problems. This is the least expensive way to have the greatest impact on the largest number of people.

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**MEDICAL COMPLICATIONS AND SUDDEN DEATH
ASSOCIATED WITH COCAINE ABUSE**

STATEMENT OF:

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FOR

THE PRESIDENT'S COMMISSION ON ORGANIZED CRIME,

HEARINGS ON COCAINE

27 NOVEMBER 1984

WASHINGTON, D.C.

I. BACKGROUND:

In the early years of this century, cocaine held tremendous promise for the medical profession. As a good local anesthetic it was widely used for surgery on the eye and in the nose and throat area. It promised to be useful as a psychotherapeutic agent and even proffered as a cure for opiate addiction. Cocaine and related alkaloids were also incorporated into beverages, the most widely known being Vin Mariani and Coca-Cola. Continued experience with both the medical and non-medical use of the drug revealed the promise of cocaine was sinister: surgical use for eye surgery was discontinued because it caused ulcers of the cornea; its stimulant effects on the brain limited its widespread use as a local anesthetic; and cocaine failed as a cure for opiate addiction, and it also failed as a psychotherapeutic agent. Indeed, even Sigmund Freud, probably the greatest proponent for the medical and psychotherapeutic uses of cocaine, eventually became disillusioned with this drug. Others noted that cocaine caused convulsions, could alarmingly increase the body temperature, was associated with psychotic and socially deviant behavior, and might even cause sudden death. Retrospectively, these observations were often valid but some were also probably erroneous. Nonetheless, the perception of cocaine went from one of promise and glamour to that of a very dangerous substance which did more harm than good. Such perceptions in the early part of this century led to the development of safer local anesthetics. The Harrison Act mandated that cocaine be treated as a narcotic (not because cocaine was itself a narcotic, but because it was viewed to be as dangerous as a narcotic).

Cocaine became a virtually forgotten drug (except in certain surgical specialties) for over fifty years until the social turmoil of the 1960's. In the early 1970's it re-emerged as a popular recreational drug, particularly among the affluent. Among the many reasons for this was that cocaine was not a narcotic, it had relatively short-lived stimulant properties (and therefore would not interfere with professional duties), and it did not have to be injected. Other favorable (but erroneous) perceptions were that it was harmless, not addicting, and was an aphrodisiac. Once again cocaine became a recreational glamour drug.

Currently, in the 1980's, the non-medical and recreational use of cocaine continues to proliferate. Along with this proliferation are patterns of addictive behavior and increasing admissions to drug rehabilitation programs for cocaine addiction (some programs in South Florida now indicate that about 60% of their current admissions are due to cocaine). Nasal-septal perforations, toxic psychosis, a variety of infections, and sudden unexpected deaths are but some of the medical effects of the illicit use of cocaine. Along with the medical consequences of unrestricted recreational cocaine use are the socioeconomic effects on individuals and society as a whole, including major economic crimes, corruption of government officials, and murder.

II. SUDDEN DEATH FROM THE RECREATIONAL USE OF COCAINE:

The incidence of sudden death due to the recreational use of cocaine has risen in Dade County, Florida (population 1.7 million), from one or two per year in the early 1970's to about two deaths per month so far in 1984. While most cases are related to the intravenous

injection of cocaine, deaths from nasal ingestion ("snorting") are not infrequent. So far, relatively few deaths are encountered while smoking cocaine ("freebasing"). To "freebase" cocaine requires a fairly large supply of relatively pure drug and is therefore expensive. However, since the absorption of the drug from smoking cocaine is almost immediate, and the blood levels rise very rapidly, it is unlikely that this method of cocaine ingestion has any inherent safety. In some instances it cannot be determined how the drug was taken.

Regardless of how the drug is taken, death may occur within a few minutes after ingestion. There may be prodromal symptoms such as a dysphoria (anxiety, nervousness, hallucinations, etc.), high body temperatures or sensitivity to light (from the eyes dilating). Typically, there is the sudden onset of generalized convulsions followed rapidly by respiratory collapse and death. The convulsions often come on suddenly and without warning. The postmortem examination may reveal lacerations of the tongue or lips from the seizures, or possibly a perforation of the nasal septum, as the only clue that death was from the ingestion of cocaine.

Those who appear to be at the greatest risk for dying suddenly from cocaine abuse are the frequent users of cocaine, those with epilepsy, and those with hypertension or other cardiovascular disease. It is thought that chronic cocaine use may result, in time, in a loss of tolerance or a reverse tolerance for the drug, a phenomenon some have referred to as a "kindling effect." This is because the amount of drug which resulted in a toxic or fatal reaction does not appear to be anymore than what the individual had been accustomed to ingesting. Thus, what was a safe dose one day becomes a fatal dose the next.

Although animal experiments support this theory, it must be emphasized that street cocaine is an illicit drug, and therefore, the exact purity (concentration) of cocaine is generally unknown to both the user and to those of us who investigate sudden death.

Epileptics are at increased risk because of the well known property of cocaine to induce convulsions. The effect is strong enough to precipitate convulsions even in those who are taking anti-epileptic medication.

Since cocaine may increase blood pressure and heart rate, anyone who has hypertension or cardiovascular problems is risking a serious aggravation of these conditions (heart attack, cerebral hemorrhage) by consuming any stimulant drug, including cocaine.

II. COMPLICATIONS OF INTRAVENOUS COCAINE ABUSE

Intravenous abuse of drugs in general leads to a variety of medical complications including hepatitis, malaria, local or systemic abscesses, strokes, endocarditis, and pulmonary scarring to name a few. Typically, scars develop around the veins at sites of injection, most notably the arms and hands. These complications have all been attributed to unhygienic practices and, to a certain extent, excipients or contaminants of the drugs injected.

However, little has been done to delineate the deleterious effects of the specific drugs injected. We have found, for example, that the autopsy findings of heroin addicts are frequently much different than those who die from intravenous cocaine abuse. Those who repeatedly

inject cocaine intravenously do not develop prominent scars over venous injection sites as is typical of narcotic addicts. The initial lesion seen with intravenous cocaine abuse is a salmon-colored bruise, often with a central area of clearing. These are frequently multiple and prominently scattered over both arms, sometimes becoming confluent. These bruises usually disappear over a period of time and leave little if any scarring. This is probably because the materials usually injected (cocaine hydrochloride and mannitol) are highly soluble, in contrast to the materials injected by the narcotics addict.

Another complication which appears unique to the intravenous abuse of cocaine is the development of chronic cutaneous ulcers. They vary widely in size, ranging from a quarter inch to over an inch in diameter. These ulcers heal slowly and eventuate in a round or oval, raised scar. However, such ulcers may be multiple, indolent, and become infected. Also, they may become confluent and result in large areas of skin sloughing on the upper or lower extremities.

IV. BRAIN INFECTIONS ASSOCIATED WITH INTRAVENOUS COCAINE ABUSE

Although rare, cases have been encountered whereby intravenous abusers of cocaine have developed a rapidly fatal fungal infection of the brain. This infection is not associated with a similar infection elsewhere in the body. It is probably more than just a non-specific complication of intravenous drug abuse inasmuch as this syndrome is associated with the intravenous abuse of stimulant drugs, cocaine in particular. Although we suspect these cases may be a variant of the acquired immune deficiency syndrome (AIDS), more information is needed. Currently, governmental and medical reports with regards to AIDS and

ther disease simply lump all intravenous drug abusers together without attention as to which drugs or substances are actually injected. valuable information may be gained if governmental agencies and medical reports would specify exactly which drugs are being abused intravenously.

V. SUDDEN DEATH FROM COCAINE-INDUCED PSYCHOSIS

Within the past 18 months, South Florida has seen nearly a dozen cases of sudden death associated with a cocaine-induced psychosis technically referred to as an excited delirium. Typically, there is the sudden onset of intense paranoia and violence shortly after ingesting cocaine. The victims frequently exhibit bizarre behavior (eg. taking off all their clothes) and invariably they create a disturbance necessitating police attention. The police encounter a person who is intensely agitated and violent, exhibits unexpected strength, and requires forcible restraint. These individuals then die suddenly within minutes to an hour after being restrained. None have been successfully resuscitated, and some have died from self-inflicted injuries. The exact mechanism of death is unknown. It is also a mystery as to why these individuals suddenly die after a psychotic reaction instead of having massive convulsions as would be more typical of a cocaine overdose death. It is interesting to note that most of these cases of cocaine psychosis and sudden death occurred at a time when the street availability and purity of cocaine increased rather sharply in South Florida.

I. THE COCAINE BODY PACKER SYNDROME

Individuals who ingest (or insert into body orifices) packets of cocaine for smuggling purposes are known as "body packers." Death results from leakage of the cocaine from the packets, some of which may actually burst open. In the past, condoms and balloons were used to make the packets. More recently, the cocaine is compressed into a small "brick", sealed in a thin plastic cylinder, and wrapped several times with the tips of surgical gloves. The amount of cocaine contraband smuggled in this fashion is frequently about a half a kilogram and with a purity of 85% to 95%. While deaths are occasionally observed from this smuggling technique, many smugglers are successful unless intercepted by customs agents or other law enforcement personnel.

VII. COCAINE AND MURDER

According to statistics provided by the Homicide section of the Metro-Dade Police Department, drug related murders accounted for 30-40% of all homicides investigated by them since 1980. This represents over 70 murders each year directly attributable to marijuana and cocaine. The types of murders are highly varied, but most have overtones of pre-meditation and overt execution. Victims are frequently found in remote areas in the trunks of automobiles. Many are handcuffed or tied with rope, and nearly all have been shot. Multiple murders are occasionally seen, and sometimes innocent bystanders get killed. Mutilation of the victim may also occur. The favorite weapon appears to be semi-automatic pistols and on occasion handgun equipped with silencers are used. Several years ago, machine gun killings were encountered with some frequency, but this is currently very infrequent.

RECOMMENDATIONS*

To curb the epidemic of drug abuse currently extant in this country, both the supply and the demand for drugs must be curtailed. The supply is largely a concern of law enforcement and legislative efforts. The only way to reduce the demand is for effective education. This must be directed at those who are not yet involved with drugs but who will assuredly be exposed to them. Hence, educational efforts must be directed at students in the later years of elementary school through high school. The educational program should be factual, informative and readily available to these students. Axiomatic in this is that the teachers and counselors of these schools are also objectively aware of the drugs and their dangers.

The entertainment and news media exert a strong influence upon our youth. Such a role model becomes tarnished when use of drugs in such circles becomes popularized. Accordingly, a strong and sustained effort should be carried out within the entertainment and news media to enhance condemnation of drug use!

Curtailing the incidence of drug-related murders is, for the most part, a problem for law enforcement officials. However, it might be appropriate for legislators to re-examine the rights of individuals in this country who are not citizens of the United States. For example, would it be lawful to fingerprint individuals entering this country from areas known to be suppliers of illicit drugs? Do non-United States citizens have the right to own or possess firearms? If not, what mandatory penalties could be applied to such individuals?

From the point of view of a medical examiner, fingerprinting of selected foreign entrants would aid greatly in the identification of these murder victims. Prohibiting the possession and ownership of guns by non-U.S. citizens may or may not reduce the incidence of drug-related murders - but hopefully it will reduce the potential hazard to innocent bystanders.

* These recommendations are my own and do not necessarily reflect those of Dade County or its Medical Examiner Department.

STATEMENT OF JOHNNY PHELPS

Mr. Chairman and members of the Commission:

My name is Johnny Phelps. I am a Special Agent of the Drug Enforcement Administration. I am presently assigned as Chief of Cocaine Section DEA Headquarters and was previously assigned as Country Attache Colombia, Agent in Charge of the Offices in Colombia. I have served in federal law enforcement for 19 years.

For the past several years the use of cocaine throughout the United States has continued to grow with some estimates that as many as 22 million Americans have used cocaine at least once in their lifetime. The 1983 National Narcotics Intelligence Consumers Committee Intelligence Estimate reported that from 54 to 71 metric tons of cocaine illegally entered the United States during that calendar year.

Man has believed to have used coca leaf products for as long as the past 3,000 years. Pre-Colombian artifacts have been discovered that show the distinctive bulge of coca leaf contained in the cheek of the statue, a practice that continues today in some areas of South America. In addition the mummified remains of the inhabitants of some areas in South America have been found with small bags of coca among the articles buried with the individual. The historical use of cocaine mentioned above cannot be compared with the use of cocaine as we know it in this day and age. The Spaniards upon their arrival in South America observed that indians chewed coca leaves to relieve hunger pains, exhaustion, malnutrition and to increase their strength and endurance. They also observed that it was used in tribal rituals and religious practices, something that the church unsuccessfully attempted to eliminate. The governments of the producing countries in South America have also been unsuccessful in attempts to eliminate cultivation of coca today.

Their inability to control coca cultivation is typically due to the frequent changes in government, as in the case of Bolivia, a lack of resources, the fact that coca cultivation is a tradition dating back many centuries, and occasionally as in the case of Colombia some of the areas under cultivation are controlled by insurgent groups. Producing countries are usually concerned about the effects of narcotic trafficking on their political systems and societies, but control of trafficking ranks below economic problems and efforts to control terrorist activities, and until recently considered it a U.S. problem.

The coca bush is normally found on the eastern foothills of the Andes Mountain Ranges of South America and in the upper Amazon Basin but can also be cultivated in tropical climates. It grows as a shrub or tree at altitudes ranging from a few hundred feet above sea level to as high as 6,000 feet. Useable coca leaf can be harvested from the plant as early as six months after planting. The bush can live as long as twenty years and in some areas produces enough leaf for a harvest four times a year. The majority of coca cultivation occurs in the countries of Bolivia

and Peru where some cultivation is legal. In the past three to four years cultivation has spread to the country of Colombia where by law it is not permitted. More recently we are seeing coca cultivations appear in the Amazon areas of Brazil and along the Colombia-Ecuadorian border. This phenomenon occurred as a result of Colombian cocaine traffickers desire to dominate the cocaine trade from the cultivation to the distribution. DEA estimates that as many as 350,000 acres of coca are under cultivation and that combined with an increase in cocaine trafficking in general, resulted in a cocaine glut in 1983. With this glut came a decrease in wholesale cocaine prices not only in South American but also in the United States. It also produced a consumption problem in source countries such as Colombia and Peru.

Those involved in the cultivation, harvesting and processing of coca leaf in Bolivia and Peru are usually inhabitants of the area whose families have grown coca for generations. This is not the case in other countries such as Colombia, where we have found that those involved in the cultivation and processing of coca leaf are recruited by traffickers from the larger metropolitan

areas. The conversion of the coca leaf to cocaine paste, cocaine base, and cocaine hydrochloride is a relatively simple procedure requiring only the basic knowledge of chemistry. This task is often accomplished by individuals simply repeating a process shown or taught to them by others involved in cocaine trafficking. Once the leaf is harvested it is transported to a storage area usually located in the immediate area of the field where the bush is under cultivation. There the leaf is masserated and placed in a container with a mixture of kerosene or gasoline, whichever is more readily available, sulfuric acid, and an alkali. What is produced is a coca alkaloid with many impurities but can have a cocaine content of from 70 to 85%. ANother chemical process utilizing hydrochloric acid and a series of paper or cloth filters will produce a cocaine hydrochloride with a purity of from 90 to 100% depending on the sophistication of the laboratory process and the knowledge of the individual doing the processing. As stated above the conversion of the leaf and the extraction of the coca paste and base from the leaf usually takes place near the cultivation site. Once in a base form, the product originating in Bolivia or Peru is smuggled by small aircraft or river boat to Colombia which is the primary

processing country. It was once believed that cocaine hydrochloride labs or laboratories in Colombia were located in the metropolitan areas or in nearby suburbs. Earlier this year we discovered that this was not always the case and numerous cocaine hydrochloride processing laboratories were discovered in the jungle area in Colombia.

What began in Colombia in the early 1970's as a cottage industry, often times taking place in residences and kitchens throughout the country, producing small quantities of cocaine for export, has grown into a multi-billion dollar industry and is now often found in what has been described as a cocaine industrial complexes producing multi-thousand kilo quantities of cocaine in one single laboratory. Once produced in these laboratories the cocaine is then ready for export from Colombia primarily to the United States. It is estimated that Colombia provides 75% of the cocaine consumed in this country annually.

Although there are numerous methods of smuggling cocaine from Colombia into the United States traffickers favorite method is by light aircraft. An analysis of the information available

regarding 1983 seizures of cocaine in the United States reveals that approximately 61% of the cocaine smuggled into this country arrived by private aircraft. There were over 9,500 kilograms of cocaine seized from private aircraft in the United States in 1983. That represented a 122% increase over the amount seized in 1982. The number of light aircraft seized involved in cocaine smuggling also increased. There were 59 seizures of small aircraft in 1983 which was an increase of 37% over 1982. It is not unusual for a private aircraft to transport as much as 1,000 kilograms of cocaine each trip.

In the past cocaine smuggling by private vessel was not a common occurrence. Recent intelligence indicates that this method is now extensively used, again with up to 1,000 kilograms of cocaine being smuggled by private vessel in one single venture. Almost 2,400 kilograms of cocaine were seized from non-commercial vessels in 1983. Only 169 kilograms were seized from private vessels in 1982.

Another popular method of smuggling cocaine into the United States is by commercial air. Air passenger planes, air cargo planes and air mail were all used by cocaine smugglers. The largest shipments of cocaine in commercial aircraft were concealed in cargo. However, there were numerous instances where cocaine was concealed in areas of commercial air passenger aircraft accessible only to mechanics and technicians. The use of couriers to conceal small quantities of cocaine on their person or in their luggage or even going to the extreme of ingesting cocaine into their stomach as well as concealing cocaine in body cavities continue to be a common practice.

Cocaine use and abuse dates back as far as the early 1880's with Sigmund Freud being one of the most well-known and well-documented users during that time.

In the past coca products were commonly found in tonics, pills, lozenges, syrups and even wines. It soon became available in a powdered form at which time the concept of nasal ingestion or snorting occurred. These products promised cures or relief of such things as headaches, sinus problems, sore throats and asthma. It was also available as a coca wine which claimed

o be effective for the treatment of insomnia, anemia and the flu. Coca-laced syrup was one of the primary ingredients in numerous popular soft drinks available in the United States in the late 1800's and into the early 1900's.

The use of cocaine hydrochloride became more common after the turn of the century. Soon it was not only being taken through the nasal passages but also by injections with hypodermic needles. Injections of cocaine solutions even took place in public as was evidenced in the case of an actor by the name of William Gillette who injected himself with a cocaine solution during his New York performance while he played the role of Sherlock Holmes in 1901. In the 1920's through the 30's the use of cocaine was the subject of numerous scenes in popular movies as well as hit records.

Importation of cocaine was first regulated by the Pure Food and Drug Act of 1906 and further controlled by the Harrison Narcotics Act in 1914 which limited drug distribution. The use and abuse of cocaine in the United States was interrupted by

World War II and virtually disappeared until the early 1960's and continued to be available through the 1970's at which time a tremendous increase in cocaine trafficking activities occurred.

Cocaine trafficking is a multi-billion dollar industry which is controlled by organized groups operating primarily between Colombia and the United States. There are many similarities between cocaine traffickers and traditional organized crime groups involved in narcotic trafficking, however, it is very important to note that there are some differences. The most obvious difference is that cocaine trafficking groups do not depend on other illegal activities for their income. Cocaine trafficking produces such huge sums of monies the groups have no need to involve themselves in other illegal activities. Traditional organized crime groups on the other hand are involved in other areas of criminal activities. Traditional organized crime groups have the means to conduct their criminal ventures from beginning to end within their own circles, while cocaine trafficking groups must go outside their organizational systems in completing their ventures. For example, cocaine trafficking groups need transportation of narcotics from source or processing

untries to the U.S. and do not always control the distribution cocaine down to the retail levels. Traditional organized crime groups normally have their own smuggling methods, their own contacts, and a distribution network in the United States. Both groups historically use family and/or friends from various parts of their country of origin to make up the core of their organizations. Both groups are considered benefactors by the inhabitants of their home towns and their countries of origin. They usually provide financial support to families of employees slain or murdered while involved in sanctioned criminal activities or imprisoned. The traditional organized crime organizations have a structured organization and each family is very protective of their area of operation. The members of these organizations have specific duties and tasks and each family is responsible for certain geographic areas.

Cocaine organized trafficking groups, primarily Colombians, are loosely knit and based in different cities of Colombia. These groups are independent of each other but can work together through the different phases of cocaine production. These different groups form what has been described as "the cocaine cartel." The "cartel" is extremely powerful in Colombia controlling the

importation of cocaine base from Peru and Bolivia and the conversion of the cocaine paste to hydrochloride. The cartel usually seeks outside assistance from Cuban or American groups to transport and off-load their cocaine. The cocaine is then delivered to Colombian wholesalers who distribute it to outside retailers. The proceeds of these transactions are then returned to the cartel in Colombia or third country banks.

The existence of this cartel was recently confirmed when Colombian traffickers sought and held a meeting between representatives of the cartel and the Colombian Attorney General. This meeting took place in May of this year and the group openly admitted that they control 80% of the cocaine trafficking between Colombia and the United States as well as controlling the importation of cocaine base from Bolivia and Peru. The purpose of the requested meeting with the Attorney General was an attempt on the part of the cocaine cartel to obtain amnesty and a commitment from the Colombian Government to decrease their enforcement activities which were taking place at the time.

Traditional organized crime has tremendous influence in certain cities in the United States and has infiltrated various intimate unions and businesses in this country. Colombian cocaine traffickers also have a political influence in Colombia and other South American countries but lack control of unions although they too are involved in legitimate businesses in their country of origin. Both traditional organized crime groups as well as Colombia cocaine traffickers use violence as a means of gaining revenge or silencing witnesses or informants. Colombians usually use violence as a means of enforcement. There is no law of silence similar to that known to be associated with traditional organized crime groups in the United States and Italy. Informers and witnesses are not tolerated by either group. The traditional organized crime violence is usually meted out to informers or enemies of the organizations quietly and without involving the general public. The same is not true with Colombian groups, who usually murder members of the witness or informer's immediate family in a gruesome manner often including or killing innocent bystanders. Traditional organized crime figures are very image conscious while Colombian violators do not fear or worry about public opinion. Both groups will hire assassins and those employed by cocaine traffickers are

termed "cocaine cowboys" because of their wild antics most common in the cities of Miami, Los Angeles and New York. Both groups make use of Swiss bank accounts and tax havens in countries such as the Bahamas, the Cayman Islands and Panama. Colombian groups have infiltrated legitimate banks in the cities of Miami and New York and are increasingly looking outside their organizations for help in laundering their money as was evidenced in DEA Operation Swordfish an under cover money laundering investigation conducted last year in the Miami DEA office.

The magnitude of the problem facing us is obvious. DEA and other federal agencies have taken decisive action in an attempt to impact on, and reduce cocaine trafficking in this country. The preliminary figures for seizures of cocaine in this fiscal year indicate that over 11,500 kilos were seized in this country alone with an additional 17 to 18,000 kilos seized by Colombian, Peruvian and Bolivian authorities. The largest of these seizures, some 10,000 kilos of cocaine at one site in Colombia and 3,000 more at another site came about as a result of a joint DEA and Colombian National Police investigation. In 1982 the Federal Bureau of Investigation was given the authority to

investigate violations of federal narcotics laws along with DEA. These traditional resources combined with the efforts of the organized Crime Drug Enforcement Task Forces located throughout the nation have had and will continue to have an impact on the availability of cocaine in the United States as evidenced by recent increases in wholesale cocaine prices.

Enforcement actions alone cannot accomplish our goals and objectives. Recognizing this DEA has initiated strategic programs designed to have an impact on the availability of cocaine in the world. One of these programs is called Operation Chem-Con. In an effort to hold the trafficking of cocaine at the source, DEA with the cooperation of European and Latin American countries established Operation Chem-Con. The primary objective of this Operation is to provide an institutionalized form of high impact targeting and enforcement action from the intelligence products provided by this program. Specifically, it is designed to monitor shipments of essential chemicals like ether, potassium permanganate, acetone, etc., from the principal international manufacturers, wholesalers and retailers believed to be destined to traffickers in the United States and abroad. Countries that

are essential chemical manufacturers actively participating with DEA in this program are Denmark, Mexico, Germany, Norway, Colombia, Italy, Spain, Panama, Sweden, France and Brazil. Through cooperation gained by DEA from the worlds ether industry and foreign law enforcement elements we now have voluntary restriction on sales to known trafficking groups and are able to seize shipments of chemicals after purchase causing great financial losses to cocaine producing consortiums. In the United States some ether manufacturers now provide DEA with monthly and weekly information on purchases of ether. Ether suspect shipments are not exported from the United States without DEA's approval.

As a result of DEA efforts, 1983 the Government of Colombia initiated a program requiring a special permit to import ether. Recently regulations were instituted in Colombia requiring a person to obtain a special permit just to possess ether. Brazil instituted a law requiring notification in writing to the Federal Police of any sale of ether or acetone amounting to one liter or more. As a result of stringent regulations in South American countries, Colombia cartels began using Panama as transshipment point to smuggle ether into Colombia. Recognizing that Panama

as being used by the cartels and aware of the dangers this trend posed to the Panamanian people, Panama also began to control the shipment of chemicals utilized in the illicit processing of cocaine.

Coca eradication programs are an important part of the U.S. Government's effort to control the availability of cocaine in the U.S. These programs are under the control of the State Department's Office of International Narcotics Matters (INM) whose representatives in Bolivia, Peru, and Colombia work closely with DEA personnel. No approved herbicide is effective against the coca bush, therefore all present eradication is done manually. At least one country, Colombia, is willing to use herbicides against coca cultivations. Efforts both in the U.S. and in Colombia are underway to develop an acceptable herbicide for this purpose.

The enforcement actions of the U.S. Government agencies, along with those of foreign governments which have resulted in record seizures of cocaine, denial of supplies of essential chemicals used to process cocaine, along with other events have caused a series of reactions by the traffickers. One was the

assassination of the Colombian Minister of Justice Rodrigo Lara Bonilla who was machine gunned in the streets of Bogota in April of this year. Minister Lara was an outspoken critic of Colombian narcotic traffickers and the impact they were having on Colombian society. His high profile criticism of the traffickers along with the 10,000 kilogram seizure of cocaine mentioned earlier resulted in the traffickers action which caused his death. Enforcement action in Colombia also confirmed intelligence information regarding cocaine organizations ties to insurgent groups in that country. Specifically, it was established that the Fuerzas Armadas Revolucionarias Colombianas (FARC) and cocaine traffickers were working hand and hand in the jungles of Colombia.

The killing of Minister Lara caused an outrage among the Colombian public. The Colombian Government's reaction was quick and decisive. Colombian military as well as law enforcement agencies began a nationwide effort against the traffickers. The traffickers went into hiding and fled to other countries such as Panama, Brazil, Nicaragua and Spain. Eventually they moved processing locations and smuggling operations to other countries.

Of greater interest and significance was the move of some of Colombia's most notorious cocaine organizations to Nicaragua. In June and July of this year a DEA investigation resulted in the seizure of 750 kilograms of cocaine in Miami, Florida. Intelligence information developed during that investigation revealed that the traffickers involved had fled Colombia and planned to establish their cocaine processing laboratories and smuggling operation in Nicaragua. The seized cocaine had in fact been transported by a DEA informant from Nicaragua to the U.S. The traffickers claimed to have participation and protection of high level Nicaragua Government officials. That claim was substantiated by this investigation.

Minister Lara's death also caused the Colombian President to reverse an earlier policy and decision regarding extradition. The U.S. and Colombia have a treaty which provides for the extradition of individuals accused of narcotics trafficking as well as other crimes. The extradition can be accomplished without regards to nationality. The Colombian President had previously exercised his veto power provided for by the treaty and refused to order Colombian nationals extradited to the U.S. At the funeral of Lara, he announced that he would change his

past policy and in fact since signed extradition orders for five individuals.

Meanwhile Panamanian officials seized a large cocaine processing laboratory under construction by Colombian violators in the jungles of Panama. Colombians also moved their laboratory operations to the U.S. where intelligence information indicates that it is now easier for them to obtain the essential chemicals for processing cocaine base to hydrochloride. Laboratory seizures increased drastically earlier this year and this trend is expected to continue. At the same time large seizures of cocaine base in the U.S. have occurred. Cocaine base arriving in the U.S. presents another threat to our society. Cocaine base is now smoked in Colombia and has resulted in serious medical and psychological problems for the users. There have been significant changes in cocaine trafficking and related activities during the past year. These changes are a direct result of DEA and other U.S. and foreign law enforcement programs and actions. These efforts and others will continue with additional progress hopeful in the future. Experience has shown that as cocaine trafficking organizations become aware of government efforts

against them they will seek ways to neutralize or minimize the impact on their operations. The resources available to these groups are almost unlimited and their ability to react to events and happenings affecting them can compare to only legitimate business. To deal with this situation we will have to be innovative and find new ways to make use of the resources available to us and seek additional resources where appropriate.

STATEMENT OF
SPECIAL AGENT HERB WILLIAMS

Mr. Chaitman, members of this distinguished Commission, I pleased to appear and give testimony on the international cocaine cartel.

My name is Herb Williams. I have been the Drug Enforcement Administration's Resident Agent in Charge in Baranquilla, Colombia for two and a half years. I have been with the DEA for twelve years and have worked in Colombia, including Medellin and Bogota, for a total of five years. My duties in Baranquilla include intelligence gathering regarding trafficking routes and activities of narcotics traffickers, and providing liaison with local law enforcement authorities.

On the basis of my five years of experience in Colombia, it is clear that cocaine is correctly regarded as an organized crime problem. Violent and powerful cooperating organizations in Colombia control the importation of cocaine into the United States.

The Webster Dictionary defines "cartel" as being a combination of independent commercial enterprises designed to limit competition. The cocaine cartel of Colombia is a combination of independent cocaine trafficking organizations designed to eliminate competition through extensive cooperation with fellow Colombians. This approach facilitates the wholesale distribution networks of each of the Colombian traffickers and

lends itself to mutual aid in times of supply or transportation shortages. While the illicit trafficking of cocaine was extremely rare fifteen years ago, unfortunately, that is not the case today.

During the late 60's and early 70's, cocaine seizures here in the United States were relatively small in quantity. Seizures of 200 kilograms were considered by most authorities to be record setting. However, record setting cocaine seizures of late range in the multi-ton category. Approximately 75% of the cocaine HCL imported into the United States is from Colombia. The remaining 25% of cocaine HCL imported into the United States is from Bolivia, 10%; Peru, 10%; and Ecuador and Argentina, 5%.

As in any legitimate business structure, the international cocaine cartel, comprised mostly of Colombian organizations, has investors, bankers, lawyers, logistics experts, exporters, importers, chemists, wholesalers and retailers. Each of the Colombian trafficking groups in Medellin, Bogota and Cali contain various sections, each with a separate function, such as manufacturing, transportation, distribution, finance and security.

In addition to promoting efficiency, these separate sections protect the organization. Few of the members of one section are aware of the others involved, and the loss of one member or even a whole section does not threaten the stability of the entire organization. Furthermore, because of the organizational

structure, the actual heads of the organization are far removed from the the physical trafficking activities.

In Colombia, there are at least 20 documented cocaine families, who combined, are responsible for the illegal importation of nearly all cocaine exported from Colombia to the United States. These groups are made up of some of the best organized and most dangerous families in Colombia. It is directed by such notables as Pablo Emilio Escobar-Gaviria, Jorge Luis Ochoa-Vasquez, Manuel Antonio Garces-Gonzalez, Carlos Enrique Lehder-Rivas, and others.

Pablo Emilio Escobar-Gaviria was formerly an alternate Colombian representative of Medellin, Colombia. Escobar first came to the attention of the DEA during 1975 while he was associated with a Colombian criminal enterprise involved in smuggling contraband from Panama to Colombia. Colombian authorities also suspected this organization of being involved in drug smuggling. Escobar's position was that of an enforcer and personal bodyguard for the organization's leader. During the next two years, Escobar earned sufficient funds to enable him to establish his own smuggling organization. During 1977, the same year his organization was established, a Medellin, Colombia source reported Escobar to be trafficking in quantities of between 30 and 40 kilograms monthly.

Since 1977, intelligence developed by the Drug Enforcement Administration in Colombia and the United States revealed Pablo

Escobar to the the undisputed leader of one of Colombia's major international cocaine smuggling organizations.

As a direct result of drug smuggling, Escobar has accumulated enormous personal wealth, estimated between one and two billion dollars. He is extremely influential in Colombian politics, having financially supported many politicians at all levels of government. During 1982, Escobar himself ran for office and was elected as an alternate representative in Envigado, Antioquia, Colombia. Escobar also owns a Medellin, Colombia newspaper, known as Medellin Chinico. Having an influential political position has been beneficial to him since he was immune from arrest. Recently, however, the Colombian government removed Escobar's political immunity and issued a warrant for his arrest. The charges stem not from his cocaine trafficking activities, but rather from his having smuggled an assortment of birds and other African wildlife into Colombia. He has used these animals to stock his own personal zoo located in Southern Antioquia, Colombia. Escobar's extradition on drug conspiracy charges has been requested by the United States, however, he is still at large.

Another member of the Colombian international cocaine cartel, Jorge Luis Ochoa-Vasquez, also came to the attention of the Drug Enforcement Administration during the year 1977, when he ordered the execution of his boss. As a result, Ochoa surfaced as undisputed head of his own drug trafficking organization. Over the years, Ochoa's power increased, thereby enabling him to

partake in numerous profitable smuggling ventures with other major violators, principally Pablo Escobar. The Ochoa organization had accumulated numerous resources enabling it to transport coca base and paste from other source countries back to Colombia for processing and shipment to the United States. Ochoa's organization has developed a highly sophisticated distribution network.

By 1983, Ochoa was reported to have immediate access to 55 private aircraft and a fleet of jet-type helicopters. In addition to private aircraft, Ochoa utilizes commercial aircraft, private and commercial seagoing vessels, and couriers to transport his cocaine from Colombia to the United States.

As a direct result of his drug trafficking activities, Ochoa has also accumulated enormous personal wealth, estimated in the millions of dollars. Ochoa, much like Pablo Escobar, is extremely influential in Colombian politics, having financially supported many politicians at all levels of government.

Carlos Enrique Lender-Rivas, another notable member of the Colombian international cocaine cartel, first surfaced during 1973-1974 when identified by our neighboring country, Canada, to be a top-level narcotics trafficker in addition to leading an international car theft ring operating between Canada, the United States and Colombia. For almost ten years, Lender's trafficking activities have grown and prospered. During this time period, he was able to funnel drug earnings into legitimate enterprises with great success. Lender is an astute businessman, who gained

political protection and favoritism resulting from his financial support of numerous political figures in both Colombia and the Bahamas.

During 1980, intelligence developed by the DEA, Colombian law enforcement circles and other reliable sources revealed that Lehder was smuggling between 500-1000 kilograms monthly to the United States. Other information revealed that Lehder had donated large sums of money to the Colombian Journalist Association in order to gain respect as an industrialist in the Colombian business community and also to gain favors and respect among the press corps in order to counteract unfavorable publicity concerning his reputation as a "narcotrafficante". During the early 1980's, Lehder formed his own political party which was later disbanded, following his unsuccessful attempt to enter Colombian politics. Lehder also owned and operated a local newspaper (Quido Libre) in Armenia, Colombia which published numerous anti-American articles. Lehder is said to be a principal financial backer and mastermind behind the movement of narcotics between Colombia and Caribbean staging and transshipment points to the United States.

Another prominent member of Colombia's international cocaine cartel is Manuel Antonio Garces-Gonzalez. During the mid 70's, Manuel Garces began his drug trafficking career. Over the next eight years, intelligence developed by the DEA revealed that Garces had also accumulated enormous personal wealth, including various flourishing businesses in Medellin and Cartagena,

Colombia. He had also acquired numerous land tracts, houses, apartments, a fleet of private aircraft, and private and commercial ships.

During 1981-1982, as the result of an intensive DEA investigation in Colombia and the United States, Garces was definitely linked, along with Pablo Escobar, Jorge Ochoa and Gustavo Gaviria-Rivera, to cocaine seizures of approximately 1,400 pounds in Colombia, Tennessee, Georgia, and Florida.

At this time, Garces is the only high-ranking member of the Colombian international cocaine cartel incarcerated. He was placed under provisional arrest in June of 1984 at Medellin and transferred to Bogota, Colombia where he awaits extradition to the United States on drug charges.

It is interesting to note that each of the traffickers had, at one time or another, provided financial support for politicians in the Colombian government. Their enormous wealth also enabled the traffickers to purchase favors from judges, lawyers, law enforcement officials and bankers. Payoffs and corruption helped the Medellin cartel flourish.

An analysis of the international cocaine cartel reveals that they are supplied with coca base and paste by major trafficking organizations in Peru, Bolivia and Ecuador. The coca base/paste subsequently transported to areas in Colombia's departments of Cundinamarca, Cauca, Valle and the Llanos, where it is processed into hydrochloride at various cocaine refineries. The cocaine HCL is ultimately smuggled into the United States directly, or through

Central American countries and/or Caribbean Islands by private aircraft, cargo shipments, private vessels or couriers aboard commercial aircraft. Following arrival in the United States, members of the cartel here distribute it throughout the country.

The structure of these cocaine organizations is much more fluid than what is associated with more traditional organized crime groups such as the LCN. While the LCN is an organization which seeks to engage in criminal activities for profit, in Colombia, groups form and change as necessary around the activity of cocaine refinement and trafficking. One common feature of these groups, however, is the obligation and loyalty to protect the criminal enterprises. While the basic structure of the boss, sub-boss and workers remains the same, there is fluidity in these organizations. Individual roles may change as necessary to maximize production and profit.

Most of the cocaine entering the United States from Colombia is of fairly uniform quality and all of it is the product of a process with the same and basic components: manufacturing, transportation, distribution, security and finance.

The manufacturing process consists of first finding a production site that will be secure from detection by police. Chemists must be hired, and ether, acetones and other chemicals necessary to convert cocaine base to hydrochloride must be obtained. The size of manufacturing operations varies. A room in an average size house could be large enough to produce 500 kilos of cocaine per month. An operation of such size would

require only one chemist and approximately five people to work in the lab.

Once the cocaine is produced, it is placed in bags or containers, wrapped with tape and coded. While it is unclear what these codes mean, in some cases they indicate the final destination of the cocaine in the United States.

The next phase of this process is transportation. From the labs, the wrapped, coded kilo packages of cocaine may be transported to "stash houses" by almost any means: private and commercial aircraft, trucks, cars and buses.

This division includes responsibility for purchasing or leasing transportation vehicles and hiring crews. When aircraft are used to smuggle cocaine, conventional twin-engine aircraft are usually used. However, the organization prefers to use more sophisticated and faster aircraft such as the Merlin III and Cessna 441. The aircraft are normally purchased or leased by cartel controllers living in the United States. The aircraft are usually outfitted with extra fuel tanks and bladders enabling them to fly non-stop round trip from the Southern United States to Colombia and back to the United States. The extra tanks and bladders are usually discarded in Colombia as cocaine is loaded on the plane. There is a need for extra fuel because the fuel available in Colombia often contains impurities that can cause reduced engine power or even engine failure. Maintenance of the purchased or leased aircraft is nearly as good as that of high commercial companies can provide. The group can afford to

pay the highest prices for good mechanics, who also become part of the organization.

Transportation crews, including pilots, are usually part of the organizational structure of the group and also have a vested interest in the operation. The pilots normally receive between 50,000 - 75,000 U.S. dollars per trip or a combination of U.S. currency and drugs as compensation for their services. The average U.S. working person has to save his earnings and get credit to purchase a home or automobile, while during a one or two-day period, the pilot can make what the average working man earns in two years and the pilot's pay is tax free. Pilots recruited include ex-military pilots, commercial airline pilots, private pilots and even some who fly without licenses. These pilots know the risks involved, including the possibility of arrest, ditching at sea, crash landings and even the chance of being ripped off. However, the amount of money to be made makes them take the risks without second thoughts. It should be mentioned that on the Colombian north coast alone there are more than 350 clandestine landing strips and three international airports that can be utilized by the cartel, thus making detection difficult at best.

The group often uses seagoing vessels ranging from small, fast cigarette boats and expensive sailing and pleasure vessels to the larger cargo carriers. On the Colombian north coast there are three major seaports where crews, fuel, food and fresh water supplies are available and necessary repairs can be made. There

are also 1,100 miles of coastline and almost any area of it can be selected for loading cocaine onto the vessel. Although smuggling cocaine by vessel is a much slower method of transportation, the cocaine cargos can be increased to multi-ton quantities. It is estimated that one particular contracting division of a group utilizing sailing vessels, with secret compartments, as their transportation vehicle, successfully smuggled numerous cocaine shipments into the South Florida area before they came to the attention of the Drug Enforcement Administration.

A crucial component of these cocaine organizations is the financial division which includes professional financial experts and money launderers. They are thoroughly familiar with international banking and its rules and regulations. They take cocaine profits and launder them by depositing money in American banks, where it can remain or be transferred by wire into foreign bank accounts controlled by the cartel. Also, most of the cocaine profits are smuggled directly from the United States back to Colombia where they are turned over to the cartel and used to finance other drug shipments.

Another extremely important aspect of a Colombian trafficking group is its security or enforcement division. This section, extremely violent in nature, is responsible for overseeing the drugs and profits in Colombia and the United States. It is responsible for ensuring timely payments by its customers and to forceably collect debts owed to the group. It also has the

responsibility for elimination of unwanted competition, informants and even the police themselves. In Medellin, Colombia for example, there have been 67 police officers violently assassinated during 1984. One particular example of the enforcement division's violence was its recent assassination of a police lieutenant and a female companion in Medellin. The police lieutenant was tortured and then beheaded. The female companion had been tortured also and then shot several times in the head. A human life means absolutely nothing to these ruthless killers. A prime example of this division's brutality was the attempted assassination of a well-known Medellin, Colombia trafficker who at that time was considered to be in competition with the group. During January 1982, gunmen armed with machine guns entered a business office owned by the drug trafficker and in cold blood shot to death six persons, including the office secretary, chauffeur, two bodyguards and two customers. The customers were later identified as Colombian students attending a midwestern U.S. college who had returned to Colombia during a school break. The principal target, however, had left the office prior to the shootings and has since joined forces with the trafficking group.

Although it is rumored that the enforcement division of the Medellin cartel had been responsible for the April 1984 murder of the Colombia Minister of Justice Rodrigo Lara-Bonilla, there have been no positive links established.

During October of 1984, a relatively small cocaine laboratory located just outside of the city of Medellin was the

scene of the assassination of two of its chemists. Again, there have been no proven links connecting these killings directly to the cocaine Medellin cartel, but there are definite signs pointing in that direction.

A favored method used by the Colombian trafficking groups' enforcement division is the sending of two of its hired killers on a motorcycle to assassinate a given target. The target will be stalked until the moment and location are favorable for a getaway following the assassination. One of the hitmen drives the motorcycle while the other hitman, as the passenger, does the shooting. The motorcycle will follow the target's vehicle until it stops. Then it will pull alongside and the killer will open fire on the target. Seldom do witnesses come forth for fear that they themselves will be targeted later.

One particular such murder was the 1981 assassination of a female judge in Medellin, Colombia. This judge had been extremely successful in the prosecution of several high-ranking drug traffickers in Medellin and had assisted the U.S. Federal Court in its preparation of prosecution against other members of the group in the United States. The judge, while stopped at a traffic light in her automobile, was shot in the face and chest and died instantly. The killers fled on their motorcycle, and were never captured, in spite of witnesses at the scene of the murder.

These incidents demonstrate the effect that cocaine organizations have on life in Colombia. Colombia is under a

state of seige. There is a war being waged, and most Colombians live in fear because of it. Travelling around the country, one is acutely aware that this is an armed country. Armed guards protect many homes and apartment buildings. Travellers are stopped and searched at police checkpoints around the country.

In addition, these cocaine organizations have severely affected Colombia's economy. Because of this illegal cocaine trade, prices of essential commodities such as housing, transportation and food are extremely high. The average Colombian struggles to exist in such a society. Some turn to robbery to survive.

Although it is very difficult to estimate how much cocaine is produced in Colombia and how much enters the United States annually, an individual cocaine lab in Colombia might ship 2000 kilos per month to the United States, or much more. There might be as many as fifty labs operating in Colombia. Using various investigative techniques, DEA has traced cocaine seizures in the United States to specific Colombian trafficking organizations. Cocaine now poses a significant law enforcement problem in the United States. Because the production potential for cocaine is limited only by the market for cocaine, this problem is likely to increase significantly.

STATEMENT
ASSISTANT SECRETARY JON R. THOMAS
BUREAU FOR INTERNATIONAL NARCOTICS MATTERS
DEPARTMENT OF STATE

to

PRESIDENT'S COMMISSION ON ORGANIZED CRIME
November 28, 1984

MR. CHAIRMAN:

It is appropriate and useful that the Commission, in considering the threat of organized crime to our society, should examine the issue of narcotics trafficking, and the organization of the criminal networks controlling cocaine trafficking.

To assist that review, I have been asked to present testimony on our programs to assist Latin American governments in their coca control and cocaine interdiction campaigns, and also to comment briefly on other key topics, such as the narcotics-related violence in South America and the Mexican marijuana seizure.

The principal coca producing countries are Peru, which produces as much as 60,000 metric tons of coca leaf per year, Bolivia, which produces as much as 40,000 metric tons of leaf, and Colombia, which produces as much as 14,000 metric tons. If all of this coca leaf were converted, South America would yield between 135 and 227 metric tons of cocaine. However, the National Narcotics Intelligence Consumers Committee estimates that as much as 115 metric tons is not converted -- because it

is increasingly consumed within source countries, or because it is lost to inefficiencies in the production system, or otherwise wasted. The Committee estimates that 21 tons are seized, and 20 tons are shipped to Europe and other cocaine markets, which are also expanding their demand. By this calculation, an estimated 54 to 71 metric tons of cocaine -- or about a third of current South American cocaine production capacity -- is exported to the United States. Finally, the Committee estimates that 50 to 61 metric tons, or 86 percent of imports, were consumed in 1983, the last year for which official estimates are available. For several years, Colombia dominated cocaine refining but Bolivian and Peruvian traffickers are now refining more of their coca into finished products.

The salient and competing factors which the Commission should consider are (1) coca production in all three countries may be have increased in 1984; (2) domestic demand in South America is consuming an increasingly larger part of this production; (3) crop control programs are beginning to be effective in eradicating coca bushes, destruction of cocaine laboratories has increased; chemical control programs directed at precursor chemicals are having some success; and, increasingly large quantities of cocaine have been seized; (4) traffickers are constantly looking for new source areas, and new crops have been found in Brazil, Ecuador and Panama, while

laboratories have been set up in Argentina, Brazil and even the United States; and (5) South American governments at the highest levels have assigned higher priorities to intensified campaigns to control narcotics.

The latter phenomenon, was sharply illustrated at Quito in August when leaders of seven nations met with Vice President Bush to express their individual and collective concern for the need to do more against illicit narcotic production and trafficking. This ongoing concern can be witnessed by the fact that today in the United Nations the Third Committee adopt anti-narcotics resolutions initiated by Venezuela, Argentina, Brazil, Colombia, Bolivia, and other countries. These resolutions call for action at the national, regional and international level to combat drug trafficking, which one resolution properly notes is impeding social and economic progress and constitutes a threat to the security and development of many countries.

On November 15, I spoke before the United Nations in support of the principles being enunciated by our colleagues in this Hemisphere. We are all agreed that no one nation, not even the United States with all of its financial and material resources, can combat this traffic alone. Thus, we are greatly encouraged by the regional initiatives emerging in the wake of the talks in Quito. Indeed, I believe these actions to be most timely, because I think there are new opportunities, in Latin

America and in Asia, to advance our international narcotics control effort. In my speech, I urged a new alliance of common interest to address this mutual concern, and cautioned that we must not let these opportunities pass.

There is an increasingly solid base in South America on which to enhance our efforts at coca control.

The very impressive Colombian campaign against narcotics, which has been steadily effective over the past three years, moved into a decisive new phase on July 5 when the National Police began to test the aerial eradication of marijuana with the herbicide glyphosate. More than 5,000 acres have been sprayed, and the Colombians, who anticipate an even more comprehensive program in 1985, are well on their way toward achieving control of cannabis production.

The Colombian government is continuing its their strong effort to control cocaine production as well. They are now testing herbicides which would be safe and effective in aerial foliar application against coca. Aerial spraying is essential because of the large areas under cultivation, the wide dispersal of plots in areas otherwise inaccessible, and considerations of security for the personnel who would be involved in continued manual eradication efforts on the ground.

The Colombians have paid a tragic price for their intensive campaign. On April 30, Minister of Justice Lara, an

outspoken advocate of strong anti-narcotics controls, was machine-gunned to death on a residential street in Bogota, in a contract murder apparently financed by narcotics traffickers. But, the killing did not deter President Betancur and his ministers. Since the assassination, Colombian police have tagged more than 1,500 raids resulting in 1,425 arrests, and the destruction of about 50 cocaine laboratories. And, President Betancur has declared that Colombia will extradite traffickers. I know the Commission invited Colombian National Police Director General Delgado to appear before you. I know he regrets being unable to do so due to other commitments. I would like to say he has been a true leader in the Colombian campaign. This year the International Association of Chiefs of Police gave him a major and well deserved award for his efforts.

In August President Siles ordered Bolivian military as well as police units into the Chapare region, where coca cultivation and narcotics trafficking has expanded dramatically in recent years. These security measures are the prerequisite for future coca control and eradication efforts in that area. The Bolivian Government has also mounted raids against traffickers in the Beni, another important narcotics trafficking center. By mid-year, Peru had increased its eradication of coca bushes in the Upper Huallaga Valley to nearly 4,900 acres, compared to 1,700 acres eradicated in all of 1983. This program will continue despite increased violence

in the Valley by terrorists as well as by narcotic traffickers.

A great deal more needs to be done in Bolivia and in Peru to begin to deal adequately with the many narcotics related problems, but clearly movement in the right direction has begun. We and the United Nations Fund for Drug Abuse Control have responded to requests to assist projects to extend both coca control programs and rural development assistance to the other major growing areas of Peru and Bolivia.

While events in Colombia have given rise to hopes that major progress is being made against narcotics trafficking in Latin America, they have also generated well-founded concerns that drug traffickers will seek new bases in other countries.

Panamanian Defense Forces this past May discovered and destroyed a large cocaine complex which had been constructed by Colombians traffickers in Darien province, and also destroyed some large plantings of coca in that area which is adjacent to the Colombian border. Panamanian authorities intercepted large quantities of ether used to refine cocaine, which was bound for that laboratory complex as well as laboratories in Colombia.

Brazilian National Police have had to step up their activities in the Amazonas region, where traffickers are encouraging tribal groups to expand their traditional plantings of coca, and are establishing cocaine laboratories. Similarly, Argentina has been obliged to devote increasing resources to deal with the rising number of cocaine laboratories which have

en established within its borders during the past two years.

Venezuela has adopted stronger anti-narcotics laws and the government has increased its cooperation with the Colombian National Police on narcotics trafficking and related problems in their common border region. Last year Venezuela destroyed more than 500 acres of marijuana in its western province and one of its major narcotics seizures was a near-record 667 kilogram shipment of cocaine which was being transhipped through Caracas International Airport. This government has recognized the narcotics problem and stands ready to confront it.

A variety of programs have been launched in the Caribbean and Central America, including efforts to improve radar surveillance and interdiction capabilities in the Bahamas and to improve on interdiction in Jamaica.

A key element in worldwide advances in narcotics control has been the expanding role of the United Nations Fund for Drug Abuse Control. The Fund is now developing projects in support of coca control in South America, marking a long-needed involvement by the United Nations and indirectly by European nations in a problem which affects Europe as well as the United States. This activity was largely made possible by a pledge of 10 million over five years by the Government of Italy.

However, while progress is being made, we are faced with numerous challenges.

Worldwide production of illicit opium, coca leaf, cannabis

and their derivatives is many times the amount currently consumed by drug abusers. Some governments do not have control of the narcotics growing regions, and prospects in several countries are dampened by corruption, even government involvement in the narcotics trade. Markets shift, and new production sources emerge even as we achieve success in eradicating current crops, most prominently evidenced by the transitions from country to country of the centers of heroin and cocaine production.

Of the several threats to our progress, none is more provoking than the violence unleashed by traffickers and terrorists alike. Threats have been made against both United States and foreign government officials involved in anti-narcotics programs in Colombia, Bolivia and Peru. That these threats are real is evidenced by the triple assaults in Peru which left 21 people dead, including 19 Peruvians working in the U.S. assisted coca eradication program. We are told that four of these workers were cruelly tortured and may have been skinned alive. On Monday afternoon, a car bomb was exploded in the street adjacent to our Embassy in Bogota, killing one woman and injuring other bystanders, and we have received threats related to the impending approval of extradition orders. No United States officials or their dependents have suffered injury in these incidents, but some members of the mission in Bogota and their families have left

lombia as part of our overall response to these security concerns.

However, anti-narcotics efforts will not be slowed. We and our South American colleagues will not be deterred by the cruelty, torture, bombings or threats -- from any source. The issue goes beyond narcotics control; these traffickers and terrorists are striking at the very foundations of democratic government.

In a major address on narcotics on September 14, Secretary of State George Shultz noted that the growing narcotics network is part of a trend toward international lawlessness that has been increasing ominously over the past two decades. He called narcotics trafficking, terrorism, and similar kinds of outlaw behavior "the modern versions of piracy." The Secretary noted there is ample evidence showing that these different types of lawlessness are linked. Money from drug smuggling supports terrorists. Terrorists provide assistance to drug traffickers. Organized crime works hand in hand with these other outlaws for their own profit. And what may be most disturbing is the mounting evidence that some governments are involved in both narcotics trafficking and in terrorism.

Clearly the complicity of these governments in the drug trade, and government complicity in terrorist acts, are matters of grave concern, and I believe the increasing awareness of these adverse and other effects are improving the prospects for narcotics control.

Certainly, there are greater incentives on the part of drug exporting countries to act, and to move quickly. Virtually every source country has suffered the problems of economic dislocations, institutional instability and crime related to narcotics trafficking. Several have also been besieged by political problems, including armed insurgencies supported by profits from the drug trade. These source countries increasingly understand that they are the first beneficiaries of successful narcotics control programs.

As I stated earlier, one of the more encouraging signs in the battle against the narcotics plague is the increased attention governments are placing on the need for bilateral and regional cooperation in anti-narcotics activities. Underlying this trend is the realization by governments that first, no country is immune from the political, economic, and social problems associated with narcotics trafficking and second, it can be countered only if nations work together to bridge the legal and physical boundaries which divide them.

The world requires narcotics control programs in all the significant producer countries, supported by increased assistance from the international community. But, we also need for more nations to apply their political resources to this problem. Today, we are beginning to see that response.

While I have focused at length today on Latin America, our concern is of course for the worldwide effort. The United States believes that strong regional cooperative efforts are the key to lasting progress against narcotics trafficking in Latin America, throughout our hemisphere, and in the world at large. The United States stands ready to help the governments and peoples of Latin America, Southwest and Southeast Asia to work together for the common good. This task is spurred by President Reagan's pledge to a foreign policy that vigorously seeks to ensure effective international narcotics control.

We are redeeming that pledge in Mexico. The successful Mexican aerial herbicide eradication program has reduced the production of heroin from about 6.5 metric tons in 1975 to an estimated 1.4 metric tons in 1983. The Mexicans call their efforts "the permanent campaign" -- recognizing that fighting narcotics requires a constant readiness and long-term sustained efforts. The need for constant readiness is demonstrated by the recent raids in Chihuahua, where federal police destroyed an estimated 10,000 tons of marijuana. We are still assessing this major discovery. We do not know whether this is recent cultivation, planted in anticipation of shortages in South American production, or, a major expansion of the domestic markets for cannabis. We are gratified that enforcement intelligence permitted destruction of this huge cache of marijuana, and thus kept these 10,000 tons off of North American markets.

We are seeing real achievements. But we must do more. Let me repeat the scenario I presented to the United Nations last week. We believe that national and bilateral efforts must be complemented by strengthened regional cooperation in all global sectors. Recently, we have offered to provide appropriate financial and technical support to improve regional narcotics enforcement information exchanges in Latin America as well as development of regional programs to create heightened public awareness of the personal dangers of drug consumption and the social and economic costs of the illicit drug trade. We are also proud of our efforts these past four years to reduce drug demand in the United States, where a very effective national awareness program led by Mrs. Reagan has dramatically heightened community responsiveness. We are encouraged by the spread of the parents movement, so vital in our country, to other societies. In all of these endeavors, we enjoy a spirit of cooperation with our Congress, which has been most unequivocal in seeking a linkage between narcotics control and development assistance.

The grower-to-user chains which stretch across five continents must be broken through a comprehensive program of international control. We must apply pressure at all points in the chain -- through crop control; through increased seizures of both drug products and financial assets; through intensified investigation and prosecution of traffickers; and through effective treatment and prevention of drug abuse.

International strategies should give top priority to crop control -- bans on cultivation and production, enforced when necessary by eradication, and by interdiction and other enforcement programs operating as close to the source as possible.

An effective international strategy should offer financial and technical assistance for narcotic control projects. We must improve our knowledge of all aspects of the problem and exchange information to improve coordination of policy and effort. The people and governments of illicit drug producing countries must become more aware of the problems they export to other countries -- and the domestic problems they are creating within their own societies.

There is a need to raise the foreign policy priority assigned to narcotics control, to integrate narcotics into bilateral relations, and to upgrade the level at which narcotics matters are considered in foreign ministries.

Assistance should be sought by drug producing nations and provided by donor countries with clearly defined crop control objectives if we are to achieve success. We should recognize the need to link this assistance with crop control agreements.

Governments of producing nations must have and demonstrate the political will to undertake effective crop control and interdiction programs. Part of that demonstration of will must be the commitment of social and political as well as material

resources, and promulgation and adoption of laws which facilitate control objectives.

We need a higher level of awareness throughout the international community. We need to communicate through the world press the kind of intensive efforts that are being made. That awareness is increasing and it shows in many programs, including not just improved interdiction and eradication but in the decisions of governments to consult with their people on solutions.

Above all, we must work together, in an alliance at the national, regional and international levels, through bilateral and multilateral programs. We must make common cause in a more vigorous, more widespread, and more united effort to control international narcotics production and trafficking.

End

STATEMENT OF SPECIAL AGENT CHARLES MARTINEZ

Mr. Chairman and members of the Commission:

My name is Charles Martinez. I am a Special Agent of the Drug Enforcement Agency and have been so employed for eleven years.

My particular assignment is as a surveillance pilot. In that capacity, I was assigned to "Operation Trampa" in Colombia in January 1982. That Operation, based in Cartagena, involved daily flights by my partner, Special Agent Kelly McCullough and me, over the northern and western coasts of Colombia to locate and record marijuana transshipment operations. This area of the coast, particularly the Gujira region, is a very active marijuana growing and shipping area. There are literally hundreds of small airstrips in the area, all available for use by the Colombian drug-trafficking organizations. "Drug trafficking" is the correct description, because the groups we are dealing with here usually trafficked in more than one commodity. Marijuana, cocaine and methaqualone (quaaludes) are all encountered in the typical organization. The particular group I am going to discuss today - people who tried to and almost did murder my partner and me - are not "marijuana smugglers" or cocaine traffickers" or dealers in any other single substance.

they are drug traffickers, in the broad sense of the term. I want to make that clear, particularly to those people who give their money to these murderers with the excuse, "It's just a little weed".

In Operation Trampa, Special Agent McCullough and I were to operate out of a temporary base in Cartagena, which was not our regular location. We checked into the Don Blass hotel there, using our true names and identifying ourselves as DEA agents. This was routine. We were not in an undercover capacity or other sensitive assignment. We were pilots, doing our jobs in a completely overt way. Everyone we dealt with at the airport and the hotel knew what we were and what we were doing.

Shortly after our arrival, the Chief DEA agent in Colombia at the time, Johnny Phelps, contacted us and advised that he had information that a fugitive, Rene Bonitez, might be staying at our hotel. He asked that we make discreet inquiries of the hotel managemant. I did so immediately. The hotel employee I dealt with -- I thought he was the manager, but I later learned I was wrong -- promised to check it out, but I got no response. I asked again once or twice, but was never able to get a firm reply.

The night after I had made these inquiries -- actually at about 1:00 a.m. -- there was a loud knock on my hotel room door. The people outside identified themselves as Colombian police and demanded to be let in. McCulluch and I have connecting rooms, so I went to his and looked out the door into the hall. There I saw four men with pistols drawn outside the door to my room. They saw me looking out of McCulluch's room and rushed that door, but I managed to get the door closed and locked.

A fifteen minute conversation through the locked door ensued. The "police" pushed an identification card under the door showing that one of them was a member of the Colombian National Police. (I later learned that the man had been a policeman, but had been fired for corruption. Whatever the case, he had a current police i.d. that night that looked good to me.) The "police" then demanded to know if I was the person asking about Rene Benitez and why I was doing so. I told them McCullough and I were DEA agents and passed my credentials under the door. I then went to the phone and asked the desk to call the local police station (it was not possible to call without going through the hotel switchboard). The hotel operator refused to call the police. I next asked for hotel security. the security people did come up. Standing outside the door, they confirmed that the men in the hall were police.

With that assurance, I opened the door. The four "policeman" rushed in and grabbed us. They waved out the hotel security men, who left immediately. One of the gunmen, later identified as Ivan Duarte, spun me around and forced me back into my own room with his .45 automatic in my back. He again asked me why I had been asking about Rene Benitez, and I gave him my stock answer: I work for the DEA and had been instructed to see if Benitez was in the hotel. At that time, a second of the "policemen" approached me, and said, "I'm Rene Benitez." Placing his Beretta .380 against my head, he said, "this is the only law in Columbia."

After checking our credentials to make sure we were both DEA agents, the four gunmen took us down the stairs and out through the hotel lobby. On the way out, they stopped in front of the hotel employee I had been asking about Benitez and said to him, "Are these the ones?" The clerk shook his head in the negative, but it didn't help. They took us on out of the hotel, past three more hotel employees and put us into a waiting car. I was in the front seat -- actually on the transmission hump -- between the driver and Benitez. McCulluch was in the backseat between Duarte and the fourth man, who we later learned was a Cuban who, in 1969, had escaped from a Florida prison where he was serving a life sentence for murder.

We began driving out of Cartagena. I started interrogating Benitez about what was going on. Benitez finally told me that Americans like us were "screwing up his marijuana business". Having delivered his message, he shot me in the hip with his 380 right there in the car as we drove through a residential section of Cartagena.

With me bleeding from the gunshot wound and Kelly McCullough, who speaks no Spanish at all, in the backseat trying to find out what had happened, we headed out of town toward the village of Turbaco, about fifteen miles outside the city. After passing through the village, the car pulled over and stopped. The four drug smugglers began to argue. The issue was whether to kill us in the car ("too messy") or take us outside and do it ("too risky").

The four of them got out of the car and continued to argue. I tried to get out of the passenger door. Benitez, standing right outside, pushed me back into the passenger seat and fired a shot at point blank range intended for my face. I managed to dodge slightly and the bullet caught my right shoulder. As this was happening, McCullough made his break out the driver's door. That was the last I saw of him until the episode was over.

After shooting me in the shoulder, Benitez leaned into the car, put his Beretta to my forehead and pulled the trigger. The gun didn't fire. He pulled again two more times with the same result. I took what I saw as my last chance. I grabbed at Benitez, but he backed away. My next lunge took me past him and I just kept going, first down into the roadside ditch and then up and over a fence and into the jungle. I heard several shots behind me in rapid succession. I was certain at that point that my partner was dead.

I got into the forest, stripped off my too-visible white shirt and hid under some bushes. I could hear my pursuers looking for me, but I was hidden well enough that they couldn't find me. The only disadvantage to my hiding place was a large ant colony, the inhabitants of which bit me all over my body. It was a real incentive to relocate, but I was afraid that the men who were after me were waiting quietly for me to move.

After a couple of hours, I heard McCullough calling my name. He called twice and stopped abruptly. I thought it was a trick to lure me out. Sometime later, after I had heard a car drive off, I went out to the road. The first two cars that passed refused to stop, but I was able to get a young man in a taxi to

stop. He took me into Cartagena, where I went directly to the Naval Hospital. A short time later, I learned that my partner was alive and well. He is here today to tell you about his part in this.

STATEMENT OF

SPECIAL AGENT KELLEY D. McCULLOUGH

My name is Kelley D. McCullough. I am a Special Agent/Pilot of the U.S. Department of Justice, Drug Enforcement Administration. I have been a Special Agent of DEA and its predecessor agencies for 17 years. I have been assigned to posts of duty in Texas and Oklahoma and have had several temporary duty assignments in the United States and foreign countries. In late 1980, I was assigned to the DEA Air Wing as a Special Agent/Pilot.

1. During the last week of January 1982, I was notified of a temporary duty assignment in Cartagena, Colombia in support of Operation Tiburon. My temporary assignment was to be from February 1, 1982, to about February 20, 1982. On February 3, Special Agent/Pilot Charles Martinez and I arrived in Cartagena, Colombia and registered into the Hotel Don Blas using out Official Passports as identification.
2. We flew patrol missions along the coast of Colombia for the next several days. Special Agent Martinez did call the Bogota office and received instructions to inquire with the management at the Don Blas Hotel in an effort to verify that two United States fugitives were residing there. As best as I recall, on Monday, February 8, Special Agent Martinez did make the inquiry with the manager's office of the Don Blas Hotel. Special Agent Martinez told me that the person he made inquiry with would get back to him with the information.

3. On the night of February 9, 1982, at approximately 9:30 or 10:00, a maid knocked on Special Agent Martinez' door which would be Room 1804, and he told me that she had inquired if he desired that his bed be turned back and his curtains be closed for the night. This seemed unusual to us because this was the first time that had happened. Special Agent Martinez and I had adjoining rooms, his being #1804 and mine being #1803. We had left the adjoining doors open when we retired at about 10:30 or 11:00 that night.

4. That same night, at about 12:30 a.m., the date being February 10, 1982, I heard a loud knock on Special Agent Martinez' door. I got out of bed first and asked who it was, and I heard a reply in Spanish. By this time, Special Agent Martinez was awakened, and he said something in Spanish. Evidently, he was not satisfied with the reply that he received because he went into my room and opened the door to look out and see who was knocking on his door. Suddenly, he slammed my door shut and locked it and said there were men out there with guns. The people outside Special Agent Martinez' door then came down to my door, and Special Agent Martinez started talking to the people outside my door in Spanish. I do not understand Spanish, so I did not know exactly what was going on. In a short time, he told me that at least one of those people outside the door was claiming to be a Colombian

police officer. He went to the phone in his room and called down to the desk to inquire. When he hung up the phone, he told me they were sending up security people to check it out.

5. A few minutes later, after some more talking between Martinez and the people outside the door, someone slid a plastic identification card under the door into my room, and Special Agent Martinez looked at it and said that it was the identification for a Colombian National Policeman. Special Agent Martinez went to his room and got his Official Passport and slid it under the door to the people outside. He told me during this time that the hotel security people were also outside the door. He indicated that even though the security people were out there and that one person had a Colombian police identification, it did not seem to be a normal police activity, and he was very suspicious of what was going on. He then went back to his room and called down to the hotel desk and asked them to call the police. When he went back to the door in my room, there was some loud talking, and he told me that the people outside said that they were going to shoot the door down and come into the room if he didn't open it. We were totally unarmed, and he decided that we had no other choice but to open the door and let the people in.

. When he opened the door, there were three to four men in civilian clothes and at least three or four hotel security guards in uniform. They all came into my room, and the men in civilian clothes indicated to the security people that they were dismissed

and were to leave, which they subsequently did without question. One of the men, who was subsequently identified as being Jose Duarte, the man with the Colombian police identification card, was holding a .45 automatic pistol, and he took Special Agent Martinez into his room and closed the door. There were three or four other men still in my room standing around watching me. Two of these men I have subsequently identified as Armando Benitez and Carlos Ruiz. About five minutes after the men initially came into the room, a man who has subsequently been identified as Rene Benitez, entered carrying a .380 automatic in his hand. He came into my room, put me up against the wall and searched me, and then went into the room where Special Agent Martinez and Duarte were. There was a lot of conversation between the men in Spanish and men coming and going from the room, all in civilian clothes and, finally, they brought Special Agent Martinez out of his room. Armando Benitez searched all of my personal belongings and gave Duarte my Official Passport and personal passport and my credentials. At about 1:15 a.m., they told me to get my shoes and shirt on, and Special Agent Martinez told me that they were going to take us down to the police department for further questioning.

7. When we got to the elevator, there was a stairwell adjacent to it with three or four men standing in it. As we stopped at the elevator doors, Benitez questioned one of the men in the stairwell. The man walked out and looked at Special Agent Martinez and me and shook his head negatively. At that point, we

were taken into the elevator and went down to the first floor. We were escorted through the lobby and out the front door as the Don Blas Hotel security men and other employees watched. Duarte, Rene Benitez, Carlos Ruiz, Special Agent Martinez and I entered a car that was parked outside the front door. The car was a four-wheel drive compact, two-door sedan, orange in color. Special Agent Martinez was seated in the front of the vehicle between Duarte and Benitez. He was straddling the console and the gear shift because the vehicle had a standard transmission with bucket seats in the front. I was sitting in the left rear seat, and Ruiz was seated in the right rear seat.

8. We drove away from the hotel and proceeded to the eastern edge of Cartagena, where Rene Benitez shot Special Agent Martinez. I asked Special Agent Martinez what had happened, and he told me that Benitez had shot him in the leg. Up to this time, Ruiz, who spoke in English, had repeatedly told me that we were going to the police station for further questioning and that all they wanted was some information. When I asked him if he was a policeman, he said no, but indicated that the driver, Jose Duarte, was a policeman. After the shooting occurred, he told me that it had been an accident and that Benitez had also been wounded in the leg. As Duarte continued driving, Ruiz said that we were en route to the hospital.

9. We continued southeast leaving Cartagena and went through a small town called Turbaco. About three miles out of Turbaco, at about 2:00 a.m., Duarte stopped the vehicle. He, Benitez and Ruiz got out of the car. Special Agent Martinez told me that they were going to kill us. Benitez remained on the passenger side of the car where Special Agent Martinez was sitting in the right front seat with his feet outside the car. Duarte and Ruiz were on the left side of the car. Duarte was holding the left front door open. As I tried to get out of the car, he would push me back and put his hand on the pistol that he had inside the waistband of his pants. I attempted to get out of the back seat of the car a few more times, and each time Duarte would push me back into the back seat.

10. I observed Benitez aiming his pistol directly at Special Agent Martinez' head, and I heard Special Agent Martinez say "No, Rene! No!" At this instant, I attempted to grab Duarte's pistol which was still in his waistband and, simultaneously, I was able to get out of the back seat of the car and get my feet on the ground. I was unsuccessful in getting Duarte's pistol because his shirt was over it causing my hand to slip off the butt of the gun. When this happened, I immediately started to run back up the highway toward Turbaco. At the instant I started running, I heard a gunshot and Special Agent Martinez yell loudly. I ran off the pavement of the highway and into the ditch on the north side of the highway in an attempt to escape into the woods. However, there was a high fence, so I had to continue running in

the ditch. Duarte was running behind me and shot at me at least two times and missed. I tripped on something in the ditch and fell, but I was able to get back on my feet and continue running before Duarte got to me. He shot at least two more times, the first shot grazing the inside of my left knee and the second shot hitting my right buttock, and again I fell. I was in the process of getting back up but, before I was able to regain my feet, Duarte was standing over me and shot me in the neck, knocking me back down on the ground.

1. I assumed that Duarte would examine me to determine if I was dead and would shoot me again, but I laid there about 30 seconds and nothing happened. I raised my head and looked around. He was gone. I got up, climbed over the fence and went to a place in the woods where there were two houses. The houses were approximately 100 yards north of the highway. I knocked on the door of the larger of the two houses, and an older man and a young man came out of the house carrying guns. I tried to communicate to them my situation, and they just motioned for me to continue on up the highway toward Turbaco. I did so and got back out on the highway walking northwest toward Turbaco.

2. Each time I saw a car coming down the highway, I would jump into the ditch and hide. About this time, the orange vehicle which had taken Special Agent Martinez and me out into the country, passed me headed back toward Turbaco and Cartagena. I continued walking and came to another house which had a white

concrete entrance. The yard was well-lighted. I climbed over the gate and went to the house. A lady came to the door, and I tried to explain to her my situation, that I wanted to make a phone call and to get a ride into Cartagena, but she did not understand English and would not help. I left that place and continued walking up the highway toward Turbaco.

13. As I neared Turbaco, I saw the steeple of a church off to the south about a quarter mile off the highway. I went to the church and talked to the padre who understood English fairly well. I told him what had happened and that my friend, Special Agent Martinez, was still out there and probably very seriously injured, and that I wanted to go get the police and a doctor and go back out to the scene of the shooting. We got into his car and drove to the National Police Office in Turbaco, where a uniformed officer got into the car with us. We went to the medical clinic in Turbaco where a physician was on duty. The padre, the policeman, the doctor and I, in the padre's car, drove back out to the scene of the shooting, arriving at about 3:30 a.m. There were no cars nor people in sight.

14. The police officer and I started walking along the south edge of the highway, searching in the ditch with his flashlight for Special Agent Martinez. We were walking back northwest along the highway, and I began calling Special Agent Martinez. After we

had walked about 150 yards back toward Turbaco from where the car was parked, the doctor and the padre got back in the car and drove southeast out of sight.

15. After the car had driven out of sight, I heard a whistle. I looked up the highway in the direction of Turbaco and saw two men walking in our direction. When they came within about 10 to 15 yards of where the police officer and I were standing, I recognized Rene Benitez and the second man as being one of the men that had entered our hotel room earlier that night. When Benitez saw me, he became very agitated and started walking toward me pointing his gun. I moved behind the police officer, trying to explain to him that these were the two men who had tried to kill me and Special Agent Martinez. (The police officer did not understand English.) As Benitez got near us, the police officer grasped the gun arm of Benitez with both his hands, one hand on his wrist and the other on the hand that was holding the pistol and started leading him southeast down the highway. The man with Benitez followed. The police officer indicated very vigorously to me that I should leave and go back into Turbaco.

16. I complied with his instructions and started walking northwest along the highway. Again, each time a car came down the highway, I would hide in the ditch. I even did so when the padre's car came by me about 10 minutes later because I assumed that Benitez had convinced the police officer and the padre that I was the villain. As I neared Turbaco, I got off the highway

and walked across a field covered with dense vegetation and entered Turbaco from the back side. I did this because I suspected that Benitez and his men and the police would be watching the main highway for me.

17. I entered Turbaco and walked through an area of tiny shacks and narrow streets. I continued walking until I came to a retail area where a bus was picking up people. The time was approximately 4:30 a.m. I asked the bus driver if he was going to Cartagena, and he indicated that he was. I got on the bus and was one of the first ones on it. It drove around the area of town picking up other people for about 30 minutes before it entered the main highway and continued into Cartagena. As it entered Cartagena, it stopped at a place where there were taxicabs. I got off the bus, entered a cab and instructed the driver to take me to the Hilton International Hotel in Cartagena. When I arrived at the Hilton Hotel, I entered the lobby and asked the two men behind the desk if they could call the American Embassy in Bogota for me or the American Consul in Barranquilla. They told me that the telephone lines in that area of Cartagena were under repair, and they were not able to contact the long distance operators. They told me that there was a good hospital a short distance from the Hilton and that I should take a taxi to the hospital, where I could be cared for medically, and they would also be able to contact the American Embassy.

18. I left the Hilton and the taxi took me to the Bocagrande Hospital where I received medical treatment. I also explained to them that I needed to make contact with the American Embassy in Bogota and tell them about myself and Agent Martinez. About 30 minutes or an hour later, a doctor did come into the emergency room who could speak English, and I again repeated what I needed done, and he said that he would take care of it. The examination and treatment continued, and it was determined that the bullet entered at the base of my neck on the right side and continued from right to left across my chest and exited at my left armpit. The bullet that hit my right buttock exited the right side of my groin. The third bullet had just cut the skin on the inside of my left knee. I was taken to a room in the hospital, and I received a telephone call from the American Consul in Barranquilla. I told him that I was in good shape, but that I feared that Special Agent Martinez was at least very seriously wounded and probably dead. He said that he had already contacted Special Agent in Charge John Phelps at the DEA office in Bogota and that Phelps and Special Agent Ashton were flying to Cartagena, and he was driving up to Cartagena from Barranquilla and would contact me in about two hours. A short time later, the U.S. Navy Liaison Officer arrived in the room and told me that Special Agent Martinez was in the Colombian Naval Hospital and was doing well. He said that I was going to be transferred from the Bocagrande Hospital to the Colombian Naval Hospital.

19. At about 11:30 a.m., I was transferred in a Colombian Naval ambulance from the Bocagrande Hospital to the Colombian Naval Hospital. I was examined again at the Naval Hospital and then taken up to the room where Special Agent Martinez was. It was at this point I learned Rene Benitez was one of the fugitives Special Agent Martinez had inquired about at the Hotel Don Blas and that we had been compromised by one of the hotel employees.

20. At about 7:00 p.m., we were put in an ambulance and taken to the Cartagena Airport where we were taken into a U.S. Air Force C130 and flown to Panama. We were admitted to the Gorgas U.S. Army Hospital in Panama and again thoroughly examined by the medical staff and taken to our rooms at about 12:30 a.m. We remained in the Gorgas U.S. Army Hospital for medical treatment and observation until Saturday, February 13, 1982, at which time we flew via commercial airlines from Panama to Miami.

21. On April 13, 1982, Rene Benitez was arrested in Colombia and on May 20, 1982, Jose Duarte was arrested in Venezuela. Both remain incarcerated in Colombia awaiting trial. Armando Benitez and Carlos Ruiz have been arrested, tried and convicted in Miami for their activities during this incident.

STATEMENT OF
SPECIAL AGENT MICHAEL FREDERICKS

Mister Chairman and members of the Commission, my name is Michael Fredericks, and it is with great honor that I appear before you to address the problem of the clandestine processing of cocaine in the jungles of Colombia and its relationship to subversive guerilla groups and organized crime referred to as the "Colombian Mafia."

I began my career in federal law enforcement in 1971 with the U.S. Customs Agency Service. I have been with the Drug Enforcement Administration since its inception in 1973, and since April 1983, have been assigned as a Special Agent in DEA's Country Office in Bogota, Colombia. My duties include intelligence gathering and coordinating liaison with our local counterparts. I have also been a Technical Operations Officer in charge of photography and radio equipment.

Today, I will outline a pattern of cocaine trafficking activity undertaken by the so-called "Coqueros," or cocaine traffickers, of Colombia. I will trace the intricate web of coordinated activity that links those cocaine organizations with communist trained and supported guerilla groups. Rather than fighting for geographic turf or the control of organizations, as more traditional organized crime does, the families of "Colombian Mafia" form consortia, interchanging personnel, property facilities, and even the final product, cocaine.

I will begin with a detailed chronology of recent events associated with trafficking activity. As I progress, the complicated relationships among traffickers and their cocaine-producing labs should become more clear.

On November 5, 1982, a United States-registered aircraft, was seized by U.S. Customs at Hattiesburg, Mississippi. As a result of currency violations, four individuals were arrested at the time of the seizure including Victor Serna Varrona. Serna was identified as Victor Serna-Navarro, a suspected drug trafficker documented by the drug enforcement administration. Serna failed to appear in court on the felony charges stemming from the currency violations and additional firearms charges, and a warrant for his arrest was issued in Biloxi, Mississippi, on December 8, 1982.

In January 1983, El Tiempo, a Bogota, Colombia, daily newspaper, reported that on or about January 15, 1983, one hundred fifty armed "Guerrilleros" from the "Fuerzas Armadas Revolucionarias De Colombia" (revolutionary armed forces of Colombia), or "FARC," raided a large cocaine processing laboratory belonging to Camilo Rivera-Aviles. This laboratory was reported as being located on Rivera's ranch, named "El Diamante". The Guerrillas kidnapped eighteen persons and seized four airplanes. Colombian authorities were contacted by radio and the FARC demanded approximately \$425,000 for the release of the hostages and property. The newspaper account reported that the site maintained a clandestine airstrip large enough to be seen from a mile away, and that the laboratory complex was capable of producing 5,000 kilograms of cocaine per month.

During April 1983, an American citizen was kidnapped by a unit of the FARC and held for ransom. On August 14, 1983, another American citizen was kidnapped by a FARC unit in the Colombian Department of Meta. A relative of the second kidnap-victim and close friend of the April victim provided knowledgeable information concerning the association between the Colombian drug traffickers and the guerrillas. Specific allegations were made that the guerrilla factions were effectively taxing the cocaine-processing organizations up to 50% of their projected profits.

These funds were used to fill the guerrillas' "War Chests" and enable them to purchase arms and ammunitions in the furtherance of their stated cause: to overthrow the democratic Government of Colombia.

On October 12 and 13, 1983, 718 pounds of cocaine was seized in Torrey Pines, California, as the result of a fire that destroyed a clandestine cocaine-processing laboratory. Subsequent investigation determined that the laboratory had been just one installation of a Colombian trafficking organization run from Medellin, Colombia, through Miami, Florida. That organization was believed to be headed by two brothers identified as Emilio Ernesto Murillo-Pardo and Rodrigo Murillo-Pardo, aka Jorge Ivan Tobon-Lopez.

Two months later, on December 20, 1983, Jorge Ivan Tobon-Lopez, identified as Rodrigo Murillo-Pardo, was arrested at Miami International

Airport after attempting to bribe two U.S. Customs inspectors who had discovered an undeclared \$490,950 hidden in a private aircraft bound for Medellin, Colombia. The pilot of that plane was identified as German Vanegas-Sierra. Rodrigo Murillo-Pardo posted bond and was released. Currently, both the Murillo-Pardo brothers remain fugitives from U.S. Justice.

On January 2, 1983, the victim of the August 1983, kidnapping was released by the FARC. During the extensive post-release interview, that individual made several statements about the participation of members and units of the FARC in the actual cultivation and processing of coca into cocaine base. Based on observations of and conversations with his captors, the victim stated that some of the guerrilla leaders had been trained in North Vietnam, Libya and Cuba. He was told that a joint guerrilla command currently exists for Colombia, Bolivia and Ecuador, three countries involved in the cultivation and/or processing of cocaine. Further, elements of the guerrilla "Front" involved in the kidnapping claimed that the "Front" alone was collecting more than \$3,000,000 per month in taxes from the cocaine traffickers.

In a subsequent debriefing of the kidnap victim, he identified Pascual Bravo-Munoz and Jorge Londono as two primary individuals involved in the large-scale processing and trafficking of cocaine. The

kidnap victim, a pilot, was able to provide approximate locations of suspected clandestine laboratory sites and airstrips. Among these were a 1,800 meter paved airstrip originally constructed by the Summer Institute of Linguistics, a missionary organization, but taken over by Bravo-Munoz and Londono to facilitate the transportation of cocaine; and another clandestine airstrip site, known as Pascualandia, attributed to Bravo-Munoz.

On March 8, 1984, DEA in Bogota received information that indicated a possible location of a cocaine lab in an area approximately 350 miles southeast of Bogota, in the Department of Cauqueta. The Commandant of the Colombian National Police anti-narcotics unit in Bogota began coordinating a raid into the area. On March 10th, approximately 40 national police officers transported by two Bell 212 helicopters and a Cessna twin otter fixed wing aircraft raided the site of a clandestine airstrip and cocaine-processing laboratory complex at the coordinates provided by DEA.

The initial assault against this site was made by the two helicopters which landed to permit raiding police officers to remove a number of 55-gallon drums that had been placed on the runway to prevent landing of any unwelcome aircraft. After clearing the airstrip, these initial assault personnel began securing the surrounding area

while the fixed wing aircraft landed an additional 20 police officials. During this assault the national police were continuously fired upon from the jungle by snipers. The national police returned fire, secured the area, and arrested 40 individuals later identified as workers in the laboratory complex.

This massive laboratory complex, identified as Tranquilandia, contained three distinct encampments around a 3,500 foot usable runway which was constructed of a four to six inch surface of hard-packed sand on top of a six to eight inch base of crushed rock. Jungle growth had been cleared for approximately 2,000 feet on one end of the airstrip and for 1,200 feet on the opposite end of the runway to permit aircraft to utilize the additional distance for approaches and departures. The first area secured during the raid was a living area consisting of three principal buildings: an 80-person dormitory which also contained a workshop and storage room; a dining area and kitchen facility with space to accommodate approximately 30 persons; and a separate sleeping and living area, ostensibly utilized by pilots or administrative personnel of the complex, which accommodated about 10 additional persons.

The kitchen was equipped with a freezer, refrigerator, gas stove, and a large washing machine. The sleeping quarters had showers and flushing toilets, and electricity was supplied to this complex by a 30,000 kilo volt generator. A short distance from the dining/kitchen

ilities were hog pens and a chicken coop. Water was pumped into plastic tanks situated atop a 20 foot tower, and then ran through plastic piping to the respective sites utilizing running water.

The actual laboratory site was hidden in the jungle several hundred yards north of the airstrip and consisted of nine separate buildings, including a structure used to store combustible fuels, located approximately 100 yards from the main complex. The paste to base conversion lab consisted of an open-walled, tin-roofed building approximately 25 by 60 feet. A separate building was used for storing ether, a necessary component in the cocaine manufacturing process. This building contained approximately 600 55-gallon barrels of ether.

Since 12 kilograms of cocaine HCL can be produced from each 55 gallon barrel of ether, this single cache of ether at Tranquilandia represented approximately 7,200 kilograms of cocaine hydrochloride. At today's prices here in Washington, at \$35,000 per kilo, there was essentially \$252 million sitting in that tin-roofed building hidden deep in the Colombian jungles.

The largest building of the processing complex was the hydrochloride lab, which was approximately 30 by 70 feet, also of

open-walled construction with a tin roof. In addition to some 15 more ether barrels, this structure contained 75 large plastic trash barrels, each topped with three or four layers of filter paper, and estimated to contain about 20 kilos of cocaine HCL. This section of the complex also contained a dormitory building and a separate dining structure, apparently to keep the laboratory workers separate from the laborers and pilots.

In the third area of the Tranquilandia complex, located about 250 yards east of the center of the airstrip, national police encountered heavy sniper fire. Individuals in fatigue-type jungle uniforms were the source of the sniper fire. Colombian national police reports identified this group as members of the FARC guerrilla organization, and estimated the number at approximately 100. Once the area was secured, several hundred barrels of various combustible fuels were found, as well as what appeared to be another dormitory and several other buildings under construction. It is thought that this third area was to be another laboratory site. Four fixed-wing aircraft and a helicopter were seized in these initial stages of the raid against Tranquilandia. Three of the airplanes and the helicopter bore Colombian registration markings. The fourth aircraft, a Cessna 411, had a U.S. registry.

In addition to planes and equipment seized during the raid were 5 uzi. and one ingram machine gun, four shotguns, five M-1 .30 caliber

carbines, and approximately 3,400 rounds of various calibers of ammunition. Also discovered in the documents seized at Tranquilandia was a hand-drawn map taken from the pilot's dormitory which showed Tranquilandia as one of six different sites. The other five were identified as Villa Coca, with the notation "Rodri"; El Diamante; Lmeras; Nuevo Horizonte; and Pascualandia. Four of the six sites were further identified on the map by radio frequencies, and all were located with compass headings and flying time from each other.

As you will recall, "El Diamante" was the site alleged to have been identified by a group of FARC guerrillas, as reported by El Tiempo in January, 1983. It was capable of producing 5,000 kilograms of cocaine per month, and to have an airstrip visible from as much as a mile away. "Pascualandia" was reported by the FARC's August 1983 kidnap victim to have been owned and named for Pascual Bravo-Munoz, who was alleged to be involved in the large scale processing and trafficking of cocaine.

Between March 10 and 16, 1984, the Colombian national police conducted raids on all the sites named and identified in the hand-drawn map. By March 16, the following had been seized: 8,530 kilograms of cocaine hydrochloride; 1,500 kilograms of cocaine base; seven aircraft; buildings; 10,800 55-gallon barrels of ether, acetone, acids,

gasoline, and aviation fuels; six clandestine airstrips; and nine cocaine-processing laboratories. Documents found at Tranquilandia reflected the involvement of such well-known Colombian mafia members as Pablo Escobar-Gaviria, Carlos Lehder-Rivas, Jorge and Fabio Ochoa-Vasquez, Jose Gonzalo Rodriguez-Gacha (aka El Mexicano), Francisco Barbosa (aka Pacho), and scores of other Colombian drug traffickers and associates. More than fifty different aircraft were documented as having arrived at the Tranquilandia runway between November 1983, and March 1984. One ledger notation indicates a shipment of cocaine base of several hundred kilograms being delivered from Roberto Suarez-Gomez, well-known Bolivian supplier of Bolivian base and paste, to Colombian drug traffickers.

More than a dozen pilots who had been flying various aircraft into Tranquilandia were identified from the same ledgers. Not surprisingly, there were several names that were familiar to DEA. One of these was Victor Serna-Navarro, aka Geru, who I mentioned earlier as the individual arrested on currency violations in Mississippi. Serna, a close associate of Pablo Escobar-Gaviria, was documented as having made several trips into Tranquilandia carrying primarily coca base and paste, and at least one load of gasoline. Another pilot identified at Tranquilandia was German Vanegas-Sierra, the pilot of the plane seized in Miami in December 1983 carrying the \$490,950 to Medellin. Documents seized at the site reflected that pilots flying for major traffickers

scobar-Gaviria, Rodriguez-Gacha, Lehder-Rivas, the Ochoa-Vasquez family, and Francisco Barbosa had all utilized the Tranquilandia site during the months immediately preceding the raid on that complex.

Subsequent to the raids directed against the multiple clandestine airstrips and laboratory facilities, a DEA aircraft in the area on April 4, 1984, sighted yet another large landing strip north of the 30-mile radius containing the Tranquilandia complexes. DEA in Bogota passed the information to the national police, and plans were again formulated to conduct an operation against the newly discovered site. On April 5th, the raiding forces flew to Tranquilandia where a base camp had been established for a number of national police officers who had been left to guard the central complex. Throughout the following day, the fifty-man force was divided, and small groups of police officers were taken to each of the previously identified laboratory and processing sites to destroy the landing strips in an attempt to prevent further use by the trafficking groups.

On the afternoon of April 6th, a raid was coordinated against a seventh site, later to be named "La Loma." Although a fully operational laboratory complex was found at La Loma, it had been abandoned and no cocaine was discovered. Chemicals and precursors were also absent from this site, but hundreds of empty ether barrels indicated the activity that had taken place in the area. During the raid on La Loma, the command helicopter carrying the commandant of the national police

anti-narcotics unit, and myself, in flying a circling pattern over the area, flew over two additional clandestine airstrips. Situated about a half mile east of the La Loma site, these two airfields were obviously much smaller, and one appeared not to be in current use.

As the colonel directed the pilot to drop down to tree-level for a closer look, it became apparent that there was yet another encampment of some sort below us. Tents were visible from the air, well-hidden in the jungle undergrowth, and a make-shift soccer field was seen nearby. On a small river tributary that wound through the jungle, we saw a boat, perhaps fifteen to twenty feet in length with an outboard motor, and about half-filled with supplies of some kind. On a subsequent pass over the area we were able to see clothes drying on the under-growth. The police commandant ordered one of the larger helicopters from La Loma to fly into the area in support and directed the pilot to land the command helicopter.

Upon landing in an open area at the end of the usable airstrip, we walked into the jungle camp as the other helicopter landed and discharged its raiding force on the opposite side of the camp. Walking into the camp, however, we suddenly became aware that we had not discovered another laboratory operation, but rather a FARC guerrilla base camp. Smoke was still curling from the abandoned campfire and a

partially-dressed deer was still hanging. Food supplies, sleeping facilities, medical supplies, and what could be described as a tailor shop had all been deserted. One area of the camp which served as a radio center still had antennas and batteries intact, but the portable radios had been taken from the site in what appeared to be a hasty evacuation.

As the police moved into the camp, a closer inspection of the tailor shop revealed a singer sewing machine with several partially completed, light weight, fatigue-type uniforms. Upon examining the shoulder patches of the uniforms, an army intelligence colonel accompanying the police force identified them as indicating the seventh front of the FARC. Documents found in the camp area further indicated that this unit had recently been visited by members of the tenth front. Comprehensive examination of the area disclosed a firing range and an obstacle course as well as the soccer field that had been seen from the air. The boat with the supplies had departed, apparently during the landing of the helicopters, and there was no further sign of the former occupants.

I returned at that time with the two colonels to the area of La Loma, and a police contingent was left to destroy the FARC camp and further explore the area for any additional intelligence leads that could be used by the military. Upon returning to La Loma, I

witnessed the destruction of the buildings and any usable supplies or materials. Subsequent to the total destruction of the FARC camp and the laboratory complex at La Loma, the entire force returned to the base camp established at Tranquilandia. After spending the second night at Tranquilandia, the entire living complex was destroyed, the airstrip was dynamited, and all heavy equipment not taken by the national police was distributed along the runway and burned immediately prior to total evacuation.

Approximately five weeks after the raid on La Loma, on May 18, 1983, the Panamanian national guard raided a cocaine processing laboratory complex, which was located about 60 kilometers southeast of La Palma, as a result of a DEA investigation coordinated with Panamanian authorities. It was estimated that the construction at this site had been underway for three to four weeks. A total of twelve buildings were either completed or under construction and an electrical power plant containing seven four-cylinder diesel generators was found. Each of the twelve buildings had drying tables measuring approximately four by forty feet, covered by stainless steel sheating, with approximately 200 light bulbs suspended over each table to facilitate the drying process. Authorities estimate that thirty to forty persons were present at the site when the Panamanian national guard raided the complex, but all escaped into the surrounding jungle. There were no seizures of cocaine or precursors because construction at the site had not been completed.

Five days later, however, on May 23rd, twenty-two Colombian citizens who had fled the laboratory site during the raid by Panamanian authorities surrendered. All twenty-two Colombians were flown to Panama City and held at the headquarters of the first infantry company, Panama defense forces, for questioning and processing, and then flown from Panama to Bogota, Colombia, on May 27th, and released to Colombian authorities for further disposition. During the time that the Colombian laboratory workers were being held in Panamanian custody, an individual identified as Otalvaro Cabrera-Medina admitted that he had received seven hundred 55-gallon drums of ethyl ether which had been flown from Panama to Colombia, during a period between February 19, and March 6, 1984. Cabrera-Medina assumed full responsibility for the laboratory operation raided by the Panamanian National Guard and also confessed to making arrangements to ship the ether from Hamburg, W. Germany, to Panama, and finally to Tranquilandia.

From Tranquilandia, Cabrera stated that the ether was then moved to another site with a runway of approximately eight-hundred meters called Villa Coca. Cabrera stated that he owned the cocaine processing facility at Villa Coca and utilized the complex to convert Peruvian or Bolivian paste and base to cocaine hydrochloride which he then sold to the Colombian traffickers, charging them an agreed-upon fee per kilogram converted at his laboratory. He claimed he had no involvement in the distribution of the cocaine subsequent to its sale and refused to name

any other associated traffickers, maintaining that he was a self-financed operator, independent of any other associates in the narcotics business.

Cabrera further stated that the complex at Villa Coca had been in production for nine months prior to its discovery and destruction by the Colombian national police, and during that time estimated the laboratory to have yielded approximately 3,500 kilograms of cocaine HCL. Cabrera also stated that he had recruited the other twenty-one workers who had surrendered to the Panamanian authorities.

Although Cabrera assumed responsibility for both the Panamanian complex and the Villa Coca site, documents found at Tranquilandia indicated that the real power in the Villa Coca operation was Jose Gonzalo Rodriguez-Gacha, El Mexicano. On the hand-drawn map found at Tranquilandia that led the Colombian national police to the five sites surrounding the Tranquilandia complex, there was a notation, "Rodri" written next to the Villa Coca location. Other documents found indicated that at least one of the documented pilots flying in and out of the Tranquilandia airfield was an employee of Rodriguez-Gacha.

Meanwhile, other "Colombian Mafia" capos were making plans to recoup the tremendous losses suffered during the onslaught at Tranquilandia and the surrounding site. Intelligence obtained by the

national police F-2, which is the investigative division, disclosed that another known trafficker who had lost an undetermined amount of cocaine during the raids of Tranquilandia, owned a large ranch in the Colombian Department of Vichada. Other traffickers involved in the Tranquilandia complexes had agreed to have this ranch owner establish a replacement laboratory operation in an attempt to recoup some of the losses suffered at Tranquilandia, and to reinstate their business interests.

While the F-2 was pursuing that intelligence, DEA provided additional information to the anti-narcotics unit of the national police and on May 6th a combined force of 25 national police officers and 25 army soldiers raided a location in the department of Vaupes and found a clandestine airstrip and cocaine-processing complex named "El refugio." As in previous raids, approximately 60 empty 55-gallon ether barrels were found placed along the 2,100 foot runway to prevent unwanted aircraft from landing. Within about a ½ mile radius of the airstrip were 12 buildings including a dormitory, dining, storage, and processing facilities.

A single-engined Cessna aircraft, which hadn't been seen from the air, was discovered covered with plastic tarps and palm fronds. About

300 empty barrels were found, including those placed on the airstrip, and another five full drums were found in the lab itself. A cache of weapons was found about 200 yards from the compound on a jungle path and included carbines, machine guns, one machine pistol, and a shotgun. High-frequency communications equipment was also discovered. As in the previous raids, power plants were present on the site. In this case, lights and electricity were provided by three 27,000 volt A-C power generating plants.

In the dormitory, the raiders found a pair of dark green fatigue-type pants identical to the uniform pants found at the FARC guerrilla camp near the laboratory complex at La Loma. An army lieutenant at this site estimated that approximately 15 individuals, possibly guerrillas, had been at the site at the time of the raid. Although only about three pounds of cocaine were found at this site, the number of ether barrels present indicated that this laboratory complex was capable of producing 3,600 kilograms of cocaine HCL. But the most interesting thing about this particular laboratory is the fact that it's ownership was attributed to the son of the owner of El Diamante, the lab raided by the FARC guerillas in 1983.

Again with the assistance of DEA, the Colombian F-2 located another replacement laboratory and airstrip. The initial raid at this site on May 11th found it abandoned, but disclosed yet another large-scale cocaine-processing facility with the same type of sophisticated equipment found in previous laboratory sites. Additional intelligence developed after the initial raid indicated that the complex, identified as "Amoura," had been abandoned as a processing site due to the difficulty in obtaining ether, but that it was still being utilized to store coca paste smuggled from Peru. As a result of their continued search of "Amoura," the Colombian F-2 found 3,760 kilograms of cocaine, hidden about a mile from the lab site in a small building constructed in dense jungle undergrowth. The owner was subsequently arrested, but later escaped from custody on July 11th, while being transferred from prison to a local hospital in Villavicencio (Meta), Colombia, under security of a solitary guard.

On the last day of May, I was traveling through the Colombian city of Villavicencio with the Colombian national police en route to yet another clandestine airstrip that had been identified as the result of a coordinated effort between the New York and Bogota offices of DEA. While on the ground at the Villavicencio airport, a national police

officer approached me. The officer pointed out an individual who was overseeing the loading operation of a large cargo plane owned by a Colombian transport company and speculated that the man had been a pilot flying ether and other commodities in and out of Tranquilandia. Not only was the man a pilot that had been identified as having done just that, flying ether from Barranquilla to Tranquilandia, but the airline for whom he was directing loading operations at the time I saw him, was owned by the same individual who had been identified as the shipper of 1,629 pounds of cocaine hydrochloride that was seized on December 15, 1983, in Long Island, New York. To further compound the irony of the situation, the cocaine had been dispatched from the clandestine airstrip that I was accompanying the national police to raid.

All of the incidents which I have described are intended to demonstrate the complicated inter-workings of these trafficking organizations. As a result, we see quantities of thousands of kilograms of cocaine arriving in single shipments, but cannot identify a sole owner simply because there is no individual person responsible. These shipments are sent by cooperating groups, not individual organizations. If one trafficker has a thousand kilos that he wants to send to the United States, he can farm it out to ten different brokers, one-hundred kilos each, and still have the entire quantity being smuggled to the United States. But the chances of losing the entire load have been vastly reduced. If one or two loads are detected, he's only lost ten to twenty percent, rather than the entire thousand kilograms.

It seems incredible that after suffering losses such as those at Tranquilandia, that traffickers are not put out of business. Instead they continue to rebuild. After the raid of "Amoura" in May, a substitute site was erected and put into operation by the first week in July, shipping a thousand kilos of cocaine to to the U.S. by the second week of that month. During the end of September, the commandant of the Colombian national police anti-narcotics unit wanted to take another look at those six original Tranquilandia sites and at La Loma to assure himself that they hadn't been rebuilt. On September 27, DEA provided an aircraft to fly the commandant over the previously raided and destroyed sites of the Tranquilandia complex. During the overflight, activity was observed on the strips identified as Las Palmeras and Tranquilandia. On La Loma, two parked aircraft were seen on the runway, a small truck was seen driving adjacent to the airstrip, and an estimated ten to fifteen men were observed on the site.

As a result of that overflight, the national police again mounted an operation against La Loma. The initial plan was to secure the complex at La Loma and then strike the other known, and any newly discovered sites, in the surrounding area. On October 11th, a contingent of national police departed Bogota and met members of the Colombian air force and military in San Jose Del Guaviare (Guaviare). On the morning of the 12th, the raiding force departed San Jose, and arrived at La Loma at about 9:45 AM. The area was found abandoned with the laboratory

facilities that had been destroyed in April, during the initial raid, remaining in ashes. New facilities were found, however, and these new encampments were found hidden further into the surrounding jungle undergrowth. Also found and subsequently burned were approximately 120 55-gallon drums of ether.

In searching the area, evidence was found indicating that the complex had been occupied by members of the FARC guerrilla group. A full field pack was found intact, and among other items attributed to the guerrillas was a publication used by the FARC as a dialectic handbook. Also found was a personal daily log which indicated that the guerrillas had moved from the La Loma site on or about October 2nd, to the site of a new airstrip which was adjacent to the guerrilla camp which had been discovered and raided on April 6th. As a result of this information, approximately fifteen soldiers, accompanied by two national police lieutenants were flown into the area by helicopter.

Within about an hour, one soldier and one of the police lieutenants had been killed by sniper fire from the jungle. Additional numbers of soldiers were flown into the area the next day to reinforce the original fifteen men. While the military was attempting to track down the guerrillas in the area, the national police anti-narcotics unit attempted to compile more intelligence on the activities of the drug traffickers in the area and the previously identified clandestine

irstrips. Although I had originally gone along as an observer to this second assault on La Loma, I received orders by radio on the night of the third day to withdraw from the area due to the change in the thrust of the operation.

While landing additional assault forces at the site identified as Las Palmeras on the following day, the national police suffered another casualty when the pilot of one of the helicopters was killed by sniper fire as he landed the raiding officers. Later that week the national police forces withdrew from the area, and the army continued the attempt to find and counterattack the guerrillas. During the rest of that week, I believe four guerrillas, identified as FARC members, were killed, and two other captured.

This last incident demonstrated how intertwined police and military activities have become. As FARC forces continue to help the traffickers with their cocaine production, they earn the much needed money to finance their terrorist activities. With the help of these guerrillas, the various trafficking organizations, often working together, continue to build their labs, and send thousands of kilograms of cocaine to the United States each month.

STATEMENT OF OLMOND LARRY HALL

Mr. Chairman and members of the Commission:

My name is Olmond Larry Hall. I am 26 years old and a resident of Miami, Florida. I have had a pilot's license since January 1977. I worked as a flight instructor until February 1982. In June of the same year, I became involved with cocaine smuggling. As a result, I have been charged with narcotics offenses or related crimes in the Northern District of Indiana, the Southern District of Florida, and by the State of Florida. I have entered a plea of guilty to all charges and am scheduled to begin serving a five-year federal sentence on January 2, 1985. This is the story of my involvement with cocaine trafficking.

Almost immediately after getting my pilot's license in February 1982, I went to work for a commuter airline in Florida called Devoe Airlines, which was named after its founder, Jack Devoe. As soon as I started to work, it was clear to me that something other than our legitimate fares was keeping Devoe Airlines running. We needed to average 4.5 passengers per flight on our 8 passenger planes, but we generally carried only 2 or 3. Nevertheless, we continued to get paid and Jack Devoe himself, in his late thirties, lived very well. The rumors were everywhere that Devoe had a drug smuggling business on the side, but many

employees, including me, knew nothing specific at that time. The popular expression was, "The F.A.A. knows the money is dirty, but the airline is clean."

After a few months flying legitimate flights around Florida and to the Bahamas, which included some fairly tricky landings, Devoe's Director of Operations, Bill Kubiak, approached me and asked me if I wanted to make money. I knew exactly what he was talking about, and I agreed the same day. For the next three months, however, I did not fly any drug flights, but I did participate in enlarging an airstrip in the Bahamas to handle planes that were more long-ranged than anything we needed or used in the commuter business.

During that same period, I did fly one "cover flight", in which it was my assignment to go up in a twin-engine plane and rendezvous with an arriving drug plane. That way, if DEA or Customs was tracking the loaded plane, I could try to get them to follow my clean plane instead. On my one cover flight, there was no need for a cover. No one was on the drug plane's tail.

It was easy for us to know whether a plane was being tracked, because we knew DEA's frequencies. We obtained them by using scanners at first. Later, Jack Devoe and I saw a DEA Cobra pursuit helicopter parked near Devoe Airlines headquarters. The pilots were having coffee somewhere nearby. Jack and I, acting like helicopter buffs, gave the helicopter an admiring

inspection. What we were actually doing was copying down the DEA radio frequencies from a clipboard hanging on the instrument panel. By using our scanner and our knowledge of the frequencies in use, we could monitor the activities of the DEA planes, such as "Slingshot" out of Homestead Air Force Base. By such monitoring, we could learn not only the activities of the planes, but also go up and check the plane out. By learning what types of aircraft DEA was using, we could plan our own strategy more effectively. For example, our best and largest plane, a turbo-prop Conquest, had a spectacular rate of descent. It could not be matched by Customs own fast high flyer, a Cessna Citation, which is a true jet. On our descent, the Citation would have to pass us, and we could land and off load before it could circle and relocate us.

I began actually flying cocaine-the only drug I ever smuggled personally-on September 1, 1982. At that time, and in fact the entire time I was flying coke, we used the same pattern: large planes - either the Conquest or a Cessna 404 "Titan" - would fly from Columbia to the Bahamas and off load. From there, Devoe's smaller planes, usually Beechcraft Twin Bonanzas, would fly into Florida as part of the charter business. We made it through Customs by using both of the Beechcraft's outboard 44 gallon wing tanks, which were drained, cut off from the rest of the fuel system, and stuffed with coke. Customs never checked the wings, until the flight that was caught in March of 1983, and I believe that was due to an informant.

My first flight in September 1982, was typical of the Bahamas-to-Florida trips. I took a girlfriend to Nassau as a "charter". We were also delivering groceries to the caretakers of Little Darby Island. Nassau was an "airport of entry" in the Bahamas, meaning I could clear Bahamian Customs there and be issued a "transire", a travel permit authorizing me to travel around the islands. Transires were important in our business, because there are about 300 individual airstrips in the 700 islands that make up the Bahamas. We needed to be able to fly around with impunity. On my first coke flight, after clearing Bahamian Customs and getting a transire, I flew on to our base of operations at Little Darby Island, where the coke was stored after being unloaded from the Columbian flight. I had dinner with my girlfriend, and then told her that the caretaker and I had to do some routine maintenance on the island's generator. In fact, we spent about 45 minutes cramming 91 kilograms - about 200 pounds - of coke into the wing tank of my plane.

The next morning, we took off, returned to Nassau, cleared Bahamian Customs again, and flew to West Palm Beach Airport. We had no problem there. We were just a guy and his girlfriend returning from a weekend in the islands. After clearing Customs, I flew down to the exclusive private community of Ocean Reef, where Jack Devoe lived and maintained two private hangars. I taxied into one of them, the door was closed, and the coke removed. The wing panels were then replaced, and I flew back to Opa-Locka Airport, where Devoe Airlines was headquartered and

from which the flight had originated. That was all there was to it.

In the following months, I made approximately three coke trips a week, plus my regular charter assignments. Bill Kubiak made about one coke flight a week. The wing tank technique was always the same. The only thing I changed was my act on returning. If I was flying one of our older planes, I would use the "boy and his girlfriend" ploy I have described. If the plane were newer, I would wear my Devoe Airlines pilot's uniform and claim I was returning after dropping off a charter in the islands. Both techniques worked fine. It also helped to use my head. For example, the Customs Inspectors were far less interested in a lengthy examination of my plane if I came in on a Sunday afternoon in the middle of the televised football game. If the Dolphins were playing, that was even better. If it was raining, that would tend to keep them inside, too. At the time our operation went under, we had a system devised using identical planes with the same registration number. The clean one was to complete the flight plan, while the one with drugs got lost in coastal traffic. We never got a chance to try it out, but I think it would have worked.

During this time, I also began flying the Bahamas-to-Colombia leg of the trip. My first such flight was in October 1982, when I co-piloted our Conquest to Colombia with Jay White as pilot. Jay was not a Devoe Airlines employee, but a pilot who

just "hung around". My job was to operate the sophisticated Omega Navigational System, a \$10,000 piece of equipment we had on board which could take us straight to any location for which we had coordinates. Jay had flown to our destination, a ranch belonging to "Pepe" Cabrera, Devoe's Colombian connection, with a Colombian pilot as a guide. Having plotted the location on our charts, I was able to take us straight in.

Pepe's ranch was just an airstrip and a shelter in south central Colombia. We stayed the night and took off the next morning with 402 kilograms of cocaine aboard. We flew back to Rudder Cut Key, an island next to Little Darby, and landed. There the coke was off-loaded in less than five minutes, and we continued on to Nassau to fuel up and returned with one empty plane to Ft. Lauderdale Executive Airport. For that flight, I was to be paid \$50,000 and the pilot was to get \$75,000. As with most of our deals, we never got all of the money. One person who did get paid in full was the caretaker of Rudder Cut Key, an employee of the American corporation which owned the island. He got \$10,000 or \$15,000 for each flight that off-loaded on Rudder Cut Key, just for the use of the strip.

Over the next few months, I flew about one of these flights to Colombia each month, in addition to the other flights I described above. In addition to the flights I made, Devoe also contracted for a flight to Colombia on behalf of a guy named Posada, but I didn't go on that one.

The trips that I did make were with fellow Devoe employee Ron Markowski. Five times between November 1982 and the end of February 1983, we flew to Colombia to pick up coke from Pepe. All of these flights were with the Conquest, and all followed pretty much the same pattern. For example, we flew to St. Maarten to refuel, and then hopped across the channel to Anguilla, a member of the British Commonwealth. In Anguilla, Devoe's operation was paying off someone in the tower, so that we could file a flight plan to another island, St. Vincent's, in order to take off without difficulty. Because our man in the tower had been paid off, we knew he would tear up the flight plan as soon as we took off. We tore up our copy, too. Thus, with a little bribe, our trip disappeared completely from all air traffic records.

My first flight directly from the U.S. to Colombia came on March 17, 1983. That day, I flew the Conquest alone from the strip at Ocean Reef, Jack Devoe's residential community, directly to Colombia. I didn't have a flight plan. We just took off, flew to Haiti, and turned right. Our destination was once Pepe's ranch, although this time we were flying to a new ranch. I flew to the coordinates of the first ranch, where Pepe's private plane met us in the air and guided us to the new ranch some miles away. According to Pepe, the guerillas who were active in that remote region had run him off of his first ranch and stolen a good deal of cocaine in the process. We spent the night at

Pepe's and took off the following morning with 750 kilograms of cocaine on board. We flew straight to Rudder Cut Key, made the drop, and then flew to Nassau, where we spent the night. We got back to Florida the next day, March 19. On March 20, one of Devoe's Twin-Bonanza's flew to Florida with 151 kilograms of the coke we had just delivered from Colombia in its wing tank. The coke was discovered and the people on board arrested.

Fortunately for the operation, the pilots were new and not entirely trusted. Therefore, they had been instructed to pick up the plane in Nassau, where it had been taken after loading. Therefore, they didn't know exactly where our Rudder Cut/Little Darby/Big Darby base was. Nevertheless, the operation reacted. I got a call at about 11:00 pm from Devoe money man Jim Malone, who told me to get the rest of the coke and a second Twin-Bonanza, then being loaded, out of there. I went down to Ocean Reef, picked up a plane and since it was now 2:00 a.m., filed a necessary instrument flight plan for Haiti. I chose the destination because the route would take me almost right over Little Darby. As soon as I got close to the island, I reached our man on the ground, Peter Quackenbush, by radio and gave him instructions to unload the "boat" - our code for planes - and get the stuff off the island. Then, because I was still on Miami radar and had not landed on foreign soil, I called Miami center, reported engine trouble, and requested to return to the States.

Two days later I went to Little Darby to take care of the plane there. The one that had been seized in Florida on the 20th was not in Devoe's name. The plane in the islands was, and it was identical to the seized aircraft, including the special wing tank drug compartment. Devoe wanted it to disappear before it could be tied to him. I ditched it in the Atlantic.

From that point until July or August of 1983, I stayed clear of drug flights, but it was too little, too late. In July 1983, I was indicted in the Northern District of Indiana. I had never been to Indiana, but some of the coke I flew into the country had. I surrendered to federal authorities in Florida and was released on a \$50,000 personal recognizance bond, meaning I didn't have to put up anything but a signature.

The next month, I was arrested by DEA agents, based on a second indictment. This one was out of the Southern District of Florida and I was released again on a personal recognizance bond, this time in the amount of \$150,000.

Everybody was being arrested at this point, and I needed money for my lawyer. Jack Devoe, who had been arrested himself, proposed a big drug flight to raise money, but it sounded crazy. For one thing, he wanted to fly over Grenada, where they were fighting at the time. I wanted no part of it.

Another of my drug pilot colleagues, Ron Markowski, had a better plan. For one thing, it involved half payment up front. The plan was for Andy James and I to fly a Cessna 404 Titan, fitted with the maximum in extra fuel tanks - "tanked out" in aviation jargon - directly from Florida to Colombia, pick up as much coke as we could carry for Pepe, and get back. We took off from Tamiami Airport outside Miami on a Friday morning. I know it was Friday, because one of the conditions of my bond was daily reporting. The Pretrial Services Office opened at 8:00 a.m.. I reported as soon as the doors opened so we could take off and be in Colombia that night. With a Colombian pilot as our guide to Pepe's newest and nicest ranch, we took off at 10:00. Although we had only a flare to guide us in the dark, we made it.

Once there, Pepe told us that he had 900 kilograms on hand and would pay us each \$50,000 extra to fly it all up. The original price was \$75,000 each, so this brought the total to \$125,000 apiece. We decided to try it.

With the plane tanked up, we could only get 846 kilograms on board. As it was, our Colombian guide, who was going to show the route over the mountains to Baranquilla for a final fuel up, had to sit on the controls for lack of room. We flew to Baranquilla, dropped off the guide, fueled up, and headed for our pre-arranged fueling site in Belize.

When we got to Belize, we were guided to a remote strip by radio communication with our ground contact, a local named "Rudy". We got down just after a bad rainstorm, and the single strip was solid mud. Once refueled, we began to see that getting out was going to be very difficult, if not impossible. We asked Rudy if we could stay on the ground until the mud dried out. He refused. We then asked him to stash some of the coke to lighten our load. He again refused and insisted take off immediately. We had no choice.

Though we gave it all we had, we couldn't make it into the air. Instead, we crashed just off the end of the runway, after our landing gear had struck a fence and our wing caught a tree. Though we both escaped unhurt and were able to retrieve the coke, we were stuck in Belize. Rudy agreed to hide it for a price of 30,000. Andy and I were both on bond, and were faced with reporting to Pretrial Services in Miami. I had to report on Monday, but Andy could wait until Friday, since he only reported weekly. We contacted Markowski by radio who sent a rented Lear jet and some phony identification for me. The Lear could only take one of us, so I went to the Bahamas, where I got a charter back to Florida and passed through Customs with the fake identification. The i.d. was a birth certificate in the name of a person who would have been about my age but had died in infancy. Markowski had gotten the name from a gravestone. I got back and reported as required.

Our next problem was to get Andy out of Belize. Markowski told me that Pepe was sending him \$300,000 to buy another Titan. The money arrived, carried by Pepe's people, in individual shoe boxes, \$100,000 to a box. Markowski bought a used Titan for \$300,000 the same day we got the money, so I presume he paid cash.

After I had checked in with Pretrial Services first thing on Thursday morning, I flew a Piper Comanche to Belize from Florida - a four-hour flight - and picked up Andy. We were back in Miami that night

Next, we had to try to get our 846 kilos out of Belize. The next weekend -- I didn't have to check in with Pretrial Services on weekends - I flew to Indiana, where Andy was living, picked him up, and flew to Memphis. Sunday morning at 10:00 a.m., we left Memphis and flew to Belize, timing it so that we landed at Belize City at 4:50, ten minutes before Customs closed. They don't like to be kept after closing time, so we had no problems there. We filed a flight plan from Belize City back to Houston, having bribed the tower man to tear it up once we were airborne.

What we did instead was fly to a pre-arranged spot on a highway outside the city. There, Rudy was waiting, with trucks blocking off a section of highway as a landing strip. We touched down, took on the coke, and were off again.

Our strategy was simple. We flew past the Yucatan and then proached the offshore oil rigs in the Gulf of Mexico at 200 feet, in order to give any watching radar the impression that we were a crew ship from one of the rigs. We crossed the Gulf Coast and flew directly to Lafayette, Louisiana, where we knew of a small strip with two runways lying perpendicular to each other. We landed on one, taxied to the other and turned on to it. There we waited and watched for any chase planes that might have picked us up. There was none.

We flew on to LaPorte, Indiana, where two pickup trucks were waiting on the runway. We off-loaded and flew on to Midway Airport in Chicago, where I dropped Andy off.

We had a second such flight planned, also using Belize. However, before we could do it, Pepe's man in New York, Severo Cobar, was arrested and Pepe decided to lay low for a while. Andy started cooperating with federal authorities in Indiana. I could see a heavy Florida indictment on its way, on top of the two federal cases already filed against me, and I began operating as well. My appearance here today is part of that operation.

STATEMENT OF LUIS GARCIA

Chairman, Ladies and Gentlemen of the Commission:

My name is Luis Garcia. I was born in Cuba in 1932 and came to this country at the age of four. I am now a naturalized citizen living in Miami, Florida. That city has been my home for over twenty years.

I have never been convicted of a drug-related offense, though I was heavily involved in smuggling marijuana and cocaine into the United States for over three years, beginning in August, 1979. During that time, I supervised an operation which moved over 200 plane loads of marijuana and four large shipments of cocaine into this country.

My entry into the drug business was very casual. In 1979, I was having financial difficulties. At the marina where I kept my power boat, I made the acquaintance of a number of men, including one known as Victor. Victor, who used two last names, Segura and Gonzalez (I have no idea which one, if either, is correct), had a well-known reputation as a drug runner. He had no visible means of support, and yet lived lavishly. In the summer of 1979, Victor approached me about using me and my twenty-four foot boat to smuggle drugs. I told him I needed to think, but within a month, I agreed to do it.

As soon as I had joined his operation, Victor gave me access to a large supply of cash he kept in the trunk of his car. His instructions were simple: when I needed money, I was simply to take whatever I needed. This recklessness is absolutely typical of the amounts of money at the disposal of even small-time drug dealers.

Victor gave me money but no assignments. After three months of waiting, I took it on myself to approach some men I had met through Victor and proposed our own venture.

As a result, I made my first smuggling trip to Colombia to pick up marijuana. The arrangements had been made by the others I was working with. My responsibility was security. I was also to handle business transactions, such as leasing the airplane, because my associates were poorly educated and ill-equipped for such matters.

Around the first of December, 1979, I contracted an airplane broker who steered me to an available Fairchild F-27 twin-engine aircraft. It belonged to a very wealthy businessman in Orlando who rented me the plane for \$30,000 for a single trip. There were no embarrassing questions asked, either by the broker or the plane's owner.

On December 4, my colleagues and I flew to Santa Marta, Colombia in the Fairchild. We took on a load of marijuana bales supplied by the Noquera family, one of the major narcotics groups in Colombia. I know this to be true because the people we dealt with in Colombia identified themselves as working for Noquera, and later I met "Big Man" Noquera himself.

Our first load was flown from Colombia to Bimini in the Bahamas. There we off-loaded the marijuana and put it aboard several power boats for the final leg of the trip to Florida. Hiding the goods to the Bahamas and then finishing the trip by boat was a method I used in almost all of my trips, and it served me and many others well. I considered a final approach by water less risky, in terms of detection, than an air route, although I don't believe there is a great deal of risk in either method if done properly.

Within two weeks of our first trip, my associates and I decided to make another trip. I went back to the Orlando businessman who had rented us the Fairchild to see if the plane was again available. He said it was, but that the fee for the second trip would be doubled to \$60,000. He also asked me to bring him back a large bag of high quality Colombian marijuana for his girlfriend. There is no doubt in my mind that this good citizen knew full well what his plane was being used for or where his "rental fee" was coming from.

On my second trip, we again landed at Santa Marta. This time, however, some of the soldiers at the airport had not gotten the word. A corporal ordered us into a barracks, where we were detained for two or three hours. An officer appeared then and apologized to us. I understand the corporal was sent to the jungle to fight guerillas. Our plane was loaded right at the International Airport, with soldiers and Customs Officers looking on. During the second visit, I had caught the attention of the Noquera family during my visits. The old man invited me to stay and "get an education". I did go back in January and I stayed as his guest for about a month, during which he showed me his entire operation in the Guajira region, including laboratories, quaalude factories, packaging and transport facilities, and rural airstrips, of which I saw more than 100. I also saw the hundreds of men who worked for the organization, including dozens of armed bodyguards. Their equipment included machine guns and other small arms. It looked like an army. I signed on as a regular member of the operation.

I made four more flights to Santa Marta with a DC-3. My cover was appliances - I would load ten to twelve thousand dollars worth into the plane and fly them from the Bahamasto Santa Marta. There they were given away. \$12,000 meant nothing. The whole thing was just an excuse to get the plane to Colombia where it could be loaded with dope.

As I began making money, I started looking for other aircraft. I had a DC-3. This old plane is a drug smuggler's dream. It only needs about 1000 feet of runway to land, it's easy to fly, and it can carry a very heavy load up to 8,000 pounds. I found my DC-3 with a broker in Miami. I leased it, using a phony Bahamian company name. The broker didn't care. He knew very well what I was doing. He "leased" me the plane for \$110,000. In truth, it was a sale. The price was a sale price and I got to keep the plane as long as I wanted it. It was the broker's idea to call it a "lease". He said that that way, if I got into any trouble, the plane would be his legally, and therefore not subject to seizure by the authorities. The man knew what he was doing. I paid him the \$110,000 in cash - \$60,000 up front and \$50,000 after my first trip with the DC-3. I even paid him \$1,000 to ferry it to Bimini, my base of operations at the time.

I made four flights with the DC-3. All of them followed my standard pattern: down to Colombia and then back to Bimini, or other Bahamian islands where the marijuana would be loaded into boats to be taken by water to Florida. The boatmen - I considered them subcontractors - charged me \$30 or \$35 per pound to transport the stuff and deliver it to me in Florida. (The going rate now is about \$60.) To get there, they used fairly large power boats to cross the channel from Bimini, and then about 3 miles off the Florida coast, they loaded the marijuana into Boston whalers with special short prop shafts so they could move east over as little as 24 inches of water.

My deliveries during this period averaged about 5000 pounds. I wholesaled the stuff for about \$230 to \$245 a pound, so my gross per flight was close to \$1,000,000. From that, however, I had to pay my overhead. The pilot got from \$60 to \$115 thousand. The boatman totalled around \$150 to \$170 thousand. Bahamian police and other officials got \$90 to \$100 thousand to leave me alone. I have never seen corruption such as there is in the Bahamas. The policemen used to plead with me to use airstrips in their territory so they could receive the pay-off. They called it "bringing them my business." Sometimes off-duty police unloaded the stuff from the plane and into the boats for me.

During the next three years, from 1979 to 1982, I managed a "charter service" which flew about 200 marijuana flights from Colombia to the Bahamas, with final delivery to Florida by boat. My "charter service," with 30 employees and eight planes at its peak, never actually flew any charters. We couldn't. All of the planes were tied up full time flying weed. We always operated out of the Bahamas because of the total corruption there. I had no risk of arrest whatever. I could buy any legal document I needed. I believe the Bahamas without a doubt has the world's highest paid police force. I certainly paid my share.

I entered the coke business in the summer of 1982. There was no resisting the lucrative nature of the business. My part was merely to provide transportation. I never actually bought or sold any coke itself. My planes - again I used DC-3's and small

twin engine planes - operated out of Freeport, where I had a Bahamian company as a front. I made approximately eight coke flights for the Ochoa organization, one of seven or eight powerful cocaine organizations I know. Others I know of are the Escobar group, the Lehder group, the Dangond group and the Jaramillo group. There are others.

My flights involved an average of 500 kilograms - approximately 1100 pounds - each. They originated in the Colombian city of Medellin, at the Ochoa's own private airstrip. I actually met Ochoa himself there.

The Cocaine flights differed from the marijuana trips in that we didn't go the last leg to Florida by boat. Instead, at loading strips in the Bahamas, the planes would refuel and go in to a location somewhere in the U.S. On the first flight the destination was Maine. The second load went to Long Island. Others went to Florida. Flying there is somewhat risky because of radar surveillance and law enforcement surveillance aircraft. I used a method I think was pretty safe. We would fly at dusk just off the water - about 100 feet up - until we hit the coast, and then climb immediately into local air traffic. Once in the general congestion, I would circle over the Everglades and approach Opa Locka from the west and tell the tower I was coming in from Naples, on Florida's west coast. Since I didn't appear to be coming in from outside the country, I had no problem.

STATEMENT OF JACK R. DEVOE

Mr. Chairman and members of the Commission:

My name is Jack R. Devoe. I was born in Miami, Florida on June 22, 1941.

For over twenty years I have had a commercial pilot's license. For the first few years I had that license, I ferried aircraft for manufacturers. I also had other legitimate employment.

In about 1970, Bob Birbeck, another pilot I had met in the ferrying business, offered me a chance to make a smuggling run, carrying marijuana out of Jamaica. We flew approximately 350 pounds of marijuana from Jamaica to Florida and were paid approximately a couple of thousand dollars a piece. My drug smuggling career had begun. It did not end until 1983. In the years from 1970 to 1983, I made another two or three marijuana flights from Colombia. Thereafter, I participated in one way or another, in some 80 to 100 cocaine and marijuana flights into the United States, often using the Bahamas as a trans-shipment point.

During the years I was involved in cocaine smuggling, I estimate that I personally was involved in the importation of approximately 7,000 pounds of cocaine. I cannot say precisely how much money I made in the business, but I do know that during

my five and one-half years of smuggling cocaine, I made enough money to start and maintain several legitimate businesses. Those businesses included: a commuter airline, a charter flight business, a critical cargo carrier, an air ambulance service, a flight school, and a commercial underwater diving business. Altogether I employed about 60 people in those businesses at their peak. During the period in which I engaged in drug smuggling, the proceeds from smuggling helped sustain each of these legitimate businesses. At times, approximately 90% of my income was from drug smuggling. The smuggling operation, which dealt in both cocaine and marijuana, employed and used approximately 8 or 10 pilots, 4 or 5 radiomen/mechanics, 4 or 5 ground handlers, and a number of Bahamian and American attorneys, in various capacities over the years.

In the very early days when I was just learning the smuggling business by bringing in marijuana, I was not primarily concerned about surveillance or interdiction. It was not a problem in my opinion. I considered mechanical failure a much more serious risk.

In the cocaine business, I was a little more careful. A large number of flights with which I was involved followed the same pattern: a large plane, like a Cessna "Conquest" or Cessna "Titan," would fly a large load of cocaine from Colombia to bases we had established on several islands in the Bahamas. Starting

in the summer of 1982, the base was in the Exumas chain of islands. Prior to the summer of 1982, we used a location in the Exumas called Hawk's Nest on Cat Island. The Bahamas-to-Florida leg was flown by our smaller planes, with cocaine generally concealed in the wings.

Whenever the operation was located in the Bahamas, we felt safe. There were two reasons for this. First, the air routes from the Bahamas to Florida are heavily traveled, there are a large number of airstrips in the Bahamas, and the air routes are not well policed. We, thus, felt safe because of the easy access to landing strips and roads in the event of an emergency and secure because we were confident Bahamian law enforcement personnel would not bother us.

At the time, it was very easy for a "legitimate" charter flight to get through. At the average small United States airport, the Customs Inspector has to perform an immigration inspection and an agricultural inspection as well as his customs duties. We knew that the Inspectors simply did not have time to check planes closely.

Second, a Bahamian attorney I believe to be very influential has paid hundreds of thousands of dollars -- I made some of the payments myself. He explicitly advised me that no one in the Bahamas would bother us. He preferred that we use the Exumas. He

required us to pay him on time or we would lose our sanctuary. Eventually we had to pay him 10% of our commission. I do not know whether it was the result of his efforts, but the police never bothered us in the Bahamas. I personally paid Bahamian customs officials in Freeport and in Congo Town, which added to our feeling of security.

My first drug related business with this attorney occurred when he helped me arrange to deposit a large sum of money in a Bahamian bank. After that, he called me and invited me to join him on a flight to Cartagena, Colombia. On that trip, he introduced me to "Pepe" Cabrera, a Colombia cocaine dealer who would eventually supply the bulk of the cocaine I brought into the United States. The Bahamian attorney was instrumental in negotiating the arrangements with Pepe and was to profit directly from the smuggling.

Pepe owned a casino in Cartagena and a magnificent house in Bogota. Pepe impressed me as being very well connected to Colombian officials. He bragged about giving money to Colombian political campaigns. Pepe was living proof of the enormous profitability of the cocaine trade. Pepe declared that cocaine smuggling benefited the people of Colombia.

My arrangement with Pepe was that my pilots would pick up the cocaine in Columbia and fly it to Florida, using a stopover in the Bahamas as I have described above. When it reached Florida, it was delivered to Pepe's agents in Miami. Our fee was to be 10% of the wholesale value. Later when the cash payments were delayed, Pepe gave us our cut in cocaine.

As the operation grew, it generated a lot of cash. Prior to my arrangement with Pepe, I was just taking the money we made -- big stacks and bags of used bills -- to various banks in Miami. I did not know a great deal about banking. I did not know, for example, that there was a Cash Transaction Report required for deposits of over \$10,000. Fortunately for me, a friendly employee in the Key Biscayne bank, where I did a lot of business, tipped me off one day when I brought in approximately \$25,000. I thanked him for the advice and told him to break it into amounts below the reporting requirement. He took care of it from there.

Another early banking practice was to take large quantities of bills by private plane to the Bahamas. That was a simple matter, since there was no requirement that a private flight leaving the United States clear U.S. Customs, nor does the Bahamas prohibit currency from coming into the country. I once declared a large amount of currency I had in a brief case, to see what would happen. The Bahamian customs official just put an inspection sticker on my brief case and waved me through.

When I was flying cash to the Bahamas, I was assisted by another Bahamian attorney. He was introduced to me by the first Bahamian attorney for the purpose of assisting me in laundering money. The second attorney took care of opening accounts for me in a Bahamian bank. The bank asked no questions about the cash. Once, to open an account, I met with a bank officer. The cash I brought with me was in a large plastic garbage bag. While I sat with the bag between my feet, the bank officer explained that there would be no problem, as long as I understood that the bank expected a 1% "counting fee." On other trips, I would sit in the vault of the bank while the bank's employees sorted and counted the currency I brought in.

Later our banking became more sophisticated. A business manager, Jim Malone, joined our operation. He arranged for wire transfers of money from Miami banks to the Bahamas because he considered flying the cash too risky. Later he retained a Miami lawyer named Larry Freeman to help move the money to offshore accounts around the world. According to Mr. Freeman, he was putting our money in the Jersey Islands, Switzerland, Hong Kong, and other locations. Those arrangements were primarily between him and Jim Malone. My role was the operational side of the business. We did make Mr. Freeman's job a little easier by splitting with him, at his suggestion, the purchase price of a money cash counting machine.

Mr. Freeman was not the only attorney who helped us out. When Pepe was giving us our commission in cocaine rather than cash, my associate Ed Williams would frequently sell it in Boston. He was once picked up at the Boston airport coming back with \$160,000 in drug proceeds. When he was detained, I called an attorney I knew, Ted Klein, who assisted us in getting the money released. Mr. Klein also warned me to keep at least three people between me and any deal I was doing, whether it was a flight, a sale, or any other part of the business.

In addition to offering this statement, I am prepared to answer any questions the Commission may have.

STATEMENT OF
WILLIAM PERRY, CUSTOMS PILOT
U.S. CUSTOMS SERVICE, MIAMI, FL

MR. CHAIRMAN AND MEMBERS OF THE COMMISSION:

MY NAME IS WILLIAM PERRY AND I AM A PILOT WITH THE U.S. CUSTOMS SERVICE. AS SUCH I AM ASSIGNED TO THE MIAMI AIR BRANCH IN SOUTH FLORIDA.

OVER THE PAST FEW YEARS, THE SMUGGLER HAS CONTINUED TO FLY BASICALLY THE SAME TYPE OF AIRCRAFT: A LIGHT TWIN. THIS IS ANY OF A WIDE VARIETY OF AIRCRAFT WITH A GROSS WEIGHT LESS THAN 12,500 POUNDS.

THE MORE POPULAR TYPE OF LIGHT TWINS THAT WE AT MIAMI ENCOUNTER ARE THE PIPER AZTEC, PIPER NAVAJO, AND THE 400 SERIES CESSNA. THESE THREE AIRCRAFT TYPES SEEM TO OFFER SMUGGLERS THE BEST RANGE TO WEIGHT RATIOS. FOR EXAMPLE, A CESSNA 404 WITH STANDARD FUEL SYSTEMS FROM THE FACTORY CAN COVER APPROXIMATELY 1,800 MILES OR 11 1/2 HOURS OF FLIGHT TIME. THE SAME AIRCRAFT OUTFITTED WITH AUXILIARY FUEL SYSTEMS CAN INCREASE A SMUGGLER'S RANGE TO 2,200 MILES OR 14 1/2 MILES. IN BOTH CONFIGURATIONS THE AIRCRAFT CAN STILL PUT 2,000 POUNDS OF CONTRABAND IN THE

CABIN. THESE ENDURANCE FIGURES ARE BOOK VALUES FROM THE MANUFACTURER FOR MAXIMUM ENDURANCE. AN AIRCRAFT OF THIS CALIBER CAN GO FROM THE GUAJIA OF COLUMBIA, TO HARTFORD, CONNECTICUT IN ABOUT 12 HOURS WITH 100 GALLONS OF FUEL STILL REMAINING IN ITS TANKS.

LARGER AIRCRAFT CONTINUE TO BE A PROBLEM FOR US. MOST OF THE ACTIVITY WE HAVE SEEN LATELY ARE SHUTTLE FLIGHTS, OR AIRDROPS, IN THE BAHAMAS. THE DC-3 IS AN EXTREMELY POPULAR LARGE AIRCRAFT FOR THIS TYPE OF ACTIVITY. I HAVE SEEN TIME AND AGAIN THE SAME PLANE MAKE AIRDROPS TO WAITING VESSELS. THE PLANE WILL THEN LAND ON BAHAMIAN SOIL WHERE WE CANNOT PURSUE THEM.

SMUGGLER PILOTS HAVE SAID THEY USE THE BAHAMAS BECAUSE THEY KNOW THIS. THEY ALSO KNOW THAT WE DO NOT HAVE THE RESOURCES, BOTH AIR AND MARINE, TO FOLLOW VESSELS OR PLANES FOR EXTENDED PERIODS. THIS ENHANCES THE POSSIBILITY OF LARGE AIRCRAFT REMAINING FAR-OFFSHORE TO AVOID DETECTION. WE KNOW THIS HAPPENS BECAUSE OF PLANES THAT HAVE BEEN CAUGHT OR CRASHED, BUT WE DON'T KNOW WITH WHAT FREQUENCY. I AM SPEAKING HERE PRIMARILY OF ROUTES OFF THE EASTERN COAST. I AM TOLD, HOWEVER, THAT IF PLANS CURRENTLY UNDER REVIEW ARE IMPLEMENTED, WE WILL BE GREATLY INCREASING OUR SURVEILLANCE CAPABILITY IN THIS AREA!

EVEN AS WE INCREASE OUR SOPHISTICATION, DRUG SMUGGLERS INCREASE THEIRS AS WELL. MOST SMUGGLERS NOW EMPLOY THE USE OF COUNTER SURVEILLANCE EQUIPMENT SUCH AS FIELD STRENGTH METERS, BEEPER SWEEPERS, AND TWO WAY COMMUNICATIONS BETWEEN AIR AND GROUND CREWS. A SIMPLE TACTIC THEY USE IS TO OVERFLY THE INTENDED LANDING OR DROP SITE, AND THE GROUND CREW WILL LISTEN TO SEE IF ANYONE IS FOLLOWING THE SMUGGLER. THE SMUGGLER, IF BEING FOLLOWED, WILL THEN TAKE AN ALTERNATE COURSE OF ACTION.

MUCH OF THE ACTIVITY WE HAVE SEEN LATELY INVOLVES AIRDROPS IN THE BAHAMAS. OF THE LAST 24 SUSPECTED SMUGGLERS WE IDENTIFIED FROM SEPTEMBER TO NOVEMBER, ONLY 4 HAVE ENTERED INTO THE UNITED STATES. ALL 4 OF THESE WERE APPREHENDED. THE REMAINING 20 EITHER LANDED IN THE BAHAMAS, AIRDROPPED IN THE BAHAMAS, OR BOTH.

THE MORE POPULAR DROP AREAS IN THE BAHAMAS THAT WE HAVE OBSERVED ARE BIMINI, ANDROS, AND THE BERRY ISLANDS.

THE M.O. OF A SMUGGLER HAS CHANGED SOMEWHAT FROM TOTAL NON-COMPLIANCE WITH THE RULES AND REGULATIONS GOVERNING AVIATION OPERATION, TO USING THE SYSTEM TO MASK HIS ILLEGAL ACTIVITIES. ONE EXAMPLE IS THE FILING OF FLIGHT PLANS, BOTH VFR AND IFR.

ONE TACTIC THAT HAS BEEN USED IS TO FILE A VFR FLIGHT PLAN FROM A FOREIGN COUNTRY AND ADD ABOUT 1 TO 1 AND 1/2 HOURS IN ORDER TO ALLOW FOR AN INTERMEDIARY LANDING TO UNLOAD, SO THE ARRIVAL AT THE PLANNED DESTINATION IS ON TIME AND CLEARS CUSTOMS. IN THE CASE OF AN IFR FLIGHT PLAN WHERE POSITIVE CONTROL IS MAINTAINED, THE INITIAL CONTROLLING FACILITY WILL HAND OFF TO ANOTHER FACILITY SO THE NEW FACILITY DOES NOT NECESSARILY KNOW THE DESTINATION OF THE FLIGHT. THE SMUGGLER, KNOWING THIS, ADVISES ATC THAT HE WISHES TO CANCEL THE FLIGHT PLAN. THE CONTROL OF THAT FLIGHT IS NOW TERMINATED AND THE FACILITY DOES NOT CARE WHAT THE AIRCRAFT IS OR WHERE IT GOES. THIS TACTIC IS ESPECIALLY EFFECTIVE WHEN USED DURING PEAK WORKLOADS.

AT THE OPPOSITE END OF THE SPECTRUM, HOWEVER, I HAVE CHASED AIRCRAFT AT NIGHT WITHOUT LIGHTS AT LOW ALTITUDES OVER MIAMI INTERNATIONAL AIRPORT. THIS BRINGS UP THE SUBJECT OF SAFETY TO THE PUBLIC.

THERE ARE ALSO SOME CASES WHERE U.S. BOUND SMUGGLERS HAVE DISCHARGED THEIR CARGO AFTER DISCOVERING THEY ARE BEING FOLLOWED. IN ONE INCIDENT, A BALE OF MARIJUANA FELL ON THE ROOF OF A MOBILE HOME. FORTUNATELY, THE OCCUPANTS OF THE TRAILER WERE NOT INJURED. IN ANOTHER SUCH INCIDENT, A BALE STRUCK AND

KILLED A COW. THE CHANCES OF A SMUGGLER RUNNING INTO ANOTHER AIRCRAFT ARE NOT THAT GREAT; HOWEVER, A COMMERCIAL AIR CARRIER DESCENDING BEHIND A SMUGGLER WITH LIGHTS OUT, CANNOT SEE THE PLANE AND, THEREFORE, POSES A MUCH GREATER HAZARD FOR A MID-AIR COLLISION.

THE DANGER TO CUSTOMS PILOTS AND AIR OFFICERS, AS WITH ANY OTHER LAW ENFORCEMENT OFFICER, IS ALWAYS THERE. CUSTOMS PILOTS MUST PLAY A DUAL ROLE -- FIRST AS A PILOT ENSURING A SAFE FLIGHT FOR HIS CREW AND OTHERS DURING THE SURVEILLANCE OF A SUSPECT, AND SECOND AS A LAW ENFORCEMENT OFFICER. A PILOT MUST MAKE SPLIT SECOND DECISIONS WHETHER TO LAND A FIXED WING AIRCRAFT BEHIND A SMUGGLER. FACTORS TO CONSIDER ARE THE TYPE OF LANDING ZONE, ITS LENGTH AND WIDTH, AND WHETHER IT HAS A HARD OR SOFT SURFACE. THIS, I MIGHT ADD, IS USUALLY DONE IN TOTAL DARKNESS AS WELL. WITH THE INTRODUCTION OF HIGH PERFORMANCE HELICOPTERS, SUCH AS THE ARMY'S BLACK HAWK HELICOPTER, A LARGE AMOUNT OF THIS RISK HAS BEEN REMOVED.

FRANKLY, I AM SURPRISED THAT PRIOR TO RECEIVING THE BLACK HAWK'S NO CUSTOMS PILOTS WERE KILLED PURSUING SMUGGLERS.

THERE WAS ONE INCIDENT, I RECALL, WHERE A CUSTOMS AIRCRAFT WAS DESTROYED AFTER STRIKING A VEHICLE INTENTIONALLY PLACED ON

THE RUNWAY BY THE SMUGGLERS. EVEN MORE TRAUMATIC WAS THAT AFTER LANDING SAFELY, THE CREW WAS ALSO FACED WITH GUNFIRE. IN ANOTHER INCIDENT, A SMUGGLER, IN AN EFFORT TO ESCAPE, ABANDONED HIS AIRCRAFT ON A RUNWAY AT NIGHT. A PURSUING CUSTOMS OV-1 MOHAWK LANDED AND STRUCK THE ABANDONED PIPER AZTEC. THE CUSTOMS CREW ESCAPED WITH MINOR INJURIES, BUT BOTH AIRCRAFT WERE TOTALLY DESTROYED, AND AVIATION FUEL WAS SPILLED ACROSS THE RUNWAY.

SURVEILLANCE AND INITIAL TARGET ACQUISITION HAS ALWAYS BEEN A SIGNIFICANT PROBLEM FOR US AT CUSTOMS. WE USED TO USE THE CESSNA CITATION FOR THIS PURPOSE, HOWEVER, IN THE PAST THREE YEARS WE HAVE BEEN ABLE TO USE THE NAVY E-2C, GROUND BASED AEROSTAT FACILITIES, AND OTHER SURVEILLANCE AIRCRAFT ON A LIMITED BASIS.

THE CUSTOMS AIR WING RECENTLY ACQUIRED A U.S. NAVY P-3A ORION WITH LONG-RANGE LOOK-DOWN RADAR. THIS IS CURRENTLY UNDERGOING OPERATION EVALUATION, BUT WE ARE VERY EXCITED BY THE CAPABILITY THIS TYPE OF AIRCRAFT COULD GIVE US IN THE NEAR FUTURE.

IN CONCLUSION, I WOULD LIKE TO SAY THAT I AM ENCOURAGED BY THE DEVELOPMENTS THAT I HAVE SEEN IN THE CUSTOMS AIR PROGRAM IN THE LAST THREE YEARS. LIKE ANY OFFICER IN THE FIELD, I FEEL THAT WE CAN'T BEEF UP OUR OPERATIONS FAST ENOUGH, BUT I KNOW AS WELL THAT TOO MUCH, TOO FAST ISN'T THE RIGHT PRESCRIPTION FOR THE PROGRAM. I THINK WE ARE ON THE RIGHT TRACK AND SOMEDAY WE WILL RAISE THE SMUGGLING RISKS SO HIGH THAT PILOTS WILL HAVE SECOND THOUGHTS ABOUT ATTEMPTING TO SMUGGLE DRUGS INTO THIS COUNTRY BY AIR.

Statement of Garnet Fee, United States Customs Service

Thank you for this opportunity to testify before the President's Commission on Organized Crime. My name is Garnet Fee. I am the Director of the Office of Passenger Enforcement and Facilitation, U.S. Customs Service. Over the past 4 years, Customs has made Law Enforcement its number one priority, with particular emphasis on narcotics enforcement. Customs has made substantial contributions to the Administration's narcotics law enforcement efforts through the participation in the South Florida Task Force, the Organized Crime Drug Enforcement Task Force and the Vice President's National Narcotics Border Interdiction System.

We have substantially increased the resources dedicated to the interdiction of narcotics smuggling by private aircraft and vessels and in our nation's ports of entry. Our results have been significant. In FY 84 Customs seized approximately 28,000 pounds of cocaine, a significant increase over the 4,000 pounds seized in FY 80. Increases have been realized in the seizures of other narcotics such as opium, heroin, and marijuana. We have also made significant contributions against the infrastructure of narcotics trafficking through our Financial Investigations Programs. Our enthusiasm for these successes is tempered by the realization that record amounts of narcotics continue to enter the country, street prices have declined in certain areas of the country, and narcotics trafficking remains a lucrative source of income for criminal groups.

With these factors in mind, Customs initiated a program to enlist the support of international airlines and ocean carriers. The objective of this program which we call our "carrier initiative," is to obtain air and sea carriers' support to prevent narcotics trafficking aboard their aircraft and vessels. As members of the International Transportation Community, the airlines and ocean carriers are often unwitting victims of the drug trafficker.

Customs has asked the carriers to take the following actions to safeguard their aircraft and vessels:

- Search the aircraft and vessels for narcotics prior to departure to the United States.
- Seal with numbered seals all compartments where narcotics might be concealed in the vessel or aircraft.
- Search all ground personnel and service employees prior to their entry onto the aircraft or vessel.
- Increase security at international and domestic terminals and seaports.
- Improve personnel security and screening procedures.

- Cooperate with Customs and DEA in providing information on suspicious circumstances regarding passengers or cargo.

Our objective is to close commercial air and sea transportation to drug traffickers. In the past, we have found cocaine shipments as large as 4,000 pounds hidden in unmanifested cargo arriving at U.S. airports. We have also found several cocaine shipments of 1,000 pounds and more unaccounted for on any of the commercial documentation of the ship or vessel. By closing this method of narcotics smuggling to the trafficker, we believe we will make narcotics trafficking more difficult and far more risky for smugglers.

We believe we have had good results so far. Since the program began, narcotics seizures on commercial vessels and aircraft have decreased. In addition, carriers have come forth with information that has lead to substantial narcotics seizures. Customs has made 12 cocaine seizures totaling 189 pounds and several seizures of marijuana totaling approximately 3,000 pounds, as a result of information provided by cooperating carriers. Eastern Airlines, for example, has been the lead carrier in commercial community. Eastern has instituted strong procedures that illustrate that narcotics are not welcome on their aircraft. Several foreign carriers have also begun participating in this program. The parent professional associations of these carriers, Air Transport Association of America

(ATA), the International Air Transport Association (IATA), and the National Air Carrier Association (NACA) have expressed their willingness to actively help Customs fight drug smuggling. Working agreements are being developed with these associations to implement a multi-faceted program that encompasses the elements of cooperative efforts with several individual airlines. Once agreed to, all ATA, IATA and NACA members will be allies in the fight against drug smuggling. This will represent a working program with over 130 international carriers, a great step forward. We are planning that the IATA, ATA, and NACA programs will be finalized for full implementation by the end of this year.

This carrier initiative remains in its earliest stages, in which we are targeting aircraft and vessels primarily servicing South American countries. We are working closely with the Drug Enforcement Administration and the State Department (INM) to obtain the support of the narcotics source countries in improving security at the foreign airports and seaports of lading. Through the participation of these host governments, we believe that the benefits of the program will be substantially increased since these governments can take enforcement actions that the carriers cannot.

Based on our results and successes with South America, we would like to expand the program to the narcotics source and transit countries.

PREPARED TESTIMONY
COMMANDER KENNETH W. THOMPSON
CHIEF, GENERAL LAW ENFORCEMENT BRANCH
U. S. COAST GUARD
BEFORE THE
PRESIDENT'S COMMISSION ON ORGANIZED CRIME

Mr. Chairman and members of the Committee, I am Commander Kenneth Thompson from U. S. Coast Guard Headquarters here in Washington. I am Chief of our General Law Enforcement Branch which includes maritime drug interdiction as its principal program. Until a few months ago, I was Commanding Officer of one of our cutters assigned to drug interdiction operations. It is a pleasure to appear before you today and provide you an overview of the Coast Guard's involvement in drug law enforcement, both from the perspective of my current staff position and my recent field experience.

A very brief synopsis of the Coast Guard here at the outset may obviate certain explanations later.

The Coast Guard is a uniformed and armed force nearly 40,000 members strong. We are 194 years old and have fought in all of our nations wars since our predecessor, the Revenue Cutter Service, was founded in 1790. We operated in the Treasury Department until 1967 when we moved to the new Department of Transportation. We operate 250 ships and 2000 boats, along with 200 shore stations. We have our own aviation arm which operates over 150 helicopters and fixed-wing aircraft. The spectrum of Coast Guard operations is such that virtually all of these resources and the people that operate them are multi-mission in nature. As we have done throughout our history, today we perform a wide variety of duties. We are, perhaps, best known for our search and rescue role. Among other things, we also tend to the nations buoys and lighthouses, clean up oil spills, examine and license seaman, inspect vessels and their cargoes - and operate our nation's only icebreakers.

But it is law enforcement - particularly drug interdiction - that has become a pre-eminent mission in the last few years. In 1983 50% of our cutter time and 10% of our aircraft time was devoted to drug interdiction. It's not that we are new to the mission of combatting maritime smuggling. Indeed, we were originally founded for that purpose. Today, as the federal government's principal maritime law enforcement agency, the Coast Guard is charged with enforcing a wide variety of federal laws on the nation's waterways - and in international waters to a certain degree. In fact, the Coast Guard is the only agency authorized to take law enforcement action on the high seas. This unique jurisdiction was a key factor in developing our drug interdiction strategy.

Let's look for a moment at the nature of maritime drug smuggling and the current trends we are noting. Most maritime drug traffic is destined for the Gulf and Atlantic coasts - particularly south Florida - and originates in South American and Caribbean staging areas. Marijuana grown in the isolated mountains of eastern Colombia and shipped from the Guajira Peninsula on the north coast is the prime example. Sixty percent of the marijuana destined for the United States originates there, and 90% of that is sent by sea. Lesser amounts originate in Jamaica, Belize and Mexico. All of the cocaine entering the U.S. originates in South America, with 75% of the finished product being supplied by Colombia. Most cocaine, however, is transported by air - less than 25% by sea.

The vessels used in the trade are generally small freighters and fishing vessels, 60 to 200 feet in length carrying from 5 to 50 tons of marijuana. These smugglers will also sometimes carry smaller cargoes of cocaine. These

"motherships", as we call them, proceed north across the Caribbean and, as the geography clearly shows, they must transit one of the relatively narrow passes of the Antilles to enter into the Gulf of Mexico or the Atlantic. These vessels would then proceed on to deliver their cargo to a number of smaller and faster contact boats well offshore of our coast.

Coast Guard interdiction strategy concentrates on the motherships and takes advantage of the natural choke points formed by the Antilles. Interdicting a single mothership at sea will remove as much marijuana from the market as would 10-20 contact boat seizures closes to our shores. Our mothership/choke point strategy has proven to be the most effective use of our limited resources.

The Coast Guard conducts continuous surface patrols and frequent surveillance flights over the waters of interest, and conducts an intense program of boarding and inspecting vessels at sea. Major resources are concentrated in the choke points with emphasis on the Yucatan Channel between Mexico and Cuba and the Windward Passage between Cuba and Haiti. We patrol elsewhere as well, such as the Bahamas, Eastern Passes of the Caribbean, and the Gulf and Atlantic coastal areas. We are occasionally finding drugs on the west coast too.

There are five phases to a successful interdiction: detect, identify, intercept, board and search. The first two of these are most effectively and efficiently done by aircraft and/or intelligence. Our medium and long-range planes fly out of Florida, Guantanamo Bay, Cuba, and Puerto Rico and pass their sightings to patrolling cutters. Additionally, many cutters are

equipped to carry our helicopters. The ship-helo team has proven to be a very effective asset. If a target is determined to be of interest, the last three steps - intercepting, boarding and searching - must be done by a surface unit. Once a cutter has intercepted a vessel of interest, a boarding will be made if at all possible. We may board U.S. vessels anywhere. If a vessel is not U.S., there are a number of courses of action. We will often request a consensual boarding - the master's permission. It is not unusual for a drug-laden boat to permit a consensual boarding. If a consensual boarding is denied, we may request permission from the flag state of the vessel to conduct a boarding. This most often results in one of two things - permission from the flag state to board and enforce U.S. law, or a denial of the vessel's claim to registry in the country, in which case we treat the vessel as stateless and board it as we would a U.S. vessel.

The search of a vessel may be short and simple - often the tons of marijuana are in plain view. But, increasingly, we are finding that the smugglers are resorting to hidden compartments, and they are getting more sophisticated. False bulkheads, false decks and bottoms, and fake fuel and water tanks are common. Now we've begun to see exterior hull pods and appurtenances that can only be accessed from under the vessel - difficult at sea.

If we locate contraband, we seize the vessel and arrest the crew, normally taking both to a U.S. port where we turn them over to DEA/Customs/Immigration for appropriate disposition.

I have mentioned cocaine a couple of times. Let me address cocaine in the maritime mode a little further. We don't see too much of it - though we did

have a major bust of nearly a ton in April of this year. There's good reason why we don't encounter more of it regularly. First, less than 25% of the cocaine product is shipped by sea - that is perhaps 15 tons per year, as compared to 9,000 - 12,000 tons of marijuana. Of that which is shipped by sea, almost half moves in commercial vessels, usually smuggled by individuals without the knowledge of owner or master. Stopping and searching a large commercial vessel on the high seas is simply not practical. Some of the cocaine, though, moves regularly in the non-commercial vessels which smuggle marijuana, and occasionally we encounter it - if not at sea when the marijuana is discovered, then later in a more detailed search of the seized vessel dockside. But we are seldom able to seize this high value, low volume drug, because it is usually disposed of over the side as we approach to board. We've seen this on a number of occasions and suspect it happens more. Small amounts of cocaine are very easily disposed of at sea. The smugglers may well feel that things may not go quite as hard for them in the courts if they are found to have only marijuana.

We know we are being successful in our drug interdiction efforts, though it is no simple task to come up with the hard numbers to substantiate that. We know how much we are stopping; but it's difficult to determine how much is out there to be stopped. The crop size is estimated. There are eradication programs which destroy some of that crop. There is some in country consumption, and some export to countries other than the U.S. The mix of shipment modes is estimated. And perhaps there is excess that is harvested but never shipped. All of these variables and estimates make it difficult to determine interdiction rates. But smugglers' reactions the last couple of years suggest we've having a definite impact. There was some shift in

trafficking patterns to longer, open ocean routes through the Eastern Passes of the Caribbean and on the the mid-Atlantic coast. There has been some increase in smuggling on the west coast. There has been a shift to other modes, particularly to airdrops. And as mentioned before, there is the use of hidden compartments incorporated into the design of a ship for the express purpose of hiding contraband. Changes in patterns and modes, and structural modifications to vessels are increasing the smugglers' cost of doing business.

I mentioned the Coast Guard's inventory of ships, boats and planes at the outset. They are being used heavily in drug interdiction. We are also being assisted by DOD resources. All of the other armed forces are providing us some surveillance and support services. Navy ships have been used to tow and escort vessels seized by the Coast Guard, thereby allowing the patrolling cutter to remain on station. Additionally, Navy ships have been deploying with Coast Guard Tactical Law Enforcement Teams (TACLETS) aboard. These teams conduct boardings of suspect vessels from their Navy hosts in the same manner as boarding parties operate from Coast Guard cutters. TACLETS have been deploying regularly with a Navy squadron of hydrofoil patrol boats operating out of Key West.

New and more capable Coast Guard resources are coming on line and will be brought to bear on the drug trafficking problem quickly. Forty-one new twin-jet aircraft have joined our air fleet in the last year or so, and sophisticated sensor systems will be added. Ninety new ship-deployable helicopters are coming soon. Sixteen new patrol boats have been ordered, and 4 of 13 of a new class of major cutters have been delivered. Our research and development program has been looking into other tools; most prominent among

them has been aerostat-borne radars. With this system, an 85-foot balloon is tethered to a small ship and carries a surface-search radar aloft up to 2500 feet. Target information is passed to on-scene cutters by data link and the information is displayed on computer screens. The 50-mile radar horizon provided by aerostat greatly increases our detection capability, thus freeing up cutters for contact intercept and identification. A recent operational evaluation showed great promise, and we will be operating seven of these systems within 3 years.

For the fiscal year just completed on September 30, Coast Guard drug interdiction statistics were up in all categories over the previous period. Coast Guard units seized 223 vessels and arrested 1056 people. They seized nearly 1500 tons of hashish and a ton of cocaine. These drugs had a combined street value of over one billion seven hundred million dollars.

We are optimistic about the future. The federal strategy is working. We expect our own interdiction rate to continue to improve, and we are eager to continue our involvement in multi-agency and international initiatives to stop the flow of drugs into the country. Mr. Chairman, this concludes my statement. I will be happy to answer any questions which you or members of the Committee may have.

PRESIDENT'S COMMISSION ON ORGANIZED CRIME

NOVEMBER 29, 1984

PREPARED STATEMENT OF:

ARTHUR F. NEHRBASS
Senior Bureau Commander
Metro-Dade Police Department
Organized Crime Bureau
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Miami, Florida 33126

Mr. Chairman, Commissioners, esteemed counsel, thank you for the honor of this invitation. My remarks will be brief and, hopefully, not too disjointed, for there is much territory to cover when we consider this insidious drug: "cocaine".

Most controlled substances, and particularly cocaine because of it's production requirements; smuggling into the United States and introduction into complex distribution nets is a classic example of organized criminal activity. Not La Cosa Nostra, but the new threat of which we know too little: The Colombian Crime Family.

Cocaine commands a street price five times that of gold. It costs perhaps \$2,000 to produce a pound of cocaine that cut and sold by the gram will earn over \$200,000. A great investment return is doubling one's money. This product does not multiply the investment by two, it multiplies 100 times.

It might be of interest to discuss for a moment the wholesale price movement of cocaine as an indicator of availability and some of the distribution methods.

In South Florida in 1981, cocaine on the wholesale market was selling at \$50,000 to \$60,000 per kilogram. From this point it started a steady decline in price to the spring of this year when it was selling for approximately \$14,000 a kilogram. In 1983, and certainly to this point in 1984, cocaine, in our experience, has never been more plentiful. There is in fact an over supply of cocaine. We believe that the Colombian producers over estimated the future cocaine market and in the latter part of the 1970's, and perhaps into 1980 began planting their own coca, and expanding their laboratory facilities intending to create a verticle organization no longer dependant on Peru or Bolivia for raw materials. The end of 1983 and beginning of 1984 saw the interdiction of precursor chemicals, and a crack down on laboratories by Colombian authorities. Had this not occurred, the price of cocaine would have probably dropped below the \$14,000 figure. The enforcement action had the effect of adding to the cost of production so that the price began to rise in the summer of 1984, and it stands now at approximately \$30,000 a kilogram. Cocaine is still plentiful, especially in relation to 1981 and the \$50,000 to \$60,000 price it commanded then. In our opinion, Miami continues to be the place where cocaine deals are made and probably the main importation and distribution point in the United States. Much cocaine smuggled into other United States areas is transshipped to Miami for distribution.

Cocaine is moved out of Miami to various parts of the United States in a variety of ways. With our very limited resources we attempt to keep an alternating presence at the airport, train station and bus station. By doing this, we are in effect providing a service to New York, Ohio, California, and other states that are the recipients of cocaine shipments. Using smuggling profiles, we interdict marijuana and cocaine being transported by "mules" to these consumer areas. Large cocaine shipments are usually moved by rental car from Miami to other areas.

When D.E.A. and the Colombian authorities squeezed the production of cocaine, it was inevitable that it would seek areas of less constraint. With the interdiction of precursor chemicals by Colombia, and raids on cocaine laboratories, the problem spread to other South and Central American countries, and the United States.

We found our first cocaine laboratory in September 1983, in Broward County during a narcotics related kidnapping investigation. The next laboratory forcefully came to our attention a month later when it blew up. These two labs were followed by the discovery of 15 more labs in Dade County. Based on the location of these 17 labs, our intelligence estimates indicate over 20 cocaine laboratories working in Dade County.

The principal precursor chemicals needed to turn cocaine base into cocaine hydrochloride are ether, acetone, and an acid such as hydrochloric acid. Ether and acetone are flammable liquids. Acetone is widely used both in homes and industry, and is available over the counter from almost any hardware store. Ether, on the other hand, has a more limited industrial use, and almost no domestic use. Ether can also be characterized in lay terms as "explosive". In one cocaine laboratory located in a house, we estimate that less than five gallons of ether exploded, totally demolishing the house. While the federal government has convinced the Colombian authorities to control the importation of ether in order to deny this chemical to Colombian cocaine laboratories, we have done nothing in the United States, to my knowledge, to even study the possibility of controlling the distribution of ether in an effort to deny it to United States cocaine laboratories.

Colombian criminals are responsible for these South Florida laboratories. Of 24 laboratory arrests, 20 were Colombian Nationals. They are well organized crime families, totally psychopathic, without any social conscience whatsoever.

They are sinking their roots deeper and deeper into this country. They can probably be compared to La Cosa Nostra circa 1930. If we allow them to grow as we did the mafia, we will be faced as we are today with a wealthy entrenched enemy that will require decades of work, and huge resources to eliminate.

The time to attack the Colombian crime families is today, before they diversify and become wealthier and entrenched.

The Colombian code of silence at least equals omerta, the La Cosa Nostra equivalent. Florida has a minimum mandatory sentence of 15 years for trafficking offenses. By statute, the only way this 15 years can be modified is by the defendant rendering substantial assistance to law enforcement. Almost without exception, the Colombian criminal takes his fifteen years, and maintains his silence. The Colombian criminal does not operate in the United States without leaving members of his family in Colombia as hostages insuring his "good conduct". Of the leaders of the Colombian crime families who are jailed, some occasionally cooperate in eliminating their competition, but almost never cooperate in dismantling their organizations. To do this would be economically disadvantageous. It should also be kept in mind that the Colombian criminal mentality is such that he maintains the expectation of buying his way out of prison or escaping, so he must maintain his organization.

Cocaine breeds violence. Dade's homicide rate is 65% "who done it?", compared to about 25% in most areas. 40% of our homicides are probably drug related. Besides a high rate of "who done it?" in narcotic~~s~~ homicides, the victim is often a "who is it?". If this suggests to you a link between cocaine, Colombian crime families, and violence, the suggestion is well taken.

Just recently, Armando Gallo who we believe was the chief chemist for many of the cocaine laboratories was seriously wounded; two companions were killed, and one other wounded in a shooting on the Miami River.

I don't wish to belabor the difficulty of investigating narcotics cases, but it might be helpful to at least make a few observations. The huge amount of money that the Colombian cocaine crime family has at its disposal permits them almost unlimited bail resources, preeminent legal talent, as well as many avenues to thwart investigative efforts. We have encountered counter surveillances, and in one instance, access to automobile license records to

check vehicles suspicious to the targets of our investigation. They routinely use radio frequency detectors to determine whether there are electronic devices on individuals they meet, or on objects in which they come in contact. They have been known to check out vehicles for tracking devices. To some degree they have neutralized the effectiveness of Title III surveillances by use of paging devices. No self-respecting narcotics dealer is without a pager. Utilizing this device he is continually in contact with his associates, and totally utilizes pay phones. If he needs to talk to you, he merely pages you, and tells you to call him at a certain telephone number which is a pay phone. You go to a nearby pay phone, and thereby communicate. We feel that little important business is conducted on telephones that are habitually used by major traffickers.

One other impediment not only to narcotics investigations, but to other investigative efforts is in a sense self-imposed. Our law enforcement system in the United States can only be described as fractured. For a moment think of all the federal agencies that have a law enforcement role in the United States, and how they overlap each other. Since there is this overlapping, there must be communication to preclude duplication, and worse - interference. This communication consumes resources. The duplication lessens the ability to clearly define each agency's investigative priorities and objectives. Now look at the state and local law enforcement agencies that have much of the same jurisdiction as the federal agencies, and compound that communication and duplication problem. I think our communication system is astounding in that we are able to largely prevent serious controversies between agencies. For an example, before we in Dade County do what is commonly referred to as a reverse sting (that is ostensibly selling narcotics to traffickers) we routinely check with: any municipality we may be operating in; the Florida Department of Law Enforcement, the Drug Enforcement Administration, the Federal Bureau of Investigation, the Vice President's Task Force, and U.S. Customs to insure that we are not dealing with another law enforcement agency. This comment is not critical, it is the price we pay for our federal/state system. I am not sure that we have to pay quite so high a price, in that it might be possible to consolidate some of the law enforcement roles, although the tendency has apparently been to proliferate more investigative agencies.

I very much appreciate the opportunity to be with you today, and to voice some concerns. We have for many years been involved in the fight against organized crime, and trust that these hearings will serve to define the organized crime problems facing our country, and suggest some effective solutions to these problems.

STATEMENT

OF

**OFFICER JEFF FAISON
MORIARTY, NEW MEXICO**

NEW MEXICO STATE POLICE

BEFORE

THE PRESIDENT'S COMMISSION ON ORGANIZED CRIME

**COCAINE TRAFFICKING IN THE SOUTHWEST
"OPERATION PIPELINE"**

NOVEMBER 28 - 30, 1984

WASHINGTON, D.C.

It is a pleasure to appear before this Committee on behalf of the New Mexico State Police to provide testimony regarding the efforts and achievements by the New Mexico State Police in combating cocaine trafficking through the State of New Mexico.

I am a uniformed patrolman with nine years experience, having been stationed on Interstate 40 throughout my career. I am presently stationed at Moriarty, New Mexico, which is located approximately 35 miles east of Albuquerque, New Mexico, on Interstate 40.

Interstate 40 consists of approximately 400 miles and runs east to west across the center of the State of New Mexico. As a result of the efforts by the Uniformed Bureau of our Department, which has resulted in the arrest of cocaine traffickers using Interstate 40, this Interstate has been labeled the "Cocaine Corridor" and "Operation Pipeline". However, Mr. Chairman, before we discuss those unique techniques developed by the New Mexico State Police which are resulting in seizures of large quantities of controlled substances and the arrest of traffickers, I want to take a few minutes to convey the scope and responsibilities of the New Mexico State Police, as well as the organization of the Department.

Generally speaking, the New Mexico State Police is charged by statute with the responsibility of enforcing all criminal and traffic laws in New Mexico. To accomplish these functions, the New Mexico State Police is organized along two enforcement entities, namely, the Criminal Investigation Bureau and the Uniformed Bureau. In addition, there is one program support bureau and several administrative support divisions. The enforcement activities are provided by 396 commissioned officers and supported by 273 civilian employees, assigned throughout the 16 district offices, 15 subdistrict offices, and 50 residential stations in the State. We have approximately 15 uniformed officers on Interstate 40 at any one given time, approximately 6 officers on Interstate 40 east of Albuquerque, New Mexico. In 1983, the State of New Mexico had a change of administrators; the Honorable Toney Anaya was elected Governor and shortly

thereafter appointed Maurice L. Cordova to his present position as Chief of the New Mexico State Police.

In evaluating the principle law enforcement agencies enforcement activity within the State, the State Police had become so concerned with traffic law enforcement that its officers had developed a sort of tunnel vision when enforcement of the Controlled Substances Act was concerned. Therefore, programs were implemented on both the civil and criminal fronts to destroy the economic base of the drug traffickers networks. Precise steps were taken to include training to encourage more awareness concerning criminal violations.

Early in 1983, I assisted the Drug Enforcement Administration and U. S. Customs with the seizure of a D66 Aircraft which was loaded with 11 1/2 tons of marijuana and resulted in the arrest of nine individuals. At this point, I had a discussion with a U. S. Customs Agent concerning methods of concealment of controlled substances. I learned that vehicles are often altered to conceal large amounts of controlled substances and, after evaluating our discussion, I realized that possibly, I had observed one of these altered vehicles during enforcement action on Interstate 40. Therefore I became more observant of drivers' demeanor and more thoroughly investigated required documentation concerning drivers' licenses, vehicle registration, and insurance card requirements. I also make inquiries into the background of the individual concerning his employment, where he is traveling from or traveling to, and the purpose of his trip. Many times my conversations with the drivers provided indicators that possibly some of the statements made are untrue and many times the statements do not support the documentation concerning vehicle registration, etc. I ask for and obtain permission to search the vehicles and, at this time, I begin looking for concealed compartments. Once I locate the concealed compartments, the compartments contain either residue of controlled substances, controlled substances, or monies which are being transported and have been derived from illegal drug transactions.

I began sharing my knowledge and techniques utilized concerning these seizures with my fellow officers on Interstate 40 and within a short period of time, officers from Tucumcari to Albuquerque were making seizures of cocaine which were concealed in hidden compartments strategically located throughout the vehicles.

In 1983, the State Police seized a total 744 pounds of cocaine within the State. Most of that amount was destined for west coast delivery from suppliers in south Florida or northeastern United States and was seized in a series of checkpoint stops on Interstate 40. In one notable case last year, the State Police intercepted and convoyed a shipment of cocaine to its destination in California and resulted with additional arrests and seizures. Then working with federal agencies, we engineered a Florida raid which resulted in the seizure of 697 pounds of cocaine in Tallahassee, Florida. A total of approximately 1,620 pounds of cocaine valued at \$269 million were seized in 1983 as result of the efforts of the New Mexico State Police Uniformed Officers.

This year, in another planned interdiction effort, the State Police seized 92 pounds of morphine base which would have produced approximately 101 pounds of pure heroin once it was processed. This morphine base also was destined for the West Coast. The value of this seizure was \$62.6 million. We know that substantial amounts of money are spent on illegal drugs in New Mexico and that substantial amounts of illegally obtained money derived from illicit drug transactions pass through New Mexico without payment of federal or state taxes. Since August of 1983 to the present, the New Mexico State Police has seized in excess of \$2 million which has been derived from illicit drug transactions. As a result of the cocaine seizures, an operational agreement was drafted between D.E.A. and the New Mexico State Police labelled "Operation Pipeline". The objectives of the operation are to fully evaluate all cocaine seizures being made by the New Mexico State Police. These violators, traveling through New Mexico en route to other states, may identify the receiver, source of supply,

and other associates which aid in developing conspiracy cases on the maximum number of identifiable members of the organizations responsible for these cocaine shipments.

The New Mexico State Police, State and Federal Prosecutors, and D.E.A. jointly determine if these cases should be prosecuted in State or Federal Court. On all follow-up investigations which involve D.E.A. and the New Mexico State Police, D.E.A. funds the investigation by providing per diem and travel expenses. To ensure that all cases are fully developed, intelligence specialists from D.E.A. are assigned to review and analyze all seizures to identify any association between cases, defendants, methods, etc., and to develop leads for follow-up investigations.

As a result of the cocaine seizures and through the coordination of D.E.A., many requests have been received by the New Mexico State Police to present training programs to other Law Enforcement Agencies throughout the Country. With the assistance of D.E.A. funding for such training, the New Mexico State Police has presented training programs to law enforcement agencies in the states of California, Arizona, Colorado, Texas, Utah, Alabama, Arkansas, Louisiana, Indiana, New York, and Illinois. We are continually providing educational materials and our expertise to any agency requesting such training.

In evaluating "Operation Pipeline" from the uniformed officers standpoint, the program has been a success. The cocaine traffickers, as we observed them, are not as readily seen crossing the State of New Mexico on Interstate 40. This is an indication that the traffickers respect our enforcement efforts to the extent that they have changed their methods of operation and have altered their routes around New Mexico. This change became evident when we seized a road map which displayed documentation to indicate that the trafficker was to take a detour around our State. Unfortunately for him, he took a short cut.

To summarize our evaluation of the New Mexico drug problem as State officials, we have an entirely different perspective than do the federal policy makers. Although

illicit drug trafficking in New Mexico is minimal in comparison to south Florida, New York, or Los Angeles, such trafficking impacts substantially on New Mexico. This is more than acceptable and more than can be eradicated by State Law Enforcement Agencies. We think New Mexico is worth protecting from the ravages of the drug trade and, to protect it adequately, we need increased resources to include state and federal funding. Although our common border with Mexico creates a very difficult problem, the border is not the only problem we are dealing with. Controlled substances of all varieties continue to be transported through and into our State from other parts of the United States for ultimate distribution and consumption.

As indicated by the above, coordination with other states, federal and local agencies has dramatically improved our abilities to investigate and prosecute major drug violators, not only in New Mexico, but across the Country.

I would like to thank you for the opportunity to testify before this Committee and I will be glad to answer any questions you may have.

STATEMENT OF ALVARO SUAREZ

Mr. Chairman and members of the Commission:

My name is Alvaro Suarez. I am 29 years old and live in Anchorage, Alaska where I settled after my discharge from the Air Force there. Though I was born in Colombia, I have lived in the United States for approximately 20 years.

I am currently serving a six-months sentence for distributing cocaine in Anchorage. I first became involved with cocaine in late fall, 1982, when an acquaintance, Edgar Gamez, offered me \$300 to deliver a package to another man. The package contained an ounce of cocaine. After that, I began to make deliveries to three customers of Gamez on a regular basis. For the first three months, I delivered an ounce or two a week. Gamez would contact me and tell me where to meet him. There he would give me a package and instructions on where to deliver it. I was generally paid \$300-\$400 an ounce for delivery.

Gradually, the business grew. Soon, I was delivering up to 4 or more ounces a week. Finally, Gamez just gave me a half pound and told me he would let me know when, how much, and to whom to

deliver. In the code we used, ounces were "records". Gamez would call and say, "Deliver two records to X", and so on.

I delivered for Gamez for about a year and a half, from late fall, 1982 to approximately February, 1984. In the middle of that period, I acquired two customers of my own. One was my brother, Carlos, to whom I supplied about an ounce a month or a little more. The other was my friend, Dave. Dave had approached me about getting some coke, and I agreed to try. Gamez agreed to supply me, so I entered into a deal with Dave where I could provide him with an ounce or more per week at \$2600 per ounce. My price from Gamez was \$2200. I gave my brother a break and only charged him \$2300.

After a while - about three months, as I recall - Dave was doing very well, and asked for a half pound. I bought it from Gamez for \$16,500 and sold it to Dave for the usual \$2600 an ounce.

In addition to being my principal customer, Dave taught me a few things. One was how to cut coke. He bought what he called "Vitamin B Complex" (the bottle said "Mannitol") at a local "head shop", and that's what we used to cut the coke. It was simple economics. If you add 7 grams per ounce to four ounces of good coke, you get five ounces of coke that is still okay. Seven grams per ounce was my standard formula.

Over the months that I was delivering to Gamez' three customers (one dropped out before the operation stopped), my brother, and Dave, I delivered a total of a half pound - sometimes more - per month, and had a monthly drug income of about \$3500.

This continued until February, 1984, when Gamez tried to get me to make his \$2200 house payment for him. I felt he was trying to put the squeeze on me, and I told him so. We argued and I told him I was finished doing business with him.

For the next two or three months, I wasn't involved in any drug deals. Then in about May, 1984, I travelled to New York

City to attend a clothing show in connection with my business, which is a men's clothing store. While in New York, I met a friend from high school, George. He told me he had heard I was dealing. At first, I told him I was out of business, but when he offered me coke at \$20,000 a pound - about half what I had been paying to Edgar Gamez - and then came down from that to persuade me, I said yes. We agreed on a price of \$15,000 a pound. I didn't have any money, but George agreed to front me a quarter pound at \$3500, with the understanding that I would get him the money within a week or two.

I flew back to Anchorage and cut the coke - again, 7 grams per ounce - and came out with five ounces. One I sold to Frank and four went to Dave. I netted a profit of over \$9000 and started thinking about making big money. My brother's main customer, Frank, asked me to get him a full pound from New York. I agreed. I sent a courier back to New York with George's \$3500 and instructions to get a pound from George. The courier returned, delivered the pound to me, and I took it to Frank in a shopping center parking lot.

Unfortunately, Frank was a DEA informant. I was arrested at the delivery site and subsequently pleaded guilty to a distribution charge. That ended my career as a cocaine distributor.

I have been asked how much coke there is in Anchorage and how it gets there. First, there is plenty of coke in Anchorage. Anyone who wants it can get it. As to how it gets there, I can only say what I know. Edgar Gamez told me that his connections were in Miami and Los Angeles. Another dealer I knew told me he got his supply in New York and Miami. I personally arranged for two shipments I have told you about, and they both came from New York.



Judge Irving R. Kaufman, Commission Chairman, presides at the hearing.



Commission members await the next witness. (left to right) Eugene Methvin; Charles H. Rogovin; Samuel K. Skinner; Senator Strom Thurmond; Judge Irving R. Kaufman, Chairman; Judith R. Hope; Carol Corrigan; Jesse A. Brewer Jr.; Edwin L. Miller Jr.; Thomas McBride; Frances A. Sclafani; Justin J. Dintino.



James D. Harmon Jr. (left), Commission Executive Director and Chief Counsel, and Rodney G. Smith, Deputy Executive Director, question a witness.



Dr. Arnold M. Washton, Director of Substance Abuse Treatment at the Regent Hospital, New York and Research Director of the 800-COCAINE National Helpline, discusses the human cost of the cocaine problem.



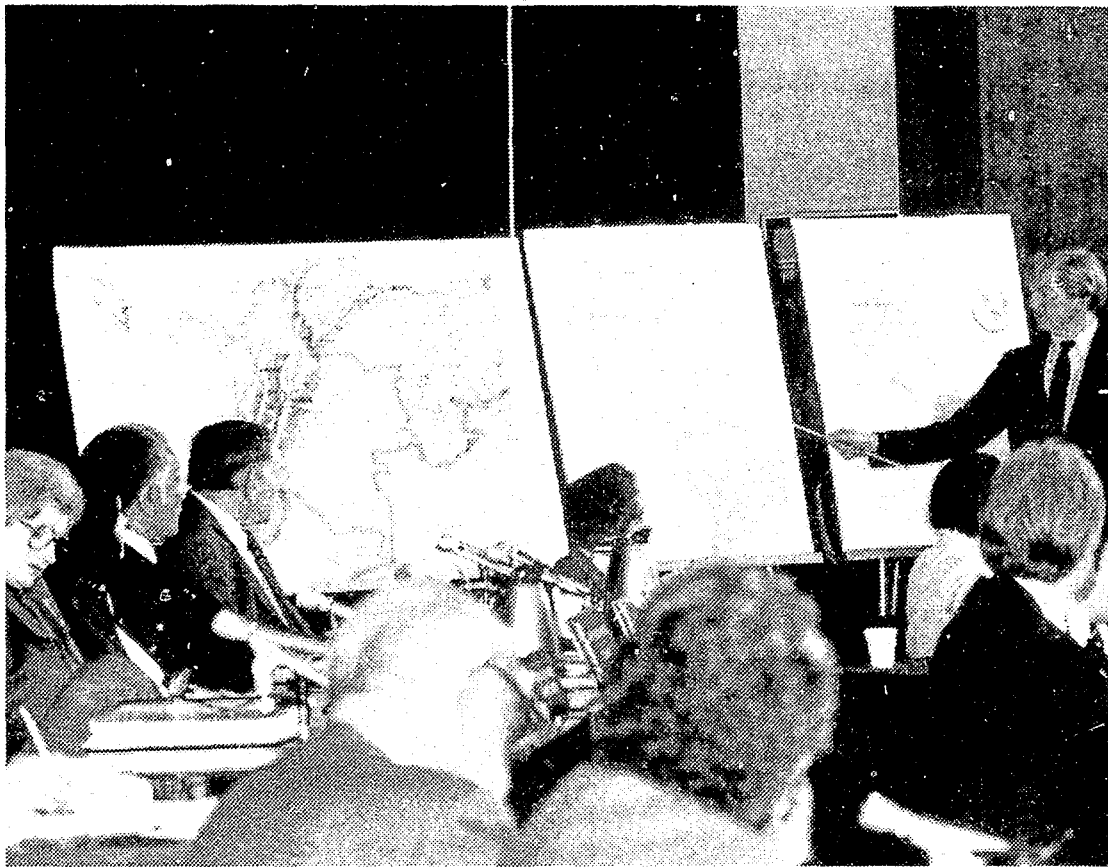
Three former addicts describe their experiences with cocaine addiction. (left to right) Gus Savalas, Seth Witonski, and Karen Richwein.



Dr. Charles V. Wetli, Deputy Chief Medical Examiner of Dade County Florida, describes the devastating effects of cocaine on its users.



Drug Enforcement agent Johnny Phelps describes organized crime involvement in cocaine cultivation, processing, marketing and transport.



Staff investigator Thomas Sheehan points out the drug trafficking routes identified by a witness.



Drug Enforcement agent Herb Williams describes the cocaine industry in Colombia.



Chief Counsel James D. Harmon Jr. holds a machine pistol of the type favored by drug traffickers. Rodney G. Smith, Deputy Executive Director, is to Harmon's left.



Jon R. Thomas, Assistant Secretary of State for International Narcotics Matters, discusses narcotics control programs in South America.



Drug Enforcement Administration agents Charles Maritnez (left) and Kelly McCullough describe for the Commission their near-fatal encounter with Colombian drug traffickers.



Three former cocaine traffickers testify. (left to right) Jack DeVoe, O. Larry Hall, Luis Garcia.



William Perry (left), a Customs Service pilot, and Garnet Fee, Director of the Customs Service's Office of Passenger Enforcement and Facilitation, testify on Customs' efforts to stem the flow of drugs into the United States by air.



Coast Guard Commander Kenneth Thompson relates Coast Guard efforts to interdict drugs.



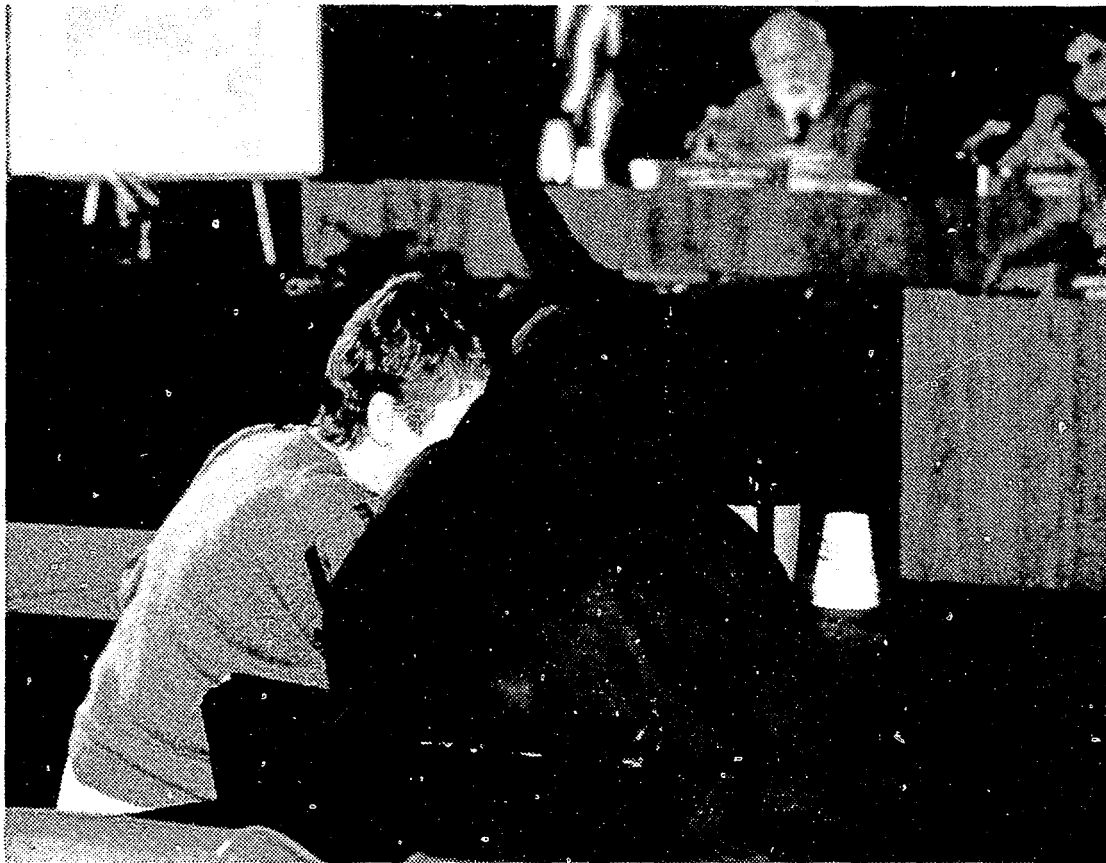
Arthur F. Nehrass (left), Senior Bureau Commander, Organized Crime Bureau of the Metro Dade Police Dept., Florida, details cocaine labs in the United States. He is accompanied by Jeff S. Faison of the New Mexico State Police who discusses his department's efforts to end the transport of drugs along the "cocaine corridor" of I-40 in that state.



Rodney G. Smith, Deputy Executive Director, displays a kilogram of cocaine.

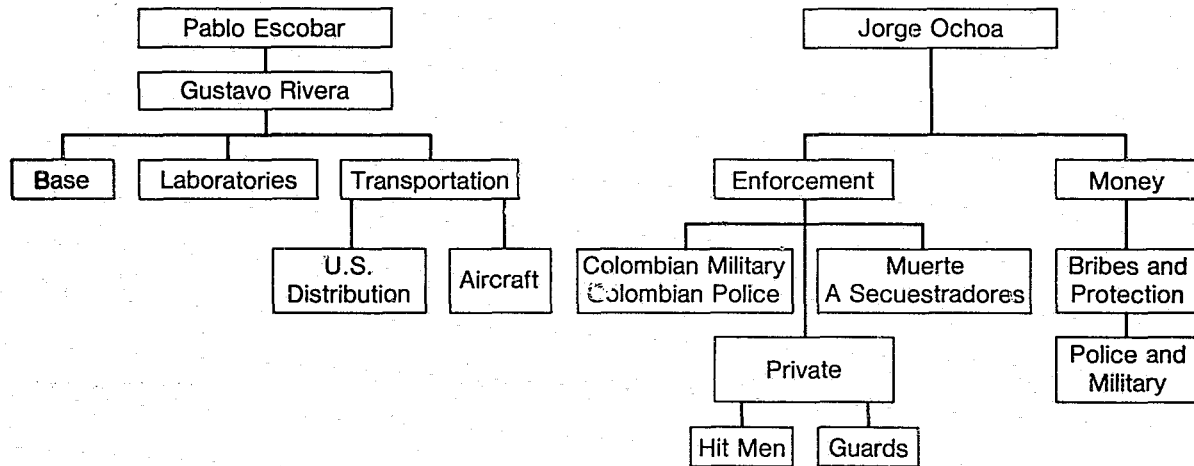


Nicholas Deak, Chairman of Deak-Perera, testifies as his attorney, Stan Mortensen, looks on.



Hooded for fear of reprisals for his testifying, a witness tells how he laundered tens of millions of dollars for cocaine traffickers. Translating is Miriam Hodgkinson of the State Department.

COLOMBIAN COCAINE ORGANIZATIONS



Pablo Escobar

Cocaine Base
 Laboratories
 Transportation
 Aircraft
 U.S. Distribution

Jorge Ochoa

Enforcement
 Protection
 Hit Men
 Private Guards
 MAS (Muerte A Secuestradores)
 Colombia Military and Police
 Money
 Bribes
 Protection

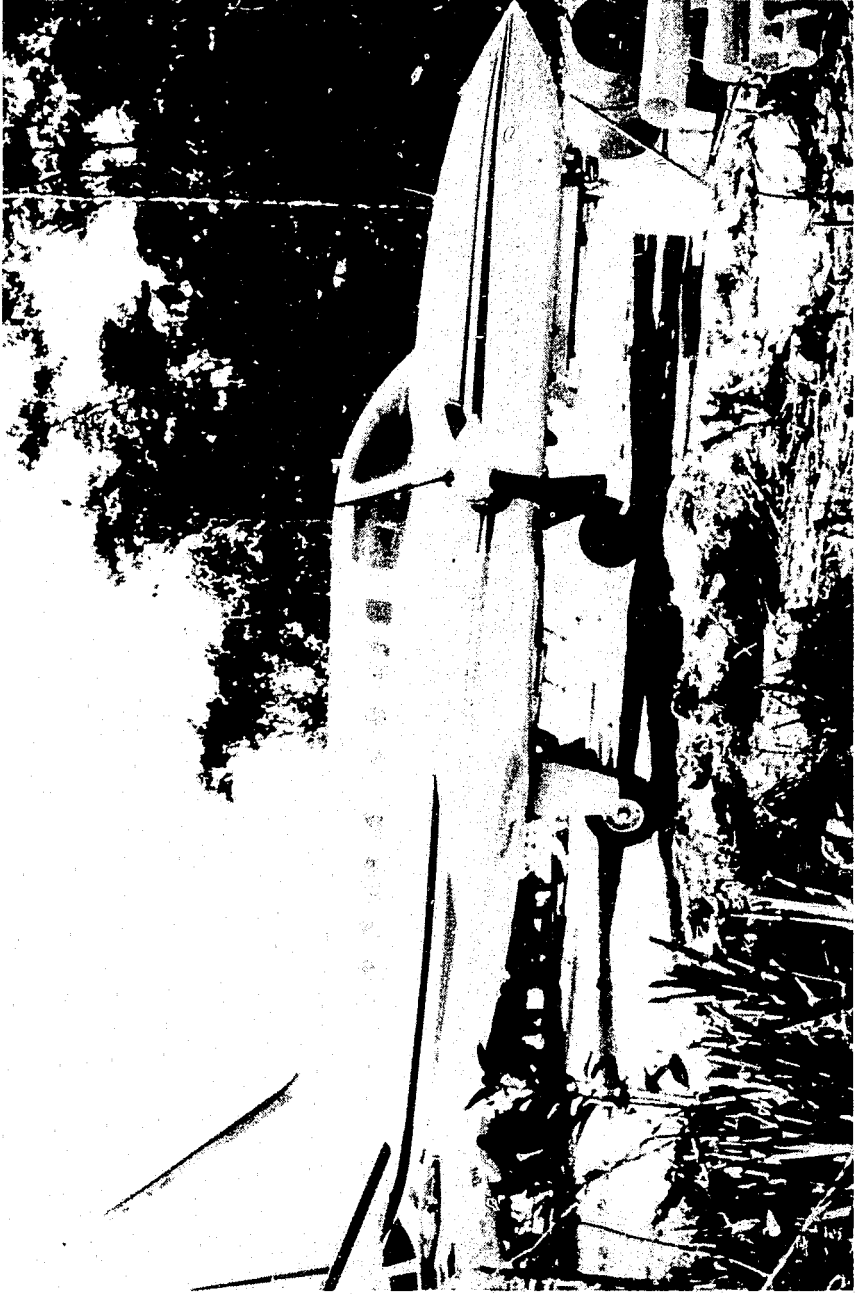
1. The organization charts of a union of two major Colombian cocaine organizations.



2. Cocaine lab in South American jungle.



3. The poppy, source of raw material for heroin, is showing up in Colombia, suggesting cocaine manufacturers' interest in a new source of revenue.



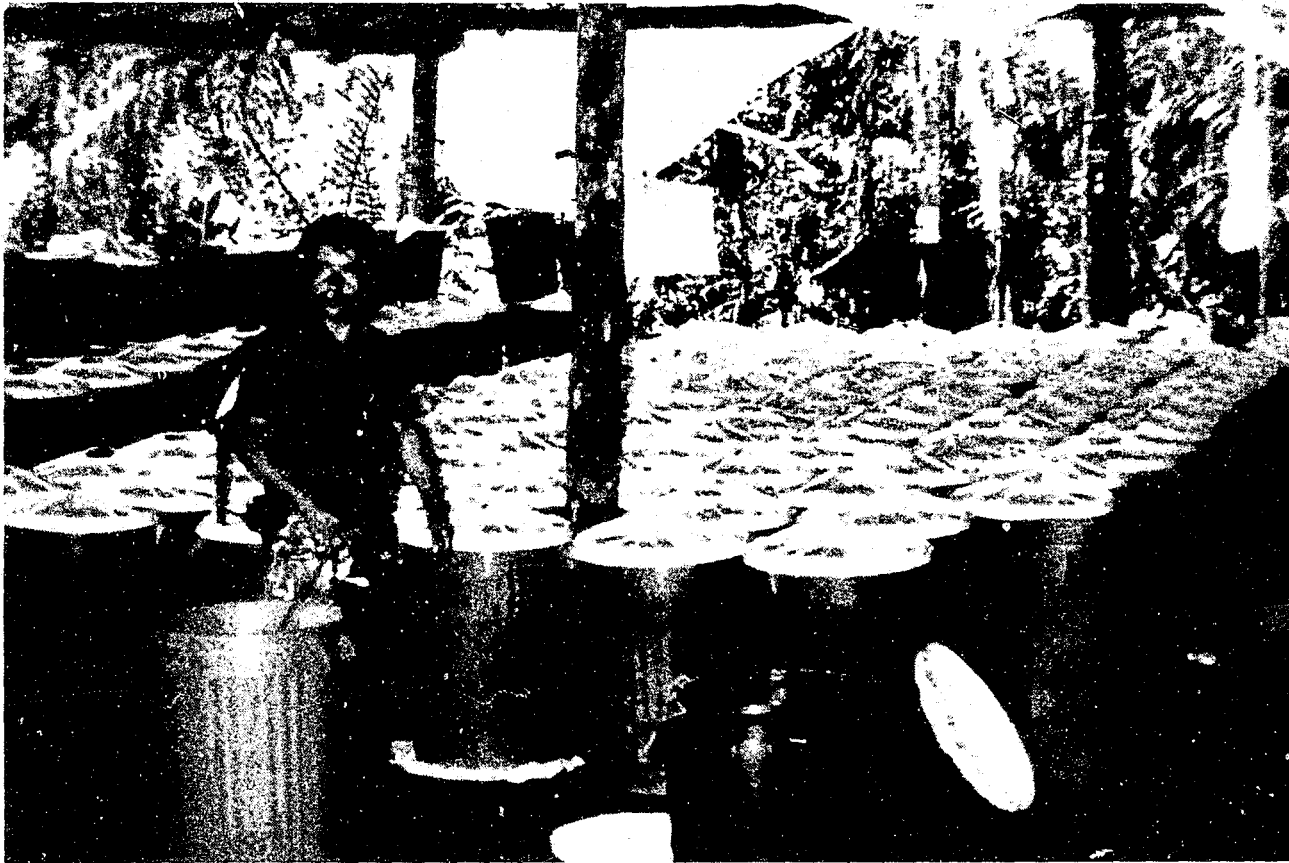
4. Aircraft seized in raid on a cocaine lab.



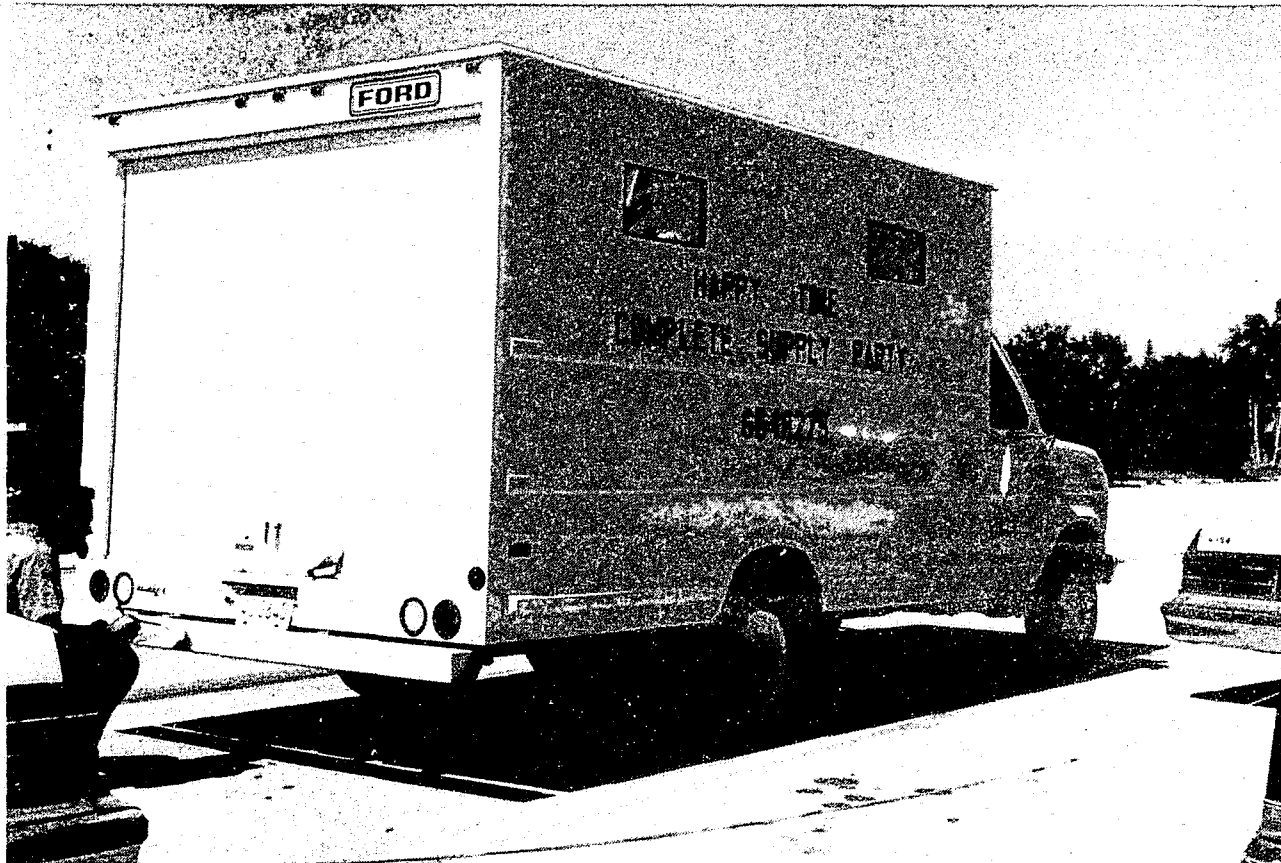
5. The smoldering remains of a destroyed cocaine lab in Dade County, Fla.



6. Literature left behind by Colombian Marxist "FARC" guerrillas at a jungle cocaine laboratory they were guarding.



7. Barrels of chemicals at a jungle cocaine manufacturing plant in eastern Colombia, part of a multi-laboratory complex, guarded by "FARC" guerillas, where about 10 tons of cocaine were seized during a raid in March 1984.



8. Innocent looking truck is actually a cocaine dealer's "war wagon" in Florida, complete with firearms, gun ports and armor plating.