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V. THE BALKANS AND GREECE: GATEWAY TO EUROPE AND THE WEST

"One of the two smugglers, Ghassan, sketched in the details on KINTEX; 'If you've got the right connection with that agency, you can pass morphine base through Bulgaria without the slightest ripple.'"

Heroin Trail, by the staff and editors of Newsday

By far, most of the morphine base of heroin that leaves Turkey destined for Western Europe travels either by car or by Transport International Routier (TIR) truck through Istanbul towards the Balkan countries of Bulgaria and Yugoslavia. TIR is an international customs convention signed by approximately 35 Eurasian countries. Under the terms of the agreement, vehicles are inspected at their points of travel origin and may then proceed to their destinations through TIR signatory states without being stopped for further search.

Bulgaria - According to DEA, 75 percent of all illicit drug traffic entering Europe goes through Bulgaria. Some observers claim that Bulgarian customs officials are particularly rigorous in checking incoming traffic. However, over the years there have been serious allegations concerning the involvement of some quasi-governmental Bulgarian agencies in abetting narcotics traffic. Indeed, the complicity involving KINTEX alleged by the Heroin Trail authors is particularly serious.

According to a Newsday investigative source, KINTEX is an important government agency responsible for import and export matters which has given "some of our biggest smugglers carte blanche to run morphine base through the country." The Newsday reporters interviewed smugglers who claimed to have worked in the past with KINTEX to gain safe passage through Bulgaria.

A smuggler with KINTEX connections is described as doing the following:

"He sends a message to Sophia giving a description and license number of his truck or car. He also tells what time the truck is expected to cross the border. Then KINTEX sends a man to the crossing point to make sure that the truck goes through without any search."

KINTEX may still be involved in such activities. It is also alleged that KINTEX was an arm of Bulgarian Intelligence and supplied arms to Kurdish revolutionaries and to other guerilla forces elsewhere in the Middle East in exchange for heroin. In obtaining the right of passage through Bulgaria, the traffickers must agree not to sell any of the narcotics in Bulgaria. These allegations are particularly serious in light of the fact that three-quarters of all the drugs entering Western Europe go through Bulgaria.

Yugoslavia - Apparently, the Yugoslavs take narcotics trafficking much more seriously. Indeed, 35 percent of all European seizures of Southwest Asian heroin occur at the Yugoslav border town of Gradina, where 1.2 million autos and 35,000 trucks (of which 30,000 are TIR trucks) enter Yugoslavia annually. All these seizures are so-called "cold hits" -- meaning that they are not based on informant tips. The success of the Yugoslav customs is apparently due to extreme thoroughness and high agency morale. In a recent (April 6, 1980) example of their effectiveness, the Yugoslavs seized 80 kilograms of Southwest Asian heroin in the small town of Bogorodica on the Yugoslav border with Greece. This was the largest single seizure of Southwest Asian heroin in Europe to date.

The Yugoslavs also hold the previous record for the largest such seizure, 33 kilograms of heroin, on January 18, 1980. In the Bogorodica seizure, the Yugoslavs discovered the heroin in a German

license TIR truck. The driver, a German National, claimed that he had begun his journey in Istanbul.

Greece - According to DEA and State Department personnel in Athens, Greece is becoming a more important transit route for passenger vehicles carrying illicit heroin and morphine base out of Turkey. Apparently the traffickers are attempting to avoid the more rigorous custom checks made by Yugoslav officials. Approximately 36 kilograms of morphine base were seized in Greece during 1979, a huge increase over the 0.05 kilograms seized during 1978. According to DEA, "most of the morphine base was intended for French and Italian conversion laboratories." This dramatic increase should greatly concern the United States, since most of the laboratories in France and Italy are designed primarily for conversion of morphine base to heroin for U.S. consumption.

DEA officials are concerned about the weakness of Greek customs on their borders and at the Greek port of Volos. Volos is the terminal point of a major cross-Mediterranean ferry from Syria; large numbers of TIR trucks and cars enter Greece there every day. The concern is that TIR trucks may be pursuing an alternate route for Southwest Asian heroin from clandestine labs in Syria, Iraq and Lebanon. There is also evidence of significant street transactions in Southwest Asian heroin of very high quality in 100 to 200-gram lots in Athens as well as at a nearby U.S. Air Force base.

VI. ITALY AND THE SICILIAN CONNECTION

It would seem that the Italian laboratory activity is directed at the United States.

-- Peter Bensinger, Director, DEA, April 1980.

The next stop on the Southwest Asian trail is Italy. Historically, Italy has played a significant role in the transshipment of Middle Eastern heroin to the United States, frequently involving organized crime families residing in Sicily and marketed by their members in the United States. Indeed, in the late 1940's and early 1950's the Italian Police, working with the U.S. Federal Bureau of Narcotics, managed to eliminate an important Sicilian heroin importation connection. Of course, traditional organized crime families in the U.S. and Italy, in particular the one formerly headed by the late "Lucky" Luciano, who was deported from the United States to Italy, continue to maintain close relationships up to the present day.

Italy is again emerging as an important source of heroin destined for the United States. DEA believes that Italy is the principal source of Southwest Asian heroin headed for the East Coast of the United States.

DEA and Italian police have already closed down several major, very sophisticated laboratories in Italy. The first important seizure was in San Remo which is located near the French border, on November 27, 1979. Five individuals were arrested, including a former French Connection chemist. Twenty-two kilograms of morphine base and one kilogram of heroin were seized. This seizure was the first in Southern Europe since a French seizure near Marseilles in February, 1978. Prior to that, there had been no seizure of a significant lab in this part of the world since 1972.

In April, 1980, DEA Director Peter Bensinger stated that the San Remo seizure indicates that, as in the French Connection days, the big-time organized crime traffickers are having no trouble obtaining all of the morphine base they want. According to Bensinger, the investment in sophisticated laboratory equipment for the conversion of morphine base to heroin and the presence of a significant amount of morphine base at the San Remo laboratory suggest an attempt to export large amounts of heroin to the United States.

Bensinger said that all of the heroin produced at the San Remo laboratory was intended for U.S. consumption. According to DEA's calculations, the laboratory was capable of producing between 10 and 50 kilograms of heroin a week. That would be sufficient to supply indefinitely between 6,000 and 30,000 addicts out of the estimated 400,000 in the United States.

On June 4, 1980, the Guardia di Finanza, the primary domestic police agency in Italy, working with DEA seized two laboratories outside Milan that were potentially capable of even larger production than the one at San Remo. Seventeen individuals, including four French chemists, were arrested. More than 60 kilograms of morphine base and three kilograms of finished heroin were seized at the labs. The laboratory records indicated that they produced about 4 kilograms of heroin a day or approximately 20 kilograms a week. One informant said that the plan was to convert one ton of morphine base to heroin, all destined for the United States.

Both of those recent seizures in Milan and the seizure at San Remo involved Italian and French Corsican traffickers with ties to the United States directly or through Canada. Despite the presence of these laboratories in central and northern Italy and the heavy

involvement of French chemists in their operation, DEA is convinced that it is traditional Sicilian organized crime that poses the most serious threat to the United States. DEA suspects Sicilian families of reconnecting with their American branches to merchandise heroin produced in the laboratories that were recently seized or in three equally sophisticated labs that DEA believes may be operating in Sicily.

Penetrating the Sicilian families will be much more difficult and dangerous, though DEA has had some success. From November, 1978 through September, 1979, DEA participated in a major intelligence operation in cooperation with the Italian police in Sicily. The purpose of this effort was to locate heroin processing laboratories in Sicily and to identify major traffickers operating between Sicily and the United States. As a result of this operation, approximately \$500,000 in U.S. cash, presumably intended to pay for shipments to the United States, was seized at the Palermo Airport in June, 1979. In the next month, two important organized crime figures were arrested by Italian officials with four kilograms of Southwest Asian heroin.

Dr. Giorgio Borris Giuliano, the deputy police chief of Palermo, had taken an active interest in the prosecution of this case, and was murdered, gangland style, in July, 1979. A leading judge in Sicily, who had expressed strong anti-organized crime sentiments, was also murdered there. These murders have understandably placed quite a pall on anti-narcotics operations in Sicily. There were other political assassinations committed last year by individuals associated with organized crime and altogether, some 70 gangland slayings occurred in Sicily in 1979.

The killings illustrate just a small part of the complex Sicilian-U.S. operation involved in the processing and transshipment of Southwest Asian heroin to the United States. Between December, 1977 and

and January, 1980, more than 50 kilograms of heroin from Palermo were seized at JFK airport alone. Twenty-four of the 50 kilograms were seized on January 16, 1980 in a case involving two members of a well-known organized crime family in the New York area. One DEA study discusses a \$3.5 million transaction between New Jersey and Sicilian organized crime families. DEA and Justice Department intelligence efforts have identified direct links between four Sicilian families and the trafficking of Southwest Asian heroin into the United States, as well as direct links between those families and the two political assassinations described above.

In a meeting with the Italian Minister of Interior, it was clear that the Italian government is very aware of these "links." He is very concerned about Italy's growing role in the international transshipment of Southwest Asian heroin to the United States and the contribution that illegal trade makes to the general lawlessness among Sicilian organized crime families. In addition, he is alarmed that Southwest Asian heroin has fomented a serious heroin epidemic in Italy itself -- which now ranks second only to West Germany in per capita heroin addiction.

One U.S. Government study group that went to Italy to assist the Italians in coping with the epidemic stated that the evidence of the seriousness of the problem is manifest. "Physical evidence of possible heroin use, such as needles and syringes," the group reported, "can easily be found in the streets of Rome, Florence and other large cities." Indeed, one DEA agent told a harrowing story of one of his children playing on a beach in Italy and coming to him with a needle that the boy had picked up on the beach sticking out of his leg.

VII. FRANCE

In 1950 it was cigarettes; in 1960 it was gold, in 1972 it's drugs "...but it's the same men, the same gangs, the same team."

Marseilles customs officer, 1972, in the Heroin Trail

The heavy involvement of French chemists and financiers in the three large laboratories recently seized in Northern Italy suggests close ties between major traffickers in those two countries. So France, once again, is beginning to play a prominent role in the manufacture and transshipment of heroin to the United States.

Although the French production capacity is much smaller now than in the past, heroin processing laboratories are again appearing in the Marseilles area. The major change from the old French Connection days is that laboratories are located in the neighboring mountain border areas between Italy and France, rather than in Marseilles itself. Also, the morphine base necessary for the manufacture of heroin now arrives in small (6-30 kilogram) shipments by car, rather than in bulk shipments by sea.

However, many of the former French Connection personalities are currently involved in trafficking. Literature in DEA files and elsewhere indicates that at least three prominent members of the old French Connection networks from the Marseilles area are presently involved in heroin trafficking. Indeed, one individual arrested at Milan had been involved in the infamous French Connection case on which the movie was based.

According to DEA officials, this French laboratory activity is mostly of recent vintage -- having been established in the last two years. In the period 1974-1976 there had been very little laboratory activity, but since 1978, significant new heroin processing

capacity has developed. One DEA source alleges that there are three or four large-scale laboratories in the Marseilles area. However, because of the effectiveness of DEA and French police in the area, major traffickers are avoiding Marseilles and operating laboratories in the mountain areas where they are a little more difficult to detect. Sources also suggest that traffickers are more anxious to work in the Nice area, both because of the weakness of French police surveillance there and because the traffickers, with their flashy lifestyles, are less conspicuous on the wealthy French Riviera.

There has been considerable controversy over the last two decades about the effectiveness of French police in monitoring international traffickers and laboratory operators in the Marseilles area. For example, the authors of Heroin Trail accused French police of the French Connection days of everything from incompetence to outright deceit in overstating their accomplishments in shutting down heroin laboratories. They accused the French of taking credit for closing down as many as eight laboratories in 1972, when actually only one operational lab was uncovered. They point out that the largest seizure of French Connection heroin, 406 kilos, was essentially a case of luck:

"Customs officials had found nothing in a search of a 60-ton shrimp boat, "The Caprice des Temps", but the captain panicked during the search and dived into the harbor. The customs officials, now fully suspicious, re-examined the boat and noticed that the ballast was uneven. The record cargo of heroin was stored underneath."

The authors of Heroin Trail also accused several former members of the SDECE, the French foreign intelligence agency, of having been involved in heroin trafficking. Although there has been no official confirmation of this rumor, DEA does state that there have been some problems in the past with confirming the actual number of laboratory seizures made by French police.

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DEA acknowledges the role of luck on the part of the French Customs in making the largest French Connection seizure, the so-called "Shrimp Boat", but states that fortuitous "cold hits" are not unusual in customs practice. Indeed, U.S. Customs obtains most of its seizures by such "cold hits." DEA also points out that many French Connection conspirators have not returned to heroin trafficking because they are under extended surveillance by French police. According to DEA, which seems to be generally satisfied with French Customs and French police, this monitoring has acted as a deterrent to a revival of the old French Connection.

There are also indications of significant new drug problems in France in addition to the processing, trafficking, and transshipment activity. For example, heroin possession arrests are up significantly over the last few years in France, and narcotics overdoses in both Switzerland and France have increased in the past year. Therefore, it is clear that heroin addiction is on the upswing in France. This increased addiction is likely to create political pressure for more aggressive French police action vis-a-vis Southwest Asian heroin. However, high-level DEA officials are clearly of the opinion that most of the significant laboratory activity beginning to appear in the vicinity of Marseilles will produce heroin aimed at the United States, not France.

VIII. THE FRENCH CONNECTION VS. THE SICILIAN CONNECTION

There are two major questions for the Congress. First, has international organized crime developed a new heroin merchandising connection between Southwest Asia and the United States? And, second, if there is such a connection, what is the magnitude of the operation and its potential impact on the United States?

The answer to the first question is that there is little doubt that some major traffickers of the old French Connection networks are back in business again, attempting to connect with the new Southwest Asian sources of opium. The evidence of that is as follows:

- A number of former French Connection figures have been named in current DEA investigations of Southwest Asian trafficking, some directly connecting these individuals with large seizures of Southwest Asian heroin, morphine base or sophisticated laboratory operations.
- Substantial monetary transactions between organized crime families in the United States and Italy have taken place in the past six to eight months.
- DEA participated with Italian authorities in an attempt to locate clandestine heroin laboratories in Sicily. An Italian police official and a judge working on the case developed by the Italian authorities were assassinated -- allegedly by organized crime family members.
- Two members of a prominent U.S. organized-crime family have been arrested by DEA in a major seizure of Southwest Asian heroin in New Jersey.

- Three very large and sophisticated heroin laboratories seized in Italy were found to be capable of processing enough heroin to supply a substantial portion of America's addict population and were apparently designed just for that purpose.

These findings must be carefully evaluated. The exact extent of organized crime involvement in narcotics trafficking in recent years has never been clear. There are those who contend that even during French Connection days, U.S. organized crime families -- the Gambino, Genovese, Galante and Ormento families -- avoided the narcotics business.

The argument is that in the 1960's and early 1970's -- the heyday of the French Connection -- these major families avoided narcotics primarily for fear -- perhaps not always warranted -- of the effectiveness of organized crime conspiracy statutes in creating criminal liability on the part of the organized crime chieftains. Therefore, supposedly, only the more inept of the organized family members became involved in narcotics trafficking. The Bureau of Narcotics and Dangerous Drugs, the predecessor of DEA, took the position in 1970 that there was little structure left to organized crime drug trafficking in the United States. They argued that it was a more "fluid" situation involving small-time organizations or lesser members of organized crime networks.

This issue is still very hard to resolve, in part because of the inadequacy of DEA intelligence on the subject. It is a matter for a subsequent report and in-depth Congressional hearings. But investigation by my staff has found that, despite estimates by DEA that the total retail value of illicit narcotics transactions in the United States is between \$44.6 and \$63.4 billion per year, the

Justice Department has actually obtained less than \$13.7 million worth of assets through forfeiture. Indeed, there is some evidence that the \$13.7 million may be an exaggerated figure. Overall, the quality of Justice Department organized crime intelligence and the effectiveness of law enforcement directed at major financial and merchandising networks is disappointing.

There is little doubt, however, that there is a huge quantity of illicit opium available for conversion to heroin for export to both Western Europe and the United States. As suggested earlier in this report, it represents approximately nine times the amount of heroin exported to the United States from the Golden Triangle and Mexico combined. There are trafficking organizations and individuals interested in dealing in the heroin, and there is already evidence that significant amounts of Southwest Asian heroin are now appearing on the streets of the United States. Therefore, there is little doubt that if such a connection does not now exist, it soon will.

What is the present or potential size of Southwest Asian heroin traffic compared to the French Connection period of the early 1970's? One of the prime indicators of the size of any trafficking pattern or network is the amount of morphine base available on the illicit market for conversion to heroin. Morphine base is the preferred commodity for organized crime traffickers. In 1971, at the height of the French Connection, there were 367 kilograms of morphine base seized in Europe. In 1979, there were approximately 140 kilograms of the Southwest Asian morphine base seized in Europe. Although the amount seized in 1979 is less than half of what was seized in 1971, the almost overnight appearance of morphine base trafficking of this magnitude is of great concern to DEA.

In 1972, more than 7,000 kilograms of heroin transitted Marseilles alone heading for the United States, but Marseilles was the primary transshipment point for Turkish heroin in the French Connection. There are no figures available today on the amount of Southwest Asian heroin actually going through Europe, but there are fairly reliable seizure figures available for both periods of time. In 1972, there were approximately 600 kilograms of heroin seized in Europe, but of that amount 400 kilograms came in the seizure of the so-called "Shrimp Boat." Therefore, more normal annual seizure figures probably were in the range of 150 to 200 kilograms. For 1980, Southwest Asian heroin seizures are expected to be in the neighborhood of 1200 kilograms. Thus, either law enforcement has become much more adept at seizing heroin or the flow of Southwest Asian heroin is larger than in the period of the French Connection days -- by a factor of as much as ten.

Regardless of how this heroin is being transmitted to Western Europe and on to the United States, it is clear that large amounts of Southwest Asian heroin -- equal to if not greater than the amount of heroin in circulation during the French Connection days -- are presently feeding the heroin epidemic in Western Europe and are likely to reach America's shores. It is virtually certain that the establishment of a half dozen sophisticated laboratories like the ones seized in San Remo and near Milan could have a devastating effect on the incidence of heroin addiction in the United States -- easily recreating the epidemic situation we had here in the early 1970's. According to DEA officers we interviewed on our trip, America's recent loss of intelligence capability means that we do not even know if such laboratories already exist in the Northwest Provinces of Pakistan, in Iran, in other Middle Eastern countries such as Lebanon or Syria, or in Sicily or Corsica.

IX. INITIATIVES

Will the International Drug Trade ever be completely wiped out? . . . "not in my lifetime."

- Mathea Falco, Assistant Secretary of State for International Narcotics Matters, responding to a reporter's question in U.S. News and World Report. December 25, 1979.

This report documents the existence of a substantial new threat to the United States, if not the entire West. This country is about to face a massive influx of Southwest Asian heroin, which, if unchecked, will feed a large heroin addict population and cause a concomitant rise in street crime and related social disarray. Indeed, it is arguable that if we do not disrupt the new Sicilian Connection, we may face a heroin epidemic and a crime wave reminiscent of what this country experienced in the early 1970's.

While recognizing the severity of this potential threat, this report also makes a strong case for candor and caution in suggesting policies and initiatives to cope with the international traffic in heroin. Assistant Secretary of State Mathea Falco's conclusions, grim as they are, are thoroughly consistent with the findings of this report. There simply are not any short-term, politically realistic solutions to the problem of heroin addiction in this country. The major disruptions in international trafficking which have occurred in the last decade have been largely influenced by fortuitous events: a drought in Asia, the Soviet invasion of Afghanistan, a drought in Mexico.

That observation is not meant to suggest that carefully considered international initiatives involving cooperating governments like Mexico and Turkey cannot successfully take advantage of fortuitous events. However, it is absolutely essential that the

American people understand that the growing of opium, whether by the Pathans in Pakistan or the Turks in the Afyon Province of Turkey, and the trafficking and processing of the heroin by the Kurds in Iran and Turkey or by the Sicilians and Corsicans in the Medeterranean, often reflect deep-seated problems of poverty, political insurgency and political instability. These are not problems which our foreign policy can solve in a single year, a single decade or perhaps even in this century.

Indeed, quasi-official complicity in the heroin trade that hinders resolution of the international problem (e.g., as is alleged about the Bulgarian agency, KINTEX), may not be subject to unilateral action at all. We must develop an international strategy to "manage" this problem, exploiting as best we can the political and environmental conditions in a particular growing or transshipment area. In the long run, we should seek a system of multilateral initiatives -- a world strategy -- which will permit us to exploit fortuitous events when and where they occur. When a drought occurs in Southwest Asia, the U.N. can move in adequate income substitution programs to encourage farmers to give up opium cultivation. The mass emigration of the Pathan poppy farmers caused by the Afghan war creates an opportunity for income substitution. Of course, bilateral arrangements with the various producing and transshipping countries can strengthen whatever multilateral initiatives we develop.

The recommendations that follow are necessarily tentative. They are intended to serve more as an agenda for further discussion -- in the context of investigative hearings in the Criminal Justice

Subcommittee planned for the late summer -- and not as a final set of policies. The recommendations fall into five basic categories: a) dampening U.S. demand for heroin; b) developing a more coherent federal strategy; c) strengthening the Justice Department's response to organized crime; d) developing a more coherent long-term international strategy, and; e) adopting a set of bilateral initiatives aimed at stopping Southwest Asian heroin at production and transshipment points.

A. DAMPENING U.S. DEMAND FOR HEROIN

The American people must understand that the best way to disrupt the international trade in illegal drugs is to reduce the illegal demand for heroin in the United States. It is hard to disagree with the Turkish officials who argued that, "so long as illicit demand continues, illicit production will definitely be carried on" It is this powerful, insatiable demand that makes the same heroin worth a few thousand dollars in Southwest Asia worth a quarter of a million dollars on the streets of New York. Such staggering profits make international trafficking worth almost any risk and render it practically invulnerable to law enforcement. As long as all the heroin needed by America's addict population can be supplied from a hundred square miles of land beyond any government's control, we must recognize that, inevitably, we will waste much rhetoric, foreign aid and political prestige demanding action of governments that they simply cannot deliver. Therefore, the first two recommendations pertain to reducing demand:

RECOMMENDATION I: The Congress should resist efforts to reduce the amount of federal money now available to state and local governments for treating heroin addicts.

The recent budget cutting fever in the Congress has threatened the 90,000 treatment slots provided by the Department of Health and Human Services to state and local governments. Cutting back funding for treatment slots at a time when we are faced with a major new heroin threat risks smoothing the way for the wave of Southwest Asian heroin.

RECOMMENDATION II: The abolition of the Law Enforcement Assistance Administration, although unavoidable within the context of the current effort to balance the budget, should not be carried out in such a manner as to undercut effective criminal justice programs designed to treat addicts who commit street crimes.

The Treatment Alternatives to Street Crime (TASC) program, developed by LEAA in 1972, has proven itself effective at identifying and then treating criminals with heroin addiction problems. Other results of the TASC program are a direct reduction in the incidence of street crime committed by heroin addicts as well as a substantial reduction in the demand for heroin in those cities where TASC has been implemented.

B. DEVELOPING A MORE COHERENT FEDERAL STRATEGY

The next recommendation concerns the central role of the federal government in coordinating a national and international strategy for combatting international trafficking.

In 1972, Congress mandated the development of an annual strategy statement by the Executive Branch concerning drug abuse. The Strategy Council on Drug Abuse at the White House is charged with the development of that strategy, and the National Narcotics Intelligence Consumers' Committee is an interagency unit established to digest the intelligence upon which the strategy is based. The role of these two interagency bodies must be seriously reexamined. Although each has provided significant information and advice, overall performance and impact have been somewhat uneven.

For example, although both played an important role in identifying the threat of Southwest Asian heroin, neither has provided particularly forceful leadership in developing a specific federal strategy for responding to that threat. There is strong evidence to support the contention made by two members of the Council that it is not taken very seriously in the federal government as a forum for developing a coordinated strategy. The strategy itself is so general and vague that it is probably not a meaningful guide to agencies. A similar criticism might be leveled about the National Narcotics Intelligence Consumers' Committee, especially that the intelligence information it disseminates is not taken seriously by high level decision makers. Certain administration officials argue that the rigor of the analysis performed by the Committee is not always adequate to result in useable information.

RECOMMENDATION III: Congress should consider establishing a legislative charter for an interagency narcotics coordinating body with a director appointed by the President subject to advice and consent of the Senate. The Director should have authority to review the budget of, set the priorities for and resolve conflicts between the agencies involved in narcotics prevention and control. The Director

should have the authority, after consulting with the Director of Central Intelligence, to levy intelligence requirements on the intelligence community. The Director should be required to issue an annual strategy statement that is both public and classified that provides specific direction to the relevant agencies.

C. STRENGTHENING THE JUSTICE DEPARTMENT'S RESPONSE TO ORGANIZED CRIME

The Sicilian Connection will be as sophisticated as any of the major trafficking networks we have confronted in the past. As a recent GAO report pointed out, we are dealing with merchandising systems of immense size and complexity. The National Narcotics Intelligence Consumers' Committee estimates that annual illicit drug sales exceed \$45 billion, which, for illustration, is six times the gross revenue of the whole A&P grocery chain. A recent Treasury Department report explained that A&P requires 3,000 stores, 100,000 employees and \$200 million in working capital. Clearly, heroin trafficking networks moving billions of dollars worth of Southwest Asian heroin are likely to be large and complex. Recent DEA intelligence suggests that Sicilian systems for merchandising heroin in the U.S. may involve dozens, if not hundreds, of individuals and transactions measured in the hundreds of thousands of dollars.

Although DEA produces the best intelligence on organized crime and its involvement in narcotics trafficking, recent Criminal Justice Subcommittee oversight hearings indicate that the agency and its parent, the Department of Justice, are not well prepared to meet the threat of a sophisticated new Sicilian Connection. A recent report by GAO correctly concluded that the federal program directed at major drug trafficking networks is "not effectively carried out." GAO blamed "lack of expertise, little overall direction, shifting priorities, and legal obstacles."

As suggested earlier in this report, DEA and the Justice Department generally have achieved, as one Justice official admitted, a "dismal record" in attacking the financial empires and the merchandising networks of the illegal drug trade. That is a primary reason why major violators can preserve their networks and resources and, in some cases, continue to operate them from prison. The Subcommittee on Criminal Justice will conduct further hearings on the subject of financial investigations in the summer of 1980.

RECOMMENDATION IV: It is absolutely essential that the federal government give immediate attention to more effective investigation of financial assets and more effective use of the tools Congress has given the Executive Branch in the Criminal and Civil Forfeiture Statutes.

RECOMMENDATION V: The General Accounting Office's recent recommendation concerning DEA's use of intelligence in operational law enforcement, especially as it pertains to the Central Tactical (CENTAC) program, should be given very serious consideration by both DEA and the Congress. It is absolutely essential that DEA develop a more effective strategy for using its resources and its intelligence against major organized crime families.

By its very nature, traditional organized crime is highly centralized and very difficult to penetrate. And, as the GAO recently pointed out, DEA is not proficient in conspiracy investigations. As recent Criminal Justice Subcommittee hearings have indicated, DEA delegates to local offices management of its major investigations, even those with complex inter state and international components. Rarely are investigations managed at headquarters, which ought to have a broader range of information available on any particular conspiracy. DEA should be developing highly sophisticated and centralized strategies at its

Washington headquarters, directing the best talent available at this new Sicilian Connection.

DEA personnel abroad are generally very competent and effective government officials. While centralization of investigative management is, as mentioned above, a worthy goal, one questions the wisdom of reductions in DEA presence in Europe, as recently mandated by OMB. This seems especially contradictory at a time when the U.S. is asking West Germany, England, France and Italy to increase their international narcotics control efforts.

RECOMMENDATION VI: DEA presence in Europe should not be reduced, but rather increased, and to the extent possible, working conditions and salaries of DEA personnel abroad should be at least made competitive with other foreign service personnel of equal rank and stature.

D. DEVELOPING A MORE COHERENT LONG TERM INTERNATIONAL STRATEGY

In terms of international initiatives, the U.S. must invest its energies primarily in developing a multilateral program which will create the realistic hope of ending illicit opium production. That multilateral program must begin with some modest initial measures such as those proposed at the NATO meeting last fall and incorporated in the following three recommendations.

RECOMMENDATION VII: A serious effort should be undertaken to develop a better international data base on the exact dimensions of narcotics abuse in all countries in the world, especially in the industrialized West. A determined effort should be made to get all NATO allies to join the United States in its initiative to the Organization for Economic Cooperation and Development to create an internationally respected base of data on the magnitude of the drug problem facing each country,

The U.S. must recognize that economic development in the under developed regions of the world, especially in politically troubled areas like the Northwest Provinces of Pakistan and the Kurdish areas of Turkey and Iran, probably provides the ultimate solution to the illicit growth of opium. However, we must be exceedingly careful that economic development not exacerbate the problems we are trying to resolve (e.g., irrigation projects are extremely important, but not if newly arable land is used for opium cultivation).

RECOMMENDATION VIII: The American foreign policy establishment should make a more serious effort to pursue our government's proposal to the Development Assistance Committee of the Organization for Economic Cooperation and Development to include narcotics control as a factor in bilateral and multilateral assistance programs. The U.S. has proposed that such assistance programs should deliberately exclude opium production from irrigation projects and other agricultural programs they sponsor.

The centerpiece of any truly international effort must be the United Nations. The most important United Nations instrument in this area is the Fund for Drug Abuse Control (UNFDAC). Its non-political nature has been especially useful in formerly non-aligned Afghanistan, as well as in traditional law enforcement, crop substitution and research in South Asia and other opium producing areas of the world. A recent study conducted by the Bureau of International Narcotics Matters at the State Department concluded that, besides West Germany and the United States, contributions for narcotics control assistance are "modest". With respect to such efforts and assistance in Southwest Asia, they are non-existent.

RECOMMENDATION IX: The U.S. should be more aggressive in asking other Western countries to increase contributions to the Fund, and encouraging the World Bank and other multi-lateral development banks to support narcotics control related development assistance.

The State Department's Bureau of International Narcotics Matters has done exceedingly well on its limited budget. However, we agree with the tenor of recent GAO criticism of that office's failure to develop a general strategy on international initiatives.

RECOMMENDATION X: The Bureau of International Narcotics Matters should develop a comprehensive strategy paper on all matters described above, but in particular, on how other Western allies might join together in an international war against illegal drugs.

The General Accounting Office suggests the convening of a conference of high-level representatives from victim countries, primarily NATO countries. The French have been particularly leery about participating in such NATO-based initiatives and still prefer the European program proposed by former President George Pompidou. The so-called Pompidou group excludes the U.S. and has not been particularly effective in curbing the recent European heroin epidemic. However, discussions with Italian and German officials indicate that interior ministers from those two countries and other European countries are meeting regularly. European cooperation is evidently not only possible but becoming a fact.

RECOMMENDATION XI: The U.S. should take advantage of the present environment of cooperation in Europe, and if possible, attempt to join in a Western European conference on the subject. There should be at least four items on the agenda of such a conference:

1. Identification of source and transshipment countries with which individual participants might develop bilateral arrangements to curb illicit activity. For example, the French or the Swedes might be able to accomplish more with the Iranians than we could.
2. Development of initiatives which would curb heroin laboratory and transshipment activity in European countries, especially Italy and France.
3. Assessment of the drug treatment and data collection needs of Western European countries and pooling information on these subjects.
4. Exploration of joint initiatives which might be undertaken to freeze assets held by international traffickers or to halt sizable international cash transactions by the traffickers.

E. BILATERAL INITIATIVES IN COUNTRIES WHERE SOUTHWEST ASIAN HEROIN IS PRODUCED OR TRANSHIPPED

1. Pakistan is primary source country for Southwest Asian heroin. Bilateral assistance from the U.S. or any other victim country or multilateral assistance by the U.N. or any other agency, would be useful in facilitating enforcement of President Zia's recent opium growing ban. U.S. relations with the government of Pakistan and use of government A.I.D. money to assist in enforcing the ban had been complicated until recently by the \$400 million military aid package for Pakistan proposed by the United States in response to fear of Soviet invasion of Pakistan. Since that arrangement stalled, the Pakistanis have actually been more interested in talking with the U.S. government about bilateral aid arrangements in the narcotics field.

At present there is a general prohibition on using A.I.D. money in Pakistan for most purposes because of the so-called Symington Amendment, which prohibits sending funds to countries developing nuclear weapons. However, there has always been an

exception to that rule for narcotics control. Therefore, the Senate Foreign Relations Committee and the State Department have been working on amendments to the Foreign Assistance Act that would provide additional funds for rural development and narcotics control on the assumption that such money might be used in the Northwest Frontier Province where most of the opium is grown.

Fear of disrupting the proposed military aid package with the Pakistanis and an attitude of general fiscal restraint led the Administration to propose no additional expenditures of A.I.D. monies in Pakistan for this fiscal year. This occurred despite Assistant Secretary of State Mathea Falco's testimony before the Foreign Relations Committee on March 14, 1980, that control of Southwest Asian heroin at its source is a number one priority.

However, the investigation underlying this report revealed an accumulation of a considerable amount of American A.I.D. counterpart funds in Pakistani bank accounts. Under the Symington Amendment, those funds cannot be spent for any purpose other than narcotics control. In the recent mark-up of the Foreign Assistance Act, the Senate Foreign Relations Committee authorized the expenditure of up to \$10 million of the accumulated funds for rural development in Pakistan to provide substitute income for opium growing Pathan farmers. The money could be used for rural development projects such as road building -- a sorely needed improvement in the Northwest Province areas of Pakistan. In simple terms, Pathan farmers who otherwise would be growing opium for income would build roads instead.

Apparently, the Pakistani government has expressed interest in using the funds for that purpose. Of course, this would only be a short-term solution to the general problem of finding substitute sources of income for members of the Pathan tribal groups who otherwise have no other ready source of cash income. A permanent solution will obviously require great patience and commitment from the United States over a number of years to resolve the underlying economic and social problems -- but a new U.S. heroin epidemic is imminent, and short-term measures are crucial to combatting it.

RECOMMENDATION XII: The Congress should enact the amendment to the Foreign Assistance Act authorizing expenditure of \$10 million in counterpart funds in Pakistan. The State Department should move swiftly to develop a plan with the Pakistanis to implement an income substitution program in the Northwest Provinces.

2. Turkey is the first non-source victim country in the Southwest Asian heroin trail. We are satisfied that a sophisticated law enforcement and diplomatic program by our government and the government of Turkey might have a substantial impact.

I agree with DEA agents in Turkey who state that the primary goal of DEA's operation in Turkey and its liaison with the Turkish National Police should be to gather better long-term intelligence on what is happening in the Kurdish areas and in particular in the two major cities in Eastern Turkey -- Gazientap and Diyabakir. The purpose of this effort should be to identify major traffickers as they leave these two cities for Istanbul and the West. Furthermore, there is clear consensus that some effort should be made with Turkish customs to gain more effective control over the exports leaving from Istanbul airports, seaports, trainyards and across the other major land arteries through Istanbul.

RECOMMENDATION XIII: DEA should continue to work vigorously with Turkish National Police to fill the large intelligence gaps concerning Eastern Turkey and with Turkish customs to increase its effectiveness in Istanbul.

Finally, it is clear that the Turkish National Police, an arm of the central government, is unlikely to make much progress in the Kurdish areas. There is hope that the Jandarma, basically a local militia comprised of men indigenous to the areas they patrol, might make greater progress in the Kurdish areas if DEA and the Turkish government make greater efforts to sensitize them to the narcotics problem.

RECOMMENDATION XIV: Although there have been frequent allegations of corruption in the Jandarma and arguments that they are subject to local political pressure, I agree with DEA and Turkish officials that there should be greater emphasis on developing the Jandarma's narcotics control capability. Also, the ability of the Jandarma -- especially its airwing -- to monitor leakage from legal opium production into illegal use as well as the extent of illicit opium cultivation should be upgraded.

3. The Balkan Countries and Greece may be the most important transshipment points for Southwest Asian heroin to both Western Europe and the United States. The role of the customs agencies in Bulgaria, Yugoslavia and Greece is of critical importance. The Yugoslavs have been doing an outstanding job -- with the largest seizures of Southwest Asian heroin by any European country. However, the allegations concerning the possibly sinister role of the Bulgarian KINTEX organization are indeed disturbing. The effectiveness of Greek customs at the Yugoslav, Bulgarian and Turkish borders and at the Volos ferry from Syria is also a matter of deep concern.

RECOMMENDATION XV: The Senate Intelligence Committee and the Foreign Relations Committee should query the intelligence community and the State Department on the most recent information on the role of the KINTEX in gun and drug smuggling with the Kurds and elsewhere in the Middle East. If there is substance to the allegation, an intensive diplomatic initiative ought to be undertaken to thwart that activity. One possibility might involve the Turks who are developing bilateral narcotics initiatives with the Bulgarians and have alleged in international forums that there is a traffic in trading guns for heroin among insurgent groups in Turkey.

RECOMMENDATION XVI: If a solidly documented DEA report establishes the role of Greece as a transit point for Southwest Asian heroin en route to the clandestine laboratories in Italy and France, a permanent DEA presence should be established in Athens to help the Greeks improve their customs operation.

4. Italy has assumed increasing importance in the connection between the poppy fields of Southwest Asia and the streets of American cities and towns. As in Ankara, the DEA office in Rome is of extremely high professional competence and has an excellent relationship with the host government. Indeed, the DEA office in Rome may enjoy a closer working relationship with the Interior Ministry than does our diplomatic corps. In fact, the State Department narcotics coordinator for Rome does not seem to take an interest in his responsibilities and he did not even meet with Congressional Staff during the recent visit. This matter should receive the immediate attention of Ambassador Gardiner and the Bureau of International Narcotics Matters.

The effectiveness of the Rome DEA office was evidenced recently by the very large laboratory seizures in San Remo and Milan. Discussions with DEA, State Department and Italian officials clearly indicate that the Italians are taking this problem seriously. They are committing substantial resources to reorganizing their

narcotics treatment capabilities. They are also seriously considering suggestions made by our government and outside experts that their law enforcement operations be reorganized along the lines of the U.S. government's DEA in order to more effectively combat the illicit narcotics trade -- especially the Sicilian organized crime link to the United States.

Such a reorganization would assist DEA in filling some of the obvious intelligence gaps acknowledged by DEA officials. For example, we still do not know exactly how Southwest Asian morphine base is getting to Sicily, the location of the major heroin laboratories in Sicily, or the modus operandi of the trafficking to the United States.

RECOMMENDATION XVII: The Italian government should again be approached about sending a high level delegation to the U.S. to see how DEA is organized and how we might help them reorganize their drug enforcement operations. In the course of those discussions and through our DEA office in Rome, we should continue trying to fill the three intelligence gaps described above.

EPILOGUE

On Thursday, June 12, 1980, the staff of the Subcommittee on Criminal Justice received information that Jean Jehan, perhaps the most notorious figure in the original French Connection, had been arrested by French Police. His arrest was based on information supplied by DEA that he was the major figure behind the three large heroin laboratory operations that were seized by the Italians in San Remo and Milan.

Figure 12 is a photograph of Jehan that appeared in Robin Moore's book, The French Connection, upon which the movie of the same name was based. In the movie, Jehan, known at DEA as the "Silver Fox", is the criminal mastermind who escaped the authorities, but Moore pursued his story further in the book:

In May of 1967, the mysterious Jean Jehan finally was apprehended in Paris by the Surete. Because of his advanced age, the French police declined requests by the U.S. Federal Bureau of Narcotics for extradition, and as this is written the sinister old boulevardier remains relatively safe in France, presumably under the watchful eye of the National Police.

Probably, Jehan is the only one who could tell what happened to the payoff money -- perhaps as much as \$500,000 -- which never was recovered.

Perhaps we now know what Jehan was doing with the half million dollars he made off with from the original French Connection. We certainly know that the simple arrest of a trafficker of Jehan's sophistication has little impact on his role in the international illegal narcotics trade. The story -- as well as the threat to the youth and domestic tranquility of the West -- is not over yet.

FIGURE 12



Boulevardier Jean Jehan, known as "Giant," poses proudly with his daughter, sometime during the 1950's (French Sûreté photo)

SOURCE: The French Connection, Robin Moore