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CHAPTER V: INVESTIGATION

INTRODUCTION

The Federal Drug Investigations strategy emphasizes a highly sophisticated division of labor to insure coverage of all aspects of drug investigations that begin with the uniformed patrol officer in the United States, end with counterparts in source countries, and span a progressive continuum between the two. One of the most important characteristics of the strategy is that, for the first time, the coordinated efforts of the agencies involved in drug investigations have been expressed in terms of shared programs.

The Drug Investigations Committee of the National Drug Policy Board (NDPB) is chaired by the Drug Enforcement Administration (DEA); the Federal Bureau of Investigation (FBI) serves as the vice-chairman.^{1/} The Committee's mission is to reduce the availability of illicit drug supplies through the immobilization of major drug trafficking organizations by arresting their leaders and seizing their drugs and assets.

PROGRESS IN 1987

In order to immobilize principal drug trafficking organizations, the highest level leaders, organizers, and operators must be arrested. This strategy, therefore, focuses on a variety of interrelated activities which are discussed below.

ORGANIZED CRIME DRUG ENFORCEMENT TASK FORCE PROGRAM

The OCDETF Program is the major cooperative Federal drug law enforcement program for investigations. Of the numerous investigative approaches used, this program is the best equipped to respond to and disrupt high-level organized trafficking groups because of its multiagency approach. In FY87, OCDETF continued to target and pursue violators who direct, supervise, and finance the illicit drug trade. These task forces utilized the combined resources of DEA, FBI, Internal Revenue Service (IRS), Bureau of Alcohol, Tobacco, and Firearms (ATF), Immigration and Naturalization Service (INS), U.S. Marshals Service, Customs, Coast Guard, U.S. Attorney's Office, and State and local law

^{1/} Other members of the Investigations Committee include representatives of the U.S. Marshals Service, Immigration and Naturalization Service, Internal Revenue Service, Customs
(Footnote Continued)

enforcement agencies. Accomplishments of the OCDETF Program in FY87 include the following:

- o Operation Cashweb/Expressway. This three-year undercover operation penetrated the highest levels of three Colombian money laundering organizations. undercover FBI Agents identified over \$300 million in Colombian drug proceeds. Federal, State, and local indictments were handed down on 114 conspirators for drug and/or money violations. Seizures included 2,100 pounds of cocaine, 22,000 pounds of marijuana, and \$22.5 million in cash. Forfeiture proceedings for \$11 million in the bank accounts of two major subjects were also initiated.

- o Pizza Connection. From 1982-87, the FBI directed an international investigation focused on heroin importation/distribution and money laundering by Sicilian Mafia figures in association with the La Cosa Nostra in the United States.^{2/} The Mafia used pizza parlors throughout New York and five other States to facilitate the distribution of an estimated \$1.65 billion worth of heroin smuggled into this country from Sicily. Thirty-eight high-level traffickers in the United States and 175 Mafia members and associates in Italy were indicted for drug trafficking and money laundering violations. Eighteen defendants, including Gaetano Badalamenti, the former Sicilian Mafia "Boss of all Bosses," were sentenced in Federal Court in New York to jail terms up to 45 years.

- o Sicilian Mafia Connection Case. Over the past two years, the FBI has directed a multiagency international investigation focusing on heroin importation and distribution by Italian drug trafficking groups and their criminal associates in the United States and Italy.^{3/} The FBI and Italian law enforcement authorities discovered that Italian drug traffickers had been engaged for years in the routine and rarely interrupted importation and distribution of heroin from Southwest Asia through Italy and Sicily and into the United States. This long-term and complex investigation addressed heroin trafficking in New York,

(Footnote Continued)

Service, Bureau of Alcohol, Tobacco, and Firearms, Coast Guard, and the Departments of State, Treasury, and Agriculture.

^{2/} The FBI also received support from DEA, Customs, IRS, foreign governments, and numerous State and local law enforcement agencies.

^{3/} Other law enforcement agencies provided assistance during the investigation, including DEA, Customs, Immigration and Naturalization Service, and the New York City Police Department.

Pennsylvania, New Jersey, North Carolina, Florida, Ohio, Texas, and Washington, D.C. and employed 39 court-ordered electronic surveillances. It is projected that approximately 200 high-level Italian traffickers will be prosecuted for drug trafficking violations both in the United States and Italy.

- o Herrera Mexican Trafficking Case. In March 1983, the FBI initiated a four-year investigation of this major Mexican drug trafficking organization that had established a sophisticated network for the distribution of brown heroin in the United States. The Herrera case used 14 court-authorized electronic surveillances for a nine-month period. Over 100 drug indictments have been obtained and, thus far, 75 felony convictions have been recorded with jail sentences of up to 30 years. Additionally, assets valued at over \$500,000 have been forfeited to the United States Government. The FBI continues to address this major Mexican drug trafficking organization through a series of related investigations.
- o Operation Rum Punch. Organized by INS and ATF, this 13-State area investigation resulted in 154 arrests and seizures of 71 weapons, \$164,000 in currency, two vehicles, and narcotics.
- o Joint Investigations. INS, the Alaska State Police, and local narcotics officers arrested four Jamaican nationals and seized vehicles, \$60,000 in currency, six kilograms of cocaine, and 30 weapons.
- o Pablo Acosta Organization. DEA, INS, and local narcotics officers targeted the Pablo Acosta cocaine trafficking organization; a 21-count indictment resulted. The principal was sentenced to life imprisonment plus 209 years (to run concurrently), and fined \$1 million. Ten other defendants received sentences ranging from 3-25 years.

OTHER MAJOR INVESTIGATIONS

- o Operation Pisces. Directed at cocaine traffickers' money laundering activities, this is the largest and most successful undercover investigation in Federal drug law enforcement history. It resulted in 350 arrests and seizures of \$78 million in assets, 8,600 kilograms of cocaine, and 6.5 tons of hashish. \$12 million in currency was seized by the Panamanian Government.
- o Operation Man. Directed at false corporations laundering marijuana smuggling profits, this operation resulted in the seizure of \$42 million in assets, \$6 million in cash, \$14

million in currency located in Switzerland, and real property in Florida, Georgia, and Puerto Rico.

- o Operation Sea Horse. Major Oriental narcotics organizations trafficking Southeast Asian heroin to the United States were targeted. Informant networks capable of penetrating those groups were developed which provided in-depth, long-term intelligence.
- o Operation Columbus. This operation targeted major Mexican heroin and cocaine trafficking organizations and identified their structures, smuggling routes, modus operandi, and distribution networks.
- o Operation Levenda. This DEA-initiated Federal Task Force investigated the murder of DEA Special Agent Enrique Camarena. On May 13, 1987 Mexican trafficking kingpin, Rafael Caro-Quintero--alleged to have masterminded the kidnap, torture, and murder of Special Agent Camarena--was indicted.
- o Operation Alliance. Operation Alliance, established in August 1986 as a multiagency interdiction effort, has resulted in significant investigative successes. Defendants processed by DEA offices along the Mexican border have increased by 47 percent over FY86 totals. Case initiations in the same offices were up 57 percent over FY86 and drug removals increased by 100 percent during the same period. DEA has increased its investigative and analytical staff in these offices as well as its Mexico City office by 26 percent since April 1986. DEA also cross-designated 2,932 Border Patrol Agents located on the southwest border with limited authority under Title 21. This cross-designation enhances the Border Patrol's ability to conduct drug searches and arrest violators. In FY87, ATF Agents initiated 264 investigations involving firearms trafficking to Mexico and 290 investigations targeting armed drug traffickers along the southwest border. A total of 454 defendants have been recommended for prosecution. Seizures include 1,348 firearms, 56 machine guns, 104 silencers, 22 destructive devices, 54,437 rounds of ammunition, and 22 pounds of explosives. IRS and Customs have concentrated on illegal money laundering activities and on obtaining tax charges against narcotic violators who operate along the border.

SPECIAL INVESTIGATIONS/TECHNIQUES

Corruption Investigation

The existence of drug-related public corruption underscores the significance of the drug problem. Public officials' acceptance of bribes and payoffs to protect drug organizations or influence the outcome of prosecutions undermines the public's trust and confidence in its elected and appointed officials.

Allegations of drug-related corruption continue to be carefully scrutinized and are given high priority by the FBI and the Department of Justice (DOJ). While there appears to be a decline in the number of corruption convictions resulting from drug investigations in 1986-87 [Exhibit V-1], the FBI considers the 1985 figure (68) to be a statistical anomaly. In fact, total convictions, taken from 1983, 1984, 1986, and 1987 have shown progressive increases.

EXHIBIT V-1

FBI DRUG PROGRAM
PUBLIC CORRUPTION CONVICTIONS*
(by fiscal year)

	<u>1983</u>	<u>1984</u>	<u>1985</u>	<u>1986</u>	<u>1987</u>
Drug Investigations	35	40	68	48	37
OCDETF Investigations	<u>0</u>	<u>38</u>	<u>59</u>	<u>47</u>	<u>63</u>
Total	35	78	127	95	100

* Includes those cases in which the defendant was referred to treatment or other supervision prior to trial (pretrial diversions). These convictions include those obtained through unilateral FBI drug investigations and OCDETF investigations where the FBI was the lead agency.

The FBI's decision to conduct a public corruption investigation is based on the seriousness of the offense, perceived impact, deterrent effect, crime problems particular to a field division, and the prosecutive merits of the case. Investigations of officials in managerial or executive positions are considered higher priority than are investigations of local government regulatory inspectors or law enforcement officers of

patrolman or equivalent rank. Notable exceptions include pervasive corruption throughout a governmental agency or the involvement of organized crime figures. Instances of public corruption not meeting FBI criteria are referred to appropriate State and local authorities. Illustrative of the FBI's efforts in corruption investigations are the following:

- o Randy S. Fink Investigation. As a result of a joint FBI/Customs investigation, Fink and 23 other individuals (including three former Customs Patrol officials) were charged in October 1987 with conspiracy to import cocaine and marijuana. The three Customs officers provided protection for drug traffickers operating in Louisiana and Florida. The joint investigation continued for two years and centered on a conspiracy to import an airplane load of cocaine from Colombia to the United States.
- o Armando Estrada Investigation. The investigation focused on pervasive drug-related corruption by high-ranking current and former officers of the Metro-Dade and Miami, Florida Police Departments. This FBI investigation has resulted in the indictment of 19 persons, 15 of whom are former police officers. Seventeen police officers have been convicted and 28 others have been dismissed from police service. It is anticipated that 70 police officers will have been dismissed by the time this investigation ends. Approximately \$300,000 in property has been seized and approximately \$3,000 in cash has been surrendered.

IRS Investigations/Tax Assessments

During FY87, the IRS attained record totals in virtually every statistical category of narcotic enforcement results. Since the inception of the OCDEF Program, the IRS has provided the largest participation of any Treasury agency. Its participation in 71 percent of all OCDEF cases initiated and 50 percent of all cases resulting in indictments is among the highest of any agency. The following trends reflect the continuing enforcement emphasis on financial investigations of high-level drug traffickers and their organizations.

- o There continued to be increases in 1987 over 1986 in prosecutions recommended by the IRS Criminal Investigation Division (CID) (four percent), indictments and informations returned on CID cases (ten percent), and convictions obtained involving CID investigative efforts (23 percent). [Exhibit V-2].
- o Total fines increased 21 percent in FY87 to \$11.7 million. [Exhibit V-2].

EXHIBIT V-2

INTERNAL REVENUE SERVICE
SUMMARY OF DRUG ACTIVITIES
(by fiscal year)

	<u>1983</u>	<u>1984</u>	<u>1985</u>	<u>1986</u>	<u>1987</u>
Prosecutions Recommended	421	712	840	956	996
Indictments and Informations	265	516	673	817	898
Convictions including Guilty Pleas	167	353	515	666	680
Percent of Convicted Sentenced to Prison	87	71	80	73	77
Average Prison Sentence (months)	67	52	67	68	74
Total Fines (millions)	\$.89	\$4.5	\$4.2	\$9.7	\$11.7

Jeopardy and termination tax assessments against drug traffickers apply to property used in or obtained by illegal activities and other property owned by the individual. Such tax assessments by the IRS result in the immediate demand for payment of taxes.^{4/}

Over the past five years, the total value of jeopardy and termination assessments against drug traffickers totaled \$657 million. The average assessment for the five-year period was \$498,891. [Exhibit V-3.]

^{4/} Jeopardy assessments are made when collection of any tax is in jeopardy after the due date for filing a tax return has passed. Termination assessments are made when the IRS finds that the collection of income tax is in jeopardy before the end of the tax year.

EXHIBIT V-3

JEOPARDY AND TERMINATION ASSESSMENTS
AGAINST DRUG TRAFFICKERS
(by fiscal year)

<u>Year</u>	<u>Number</u>	<u>Assessments (millions)</u>	<u>Average Assessment</u>
1983	260	69	265,384
1984	297	117	393,939
1985	296	244*	824,324
1986	280	176	628,571
1987	<u>220</u>	<u>51</u>	<u>231,818</u>
Total	1,353	\$657	\$498,891

* One case involved an assessment of nearly \$93 million.

INS Investigations

INS has made a strong commitment to curtailing alien involvement in narcotics trafficking enterprises. The enactment of the Anti-Drug Abuse Act of 1986 and the Immigration Reform and Control Act of 1986 and the Attorney General's decision to include INS's Investigations Division as a full member of the OCDETF Program have enhanced INS's success in locating, apprehending, investigating, and removing criminal alien drug traffickers from the United States and for pursuing extra territorial prosecutions and extradition of drug traffickers.

Despite the relatively short tenure of INS investigations in the OCDETF program, the accomplishments have been significant: INS Agents have been responsible for, or assisted in, drug-related seizures and forfeitures amounting to \$6.9 million in currency, 88 vehicles, 167 weapons, 979 kilograms of cocaine, and 1,521 vials of "crack." INS Agents have also been responsible for, or assisted in, the arrest of 474 aliens involved in illegal narcotics trafficking activities during designated OCDETF investigations.

Operation Black Gold, an INS investigation in Philadelphia, focused on a Jamaican criminal organization ("posse") involved in the importation and distribution of marijuana and cocaine. As a result of the investigation, the organization was dismantled and a Pennsylvania State Trooper was convicted on 24 counts of aiding

and abetting the sale of fraudulently issued identity documents to hide the illegal alien status of posse members. Additionally, a Philadelphia city corrections officer plead guilty to three counts of document fraud in supplying bogus drivers licenses to the group.

Drug-Related Firearms and Explosives Investigations

- o Over the past several years, officials responsible for the enforcement of drug laws at all levels of government have experienced an alarming increase in the number of drug violators who use firearms and explosives.
- o Firearms, particularly automatic weapons, have become popular among drug traffickers who seek to protect their profits and further their illicit enterprises. [Exhibit V-4.]
- o DEA seized nearly 5,000 weapons during FY87.

EXHIBIT V-4

BUREAU OF ALCOHOL, TOBACCO, AND FIREARMS
 FIREARMS AND EXPLOSIVES TAKEN INTO ATF CUSTODY
 DURING DRUG-RELATED INVESTIGATIONS
 (by fiscal year)

	<u>1985*</u>	<u>1986</u>	<u>1987</u>
Handguns	424	457	1,175
Rifles/Shotguns	335	441	2,119
Machine guns	44	35	152
Sawed-off Shotguns/Rifles	24	34	181
Destructive Devices (bombs)	22	59	129
Silencers	41	47	117
Explosives (pounds)	1,281	470	354
Ammunition (rounds)	16,433	36,756	37,390

* Statistics for the years prior to 1985 are unavailable.

Electronic Surveillance

- o Electronic surveillance is a carefully employed investigative tool for obtaining evidence against powerful drug traffickers and their associates. The use of this type

of surveillance, which must be authorized by court order, varies by case.

- o For each fiscal year, the total number of orders obtained includes initial interception orders (which are valid for only a specified number of days) and extensions of those orders.
- o The number of electronic interceptions authorized by the court increased in 1987 in response to increased investigative activity. [Exhibit V-5.]

EXHIBIT V-5

DEA, FBI, AND CUSTOMS
ELECTRONIC INTERCEPTIONS (TITLE III)
(by fiscal year)

<u>Year</u>	<u>Court Orders Obtained</u>	<u>Initiations</u>	<u>Extensions</u>
DEA			
1983	81	48	33
1984	85	57	28
1985	142	82	60
1986	81	58	23
1987	107	68	39
FBI			
1983	155	84	71
1984	308	148	160
1985	159	101	58
1986	83	53	30
1987	90	57	33
CUSTOMS*			
1985	3	3	
1986	2	2	
1987	10	8	2

* Customs was not granted electronic interception authority for Title 31 violations until late 1984.

Fugitives

- o Because high-level drug traffickers face lengthy prison sentences when convicted and risk losing all assets derived from their illegal activities, many traffickers attempt to flee from justice before prosecution. The Marshals Service has made significant contributions in fugitive apprehension.
- o In 1987, the Marshals Service received approximately 11,500 fugitive cases. Of these, 40 percent were drug-related. The Marshals arrested about 60 percent of these fugitives.
- o Between March and May 1987, the Marshals Service implemented the Warrant Apprehension Narcotics Team (WANT) to pursuit and apprehend narcotics-related Federal fugitives. The WANT program resulted in the arrest of 166 narcotics fugitives. Among those apprehended were five drug traffickers who had jumped bonds of \$1 million or more. Seizures valued at \$1.02 million were also made.

STATE AND LOCAL COOPERATION

DEA State and Local Task Force Program

The 52 DEA State and Local Task Forces nationwide contribute to the national drug enforcement effort by disrupting illicit drug traffic; seizing drug evidence and drug-related assets; providing intelligence that assists the development of national cases, informants, and investigative leads; and providing training and experience to State and local officers. For example, 19 percent of DEA's active OCDETF investigations in 1987 were initiated as a result of a State and Local Task Force investigations. As OCDETF investigations, these cases have yielded over 300 Class I arrests and \$23 million in seized assets. The following are examples of task force cases:

- o New York Drug Enforcement Task Force Investigation. This is an eight-year investigation of an organization with 3,000 members. The organization ships 6,000 kilograms of cocaine per month from Colombia through Mexico to New York City and makes profits estimated at \$2.5 million per month. To date, two tons of cocaine, \$7 million in cash, \$2 million in jewelry, 65 cars, and 200 automatic weapons have been seized and 300 defendants arrested.
- o DEA San Diego Narcotic Task Force. Suspects were observed loading cardboard boxes into a truck. A routine vehicle stop by the San Diego Sheriffs Department resulted in the seizure of 100 pounds of methamphetamine powder. The FBI identified approximately \$6.5 million in assets and property belonging to the main defendant and his associates. An

OCDETF investigation is being proposed to consolidate the investigation.

DEA State and Local Task Force Program arrests and convictions increased significantly from 1986 to 1987. The number of individuals arrested increased by 25 percent; convictions increased by ten percent. [Exhibit V-6.]

EXHIBIT V-6

DEA STATE AND LOCAL TASK FORCE PROGRAM
ARRESTS AND CONVICTIONS*
(by fiscal year)

	<u>1983</u>	<u>1984</u>	<u>1985</u>	<u>1986</u>	<u>1987</u>
Arrests	2,703	2,465	3,172	4,433	5,559
Convictions	1,945	2,506	2,025	2,383	2,629

* Figures for arrests and convictions for a given fiscal year do not necessarily refer to the same individual.

State and Local Investigations

Another means of immobilizing trafficking organizations is through State and local investigations. State and local governments have become more active as drug investigation partners with the Federal government. Some FY87 examples include:

- o Operation Pipeline. This operation focuses on State and highway police interception of shipments of cocaine and other controlled substances along the interstate and highway systems. Nine States joined Operation Pipeline's statistical reporting system during 1987 bringing the total to 38. FY87 seizures included approximately 2,783 kilograms of cocaine, 24,084 kilograms of marijuana, 11 kilograms of heroin, 65 kilograms of amphetamines, and over \$18 million in currency.
- o Washington Heights, New York City. From July 1986 to July 1987, a Federal, State, and local Task Force was convened in the Washington Heights area. DEA Special Agents and other law enforcement officers arrested New Jersey residents who crossed the George Washington Bridge into New York to

purchase "crack" cocaine from dealers. A total of 952 buyers and sellers were arrested and 617 automobiles seized.

- o Zero Tolerance. In December 1986, DEA, Customs, the U.S. Attorney's Office, and other law enforcement agencies in San Diego implemented a "zero tolerance" campaign on the U.S.-Mexican border. Individuals found crossing into the United States with any amount of an illicit drug are now charged with a violation of Federal law and given the option of forfeiting their vehicles or facing prosecution and subsequent incarceration. Of the 1,200 arrests to date, only one individual has chosen the latter.

COCAINE SUPPRESSION PROGRAM

The objective of this program is to destabilize cocaine trafficking operations as close to the source as possible, but also in the ports of border areas of the United States.

- o Latin America. An operation was initiated in April 1987 to reduce over a three-year period the supply of illicit cocaine reaching the United States from Latin America. This operation is coordinated by DEA and the Department of State with appropriate foreign authorities in eleven cooperating Central and South American countries. Through December 1987, seizures in this operation included: 1,375 cocaine hydrochloride and base laboratories, 2,452 (55 gallon) drums of chemicals, 23,799 kilograms of cocaine base/hydrochloride, 42 aircraft, 12 boats, 388 vehicles, and \$4 million in currency.
- o Colombia. On February 4, 1987 Carlos Lehder-Rivas was arrested by Colombian National Police and extradited to the United States. Lehder-Rivas was one of the largest suppliers of cocaine to the United States and reputedly the most violent of the Medellin drug cartel. Estimates are that Lehder's organization transported an average of 1,000 kilograms of cocaine per month to the United States, and that his organization had expanded operations to include marijuana trafficking.
- o Guatemala. During 1987, a single investigation conducted by DEA and Guatemalan authorities resulted in the seizure of 2,404 kilograms of cocaine destined for the United States, one of the largest single seizures in history.
- o Honduras. Responding to increasing evidence of smuggling activity, the United States increased its drug enforcement presence in Honduras in 1987 resulting in the seizure of several thousand pounds of cocaine. Also, inspection of a shipment of plantains from Honduras revealed 125 of the

cartons contained cocaine. Approximately 5,000 pounds of cocaine were seized and six individuals arrested.

- o Mohawk, New York. DEA, FBI, New York State Police investigators, and the Albany Drug Enforcement Task Force seized a cocaine conversion laboratory on a 305-acre dairy farm in Mohawk. Eleven individuals were arrested and approximately 1,200 pounds of cocaine base-saturated charcoal, 125 pounds of cocaine hydrochloride, and 210 pounds of cocaine hydrochloride were seized.

HEROIN SUPPRESSION PROGRAM

The objective of this program is to destabilize heroin trafficking operations as close to the source as possible, but also in the ports of border areas of the United States.

- o New York-Hong Kong. DEA and Customs seized 160 pounds of pure Southeast Asian heroin in New York. Personal documents of the three arrested defendants revealed over 100 bank accounts and safety deposit boxes in the United States and Hong Kong. Approximately \$1 million in cash and negotiable instruments were seized in the United States.
- o Mexico. The Jaime Herrera-Nevarez organization (confederation), based in Durango, Mexico, is one of the largest Mexican heroin trafficking organizations. The Mexican Federal Judicial Police, acting on DEA information, arrested Herrera-Nevarez's son in Mexico on narcotics charges. Jaime Herrera-Nevarez was then apprehended in Mexico by Mexican police. Both Herreras remain incarcerated, each facing numerous charges for drug violations.
- o New York-Thailand. Information developed by DEA led to a Customs search of a shipment of furniture from Thailand destined for Brooklyn, New York. Concealed inside the furniture were 55 pounds of pure heroin. Two members of a large Oriental heroin smuggling organization were arrested.
- o Belgium. As a result of the cooperative efforts of DEA Special Agents and authorities in Turkey, Austria, Germany, France, and Belgium, 30 kilograms of heroin and \$100,000 in cash were seized in Antwerp, Belgium; two arrests were also made. This investigation was initiated by DEA and Turkish authorities who obtained authorizations from four of the countries to conduct a controlled delivery of heroin.

CANNABIS DETECTION AND ERADICATION

Cannabis Seizures

- o Colombia. As a result of a four-month investigation involving DEA offices in Miami and Colombia, the Colombian National Police seized 150 tons of marijuana in Colombia, the second largest marijuana seizure on record in Colombia.
- o Louisiana. DEA, Customs, FBI, the Louisiana State Police, and the Mississippi Bureau of Narcotics observed an aircraft land in Houma, Louisiana and off-load 1,080 pounds of marijuana. The suspects were followed to a farm near Greensburg, Louisiana where they were arrested and the marijuana seized. A search warrant served on one defendant resulted in asset seizures amounting to \$1.4 million in currency and over \$2 million in real estate and other property.

Domestic Cannabis Eradication/Suppression Program

The national cooperative effort by DEA to eradicate domestically grown marijuana involves State, local, and other Federal agencies to coordinate the eradication of marijuana, arrest violators, seize assets, conduct follow-up investigations of violators, develop an intelligence data base, and train outside agencies in marijuana eradication. DEA funds help the States defray the costs of their eradication efforts. In 1987, 48 states participated in this program.^{5/} [Exhibit V-7.]

- o Of the 71,845 cannabis plots sighted in FY87, all but 9,482 were eradicated. Over seven million pounds of marijuana were removed.
- o Nearly 1,200 greenhouse/indoor operations were seized, a 10.7 percent increase over 1986.
- o Asset seizures, including farms, residences, and other property, were reported in 35 States. In 1987, asset seizures remained constant with \$13.7 million seized.
- o Program-related arrests increased by 17.4 percent between 1986 and 1987, from 5,537 to 6,502.
- o DEA flew 210 missions (over 632 hours) in support of the Program's enforcement and training activities throughout the

^{5/} The following States did not participate: Nevada, New Jersey, North Dakota, and South Dakota.

country. Aviation resources from other Federal, State and local agencies, National Guard units, and civilian contract sources were utilized in 1987 as they were in 1986.

The Bureau of Indian Affairs Law Enforcement Division and members of the Border Patrol Tactical Unit launched a joint marijuana eradication effort on the Hoopa Indian Reservation in Northern California that ended in FY87. This highly successful airmobile enforcement operation eradicated an estimated 75 percent of the high grade sensimilla marijuana crop planted on the reservation, seizing and destroying approximately 54,000 pounds of marijuana plants.

EXHIBIT V-7

DOMESTIC CANNABIS ERADICATION/SUPPRESSION PROGRAM
(by fiscal year)

	<u>1983</u>	<u>1984</u>	<u>1985</u>	<u>1986</u>	<u>1987</u>
Plots Sighted	76,588	21,075	47,399	33,291	71,845
Plots Eradicated	70,572	19,199	39,745	32,196	62,363
Plants Eradicated (millions)	4	13	39	130	113
Greenhouses	714	649	951	1,077	1,192
Arrests	4,318	4,941	5,151	5,537	6,502
Weapons Seized	984	1,424	1,768	1,646	1,728

DEA Cannabis Cultivation Investigations

- o Minnesota/Nebraska. In 1987 the first evidence of an organized group involved in multi-State cannabis cultivation and distribution was discovered in Minnesota, where 48 tons of marijuana were seized on a farm located in New York Mills. The group also had a farm in Nebraska where authorities seized an additional 34 tons of marijuana.
- o Hawaii. The Hawaii County Police Department conducted an aerial spraying operation and destroyed 102,416 marijuana plants located in 2,600 plots. This operation was conducted with the approval of the Hawaiian State environmental agencies. To date, approximately 880,000 plant have been eradicated in Hawaii County by both manual and spraying methods.

Cannabis Activity in National Forests

In 1987, there was considerable use of National Forest System (NFS) lands for illicit cannabis cultivation. Emphasis of the Forest Services' Target Priority Program is on the highest level of individuals responsible for cannabis production in the NFS.

Cannabis growers are becoming more organized and are utilizing creative methods to camouflage their operations. The presence of booby traps at cultivation sites and confrontations between armed growers, public visitors, and Forest Service employees continued. Thirty-one cultivation sites had potentially lethal booby traps installed and operational. Highlights of the Forest Service Drug Control Program include the following:

- o Of the more than 3,000 cannabis cultivation sites detected, 41 percent contained high potency "sinsemilla." Nearly 300,000 cannabis plants were eradicated.^{6/} This represents approximately 40 percent of the total amount of cannabis being cultivated on NFS lands. In 1987, 135 persons were arrested for cannabis cultivation on NFS lands; 101 firearms were seized.
- o The Forest Service requested cross-designation authority from DEA in order to do completed investigative work in remote areas adjacent to the National Forests where DEA or State and local law enforcement resources are limited. A subcommittee of the NDPB was formed to study this issue.

DANGEROUS DRUG CONTROL

Domestic Clandestine Laboratory Program

- o Most of the illicit dangerous drugs abused in the United States are produced in clandestine laboratories.
- o Total clandestine laboratory seizures increased 34 percent from 509 in 1986 to 682 in 1987. This increase is attributed to an increase in the number of labs and their operating capacity prompted by the steadily increasing demand for methamphetamine. The increase also includes a 51 percent increase in methamphetamine lab seizures and a

^{6/} Due to reduced manpower caused by the massive forest fires in the Pacific Northwest, the amount of cannabis eradicated from NFS lands in 1987 decreased by about 11,000 plants; sites detected decreased by about 800.

decreases in the P2P and cocaine labs seized. [Exhibit V-8.] The number of P2P labs seized decreased in 1987 for two reasons: (1) P2P is now a controlled substance; (2) the ephedrine method of producing methamphetamine, which does not require P2P, is now the preferred production method.

- o There were 83 clandestine laboratories discovered on NFS lands. Most were set up to produce either PCP or methamphetamine.
- o A record number of weapons have been seized at clandestine laboratory sites (1,364). Fifteen percent of the weapons were fully automatic.

EXHIBIT V-8

DEA AND STATE AND LOCAL LAW ENFORCEMENT AGENCY
CLANDESTINE LABORATORY SEIZURES*
(by fiscal year)

	<u>1983</u>	<u>1984</u>	<u>1985</u>	<u>1986</u>	<u>1987</u>
Methamphetamine	122	184	257	372	562
P2P	7	14	25	21	19
Amphetamine	25	31	67	66	66
PCP/PCC	47	26	23	8	11
Cocaine	10	24	29	23	17
Methaqualone	11	4	5	4	1
Psilocybin	2	4	3	0	0
MDA	5	0	3	3	1
Fentanyl	0	0	2	3	1
Other	<u>12</u>	<u>4</u>	<u>5</u>	<u>9</u>	<u>4</u>
Total	241	291	419	509	682

* Total national clandestine laboratory seizures are probably higher than those reported here since not all seizures are reported to DEA by local law enforcement agencies.

Clandestine Laboratory Investigations

- o Philadelphia. Following a three-year investigation initiated by DEA and the FBI in Philadelphia, a Federal grand jury returned a 46-count indictment charging 28 organized crime leaders and associates with involvement in international P2P importation and distribution and

methamphetamine manufacture and distribution. The leaders were charged with conducting a continuing criminal enterprise. Property and asset seizures were estimated at \$5 million.

- o Orlando. DEA charged two defendants with conspiracy to manufacture methamphetamine. Computerized records seized at their residence contained evidence of a distribution network, financial records, and chemical formulas. It is estimated that these individuals had distributed approximately 400 kilograms of methamphetamine since 1982.
- o Los Angeles. The Los Angeles Police Department Clandestine Laboratory Squad and DEA Agents seized approximately 84 pounds of methamphetamine oil and finished methamphetamine as well as precursor chemicals, glassware, and laboratory apparatus from a garage in San Diego County. The laboratory had the capacity to produce 50 pounds of methamphetamine per week. The search also resulted in the seizure of 33 weapons and 12 booby traps. The perimeter of the property was protected by a closed circuit video system.
- o Florida. A 105-count indictment naming 49 defendants in the Southern District of Florida charges an organization with clandestinely manufacturing 13.5 million counterfeit diazepam pills in Quebec, Canada and with subsequent distribution in Southern Florida. The principal defendants are charged with racketeering and interstate transport in aid of racketeering.

Seizure of Essential Chemicals

- o Chemicals and precursors used in the illicit production of drugs are either diverted from legitimate production and distribution networks or are produced illicitly.
- o DEA has worked with its State counterparts in obtaining precursor and essential chemical laws at the State level. A major effort is currently under way to obtain a Federal law for the control of these chemicals.
- o A conference on cocaine and essential chemicals was held in Quito, Ecuador in July 1987. The conference, attended by cabinet-level officials from 21 countries and representatives from the United Nations and the South American Accord, examined the role of producing, transmitting, and consuming countries in precursor and essential chemical markets.
- o Operation Origination is aimed at companies which supply chemicals to clandestine laboratory operators. To date, 40 such companies have been targeted by DEA. During FY87, ten were immobilized and \$11.2 million in assets were seized.

- o DEA seized 564 kilograms of P2P when it arrived in Boston from Frankfurt, Germany. The P2P, which was 96 percent pure, would have made 1,380 pounds of methamphetamine with an approximate illicit wholesale value of over \$16 million. The suspect, a German national, was arrested in Boston and released on \$100,000 bond pending trial.

Domestic Diversion Investigations

- o Criminal Diversion Investigations, which involve the identification of high-level violators (both practitioners and financiers backed by organized crime elements) responsible

for large-scale diversion, increased by 13.3 percent between 1986 (353 investigations) and 1987 (400 investigations).

- o Public Interest Revocation Investigations allow DEA to deny an application for registration or immediately suspend or revoke a registration if such registration would be or is inconsistent with the public interest. In 1986, DEA requested the denial or revocation of 307 applications for registration; in 1987, there were 450 such requests, an increase of 46.6 percent.
- o Preregistration Investigations, which serve to assure that the authority to handle controlled substances is granted only to those whose registration is in the public interest, increased from 1,326 in 1986 to 1,528 in 1987, a 15.2 percent increase.
- o Cyclic Investigations involve periodic, unannounced investigations of manufacturers, distributors, importers, and exporters to ensure required controls are maintained. The number of these investigations remained constant between 1986 and 1987 (740 investigations).
- o Michigan. 1987 saw the culmination of a two-year DEA/FBI/IRS/Michigan State Police investigation focusing on the diversion of controlled substances and pharmacy fraud through generic substitution by subjects associated with a Michigan firm. Prosecution resulted in the conviction of 65 defendants (including one physician and 30 pharmacists) and the forfeiture of 29 pharmacies.
- o Operation Quaker State. Eighty-one physicians and pharmacists have been targeted for investigation under this Operation which addresses the significant diversion of amphetamine, methamphetamine, and phenmetrazine in Pennsylvania. Federal and State investigative efforts during 1987 resulted in the arrest and conviction of two physicians and a number of other criminal and civil actions. As a result of this Operation, the State legislature has

banned the use of amphetamines for the treatment of obesity and restricted the prescribing of Schedule III and IV anoractics to no more than 45 days per patient in Pennsylvania.

Domestic Conference

- o In September 1987, senior policy officials from 41 States, the District of Columbia, and Puerto Rico attended the third National Conference on the Control and Diversion of Controlled Substances held by DEA in San Antonio, Texas. Major conference recommendations included a call for State enactment of legislation to establish multiple copy prescription systems, revoke or suspend the licenses of drivers convicted of drug-related offenses, and the adoption of bail and sentencing reforms similar to those enacted at the Federal level. Letters endorsing and urging favorable consideration of these recommendations were sent by DEA's Administrator to the governors of the 50 States and Puerto Rico and the mayor of Washington, D.C.

International Diversion Activities

- o An Asian Conference on the Diversion of Controlled Drugs, Precursors, and Essential Chemicals from International Commerce was held in Kuala Lumpur, Malaysia, April 22-24, 1987. The conference was designed to enhance cooperation between participating nations and encourage the development of methods to curtail trafficking. It also provided a forum for discussing international drug and chemical diversion concerns.
- o Throughout 1987, DEA and the State Department continued developing the new international convention for the suppression of drug trafficking. The most recent draft proposal, which includes a number of drug and chemical diversion control provisions, was presented to the United Nations Commission of Narcotic Drugs in February 1988. A plenipotentiary conference is scheduled for November 1988 to adopt the convention.

Controlled Substances Analogues

- o A conference on the "Technical Aspects of Drug Control--Assessment of Issues Relative to Illicit Substances of Abuse and Controlled Substance Analogues" was held by DEA in conjunction with the World Health Organization in Rabat, Morocco in September 1987. Participants from 24 countries, including experts in the fields of medicine, science, law enforcement, and commerce, met to identify drugs which are clandestinely manufactured and to assess the extent of their

abuse and harm to the public safety. Recommendations were developed and discussed by the conferees.

- o As of December 1987, DEA had used the emergency scheduling provision of the Comprehensive Crime Control Act of 1984 to temporarily control 16 substances, including 15 analogues of controlled substances. Ten of the analogues have been permanently placed into Schedule I of the Controlled Substances Act of 1970.

DOMESTIC DRUG REMOVALS

Drug removals include drugs seized, surrendered, or purchased during the course of an investigation. Various factors, such as availability and enforcement emphasis, affect the fluctuation of drug removal statistics from year to year.

- o Seized drugs (and other evidence) must be analyzed to assess weight and purity. DEA chemists analyzed 42,112 exhibits of evidence (including 11,243 for State and local agencies), testified in 1,025 trials, conducted 801 ballistic examinations, and identified 26 new illegal types of tablets and 22 new types of LSD blotter paper.^{7/}
- o DEA cocaine removals (seized and purchased) increased dramatically--up 32 percent from FY86 to FY87 (from 27,161 to 35,970 kilograms). [Exhibit V-9.]
- o DEA marijuana removals decreased by 11 percent from 1986 to 1987 (from 710,000 to 632,000 kilograms). Hashish removals, however, increased nearly 50 percent in the same period (from 719 to 1,075 kilograms). [Exhibit V-9.]

^{7/} Blotter paper is saturated with individual dosage units of LSD and sold as "hits".

EXHIBIT V-9

DEA AND FBI DOMESTIC DRUG REMOVALS*
(by fiscal year)

<u>Drug</u>	<u>1983</u>	<u>1984</u>	<u>1985</u>	<u>1986</u>	<u>1987</u>
Heroin (kg)					
FBI	4	39	15	5	16
DEA	306	349	468	382	356
Cocaine (kg)					
FBI	317	221	31	839	1,051
DEA	7,569	11,768	24,637	27,161	35,970
Marijuana (kg)**					
FBI	2	4	2	1	1
DEA	1,045	1,386	851	710	632
Hashish (kg)					
FBI	3	2	1	.4	.12
DEA	1,302	14,371	9,831	719	1,075
Dangerous Drugs (d.u.)**					
FBI	1,936	1,265	4,649	3,833	1,063
DEA	20,194	13,985	25,968	46,222	33,530
Stimulants (d.u.)**					
FBI	954	1,151	4,502	3,738	1,061
DEA	10,802	11,125	20,710	27,846	26,839
Depressants (d.u.)**					
FBI	804	75	80	5	2
DEA	2,810	1,627	665	1,627	643
Hallucinogens (d.u.)**					
FBI	178	39	67	90	.33
DEA	6,583	1,233	4,594	16,749	6,048

* Source: STRIDE (System to Retrieve Information from Drug Evidence) Program.

** Measurements are in thousands.

ARRESTS, CONVICTIONS AND SENTENCING

- o DEA arrests and convictions were higher in FY87 than in any previous year. Total DEA arrests of Class I and II violators (the most significant) increased 15 percent from 5,989 in 1986 to 6,884 in 1987. The number of arrests in Class I and II cases increased 14 percent during the same period. [Exhibit V-10.]
- o Total drug-related arrests reported by DEA from all sources increased 17 percent from 18,746 in 1986 to 21,921 in 1987. This increase includes arrests by DEA acting alone, DEA and State/local cooperative investigative efforts, DEA State and local Task Forces, and referrals from other Federal agencies to DEA. [Exhibit V-11.]
- o Convictions obtained through investigations involving DEA increased four percent from 12,022 in 1986 to 12,497 in 1987. [Exhibit V-12.]

EXHIBIT V-10

DRUG ENFORCEMENT ADMINISTRATION
GEOGRAPHICAL DRUG ENFORCEMENT PROGRAM ARRESTS*
(by fiscal year)

<u>Year</u>	<u>Arrests by GDEP Class I & II Case**</u>	<u>Arrests by GDEP Class I & II Violator***</u>
1983	6,816	2,495
1984	7,467	2,852
1985	9,441	4,057
1986	12,905	5,989
1987	14,666	6,884

* The Geographical Drug Enforcement Program (GDEP) is DEA's basic system for measuring its enforcement activities. Using the GDEP Classification System, Class I and II violators are those that are the most significant.

** The number of arrests by "GDEP Class I and II Case" includes data on all Class I and II case-related violators regardless of their classification. For example, if five suspects are arrested in a case, and one of those suspects is a Class I violator, then all five arrests are recorded in this column.

*** The number of arrests by "GDEP Class I and II Violator" includes data on Class I and II violators only, i.e., the most significant violators. For example, if five suspects are arrested in a case, and one of those suspects is a Class I violator, then only one arrest is recorded in this column.

EXHIBIT V-11

DRUG ENFORCEMENT ADMINISTRATION
ARRESTS BY SOURCE
(by fiscal year)

<u>Year</u>	<u>DEA Only*</u>	<u>State/Local Cooperative</u>	<u>State/Local Task Force</u>	<u>Federal Referrals</u>	<u>Total</u>
1983	7,887	1,436	2,703	971	12,997
1984	7,839	1,724	2,465	1,098	13,126
1985	8,239	2,940	3,172	1,344	15,695
1986	9,466	3,466	4,433	1,381	18,746
1987	10,361	3,705	5,559	2,296	21,921

* Includes OCDETF Program arrests.

EXHIBIT V-12

DRUG ENFORCEMENT ADMINISTRATION CONVICTIONS*
(by fiscal year)

<u>Year</u>	<u>DEA Only**</u>	<u>State/Local Cooperative</u>	<u>State/Local Task Force</u>	<u>Federal Referrals</u>	<u>Total</u>
1983	6,001	1,087	1,945	933	9,966
1984	6,172	1,245	2,506	892	10,815
1985	6,455	1,157	2,025	912	10,549
1986	6,508	1,961	2,383	1,170	12,022
1987	6,350	2,203	2,629	1,315	12,497

* Figures for arrests and convictions for a given fiscal year do not necessarily refer to the same individuals.

** Includes OCDETF Program figures.

- o DEA also reports record numbers of convicted offenders entering prison on drug charges. In 1987, the total number imprisoned was 10,042, a seven percent increase over 1986. Defendants convicted on cocaine-related charges represent the largest increase in imprisonments from 1986 to 1987, from 4,462 to 5,607 (26 percent). [Exhibit V-13.]

EXHIBIT V-13

DRUG ENFORCEMENT ADMINISTRATION SENTENCING DATA
 (average sentences in months)
 (by fiscal year)

<u>Case Drug</u>	<u>1983</u>	<u>1984</u>	<u>1985</u>	<u>1986</u>	<u>1987</u>
<u>Heroin (Opiates)</u>					
Number imprisoned	1,565	1,522	1,526	1,470	1,198
Average sentence	64	68	68	69	76
<u>Cocaine</u>					
Number imprisoned	2,185	2,946	3,202	4,462	5,607
Average sentence	52	57	56	65	69
<u>Cannabis</u>					
Number imprisoned	1,899	2,151	1,977	2,022	1,953
Average sentence	42	51	46	51	52
<u>Dangerous Drugs</u>					
Number imprisoned	1,166	1,156	1,214	1,420	1,284
Average sentence	43	47	56	57	65
<u>TOTAL</u>					
Number imprisoned	6,815	7,775	7,919	9,374	10,042
Average sentence	50	56	56	61	66
<u>Source of Arrest</u>					
<u>DEA Only</u>					
Number imprisoned	4,302	4,721	5,010	5,270	5,330
<u>S/L Cooperative*</u>					
Number imprisoned	676	799	828	1,459	1,760
<u>S/L Task Force*</u>					
Number imprisoned	1,206	1,625	1,443	1,684	1,934
<u>Federal Referrals</u>					
Number imprisoned	631	630	638	961	1,018
<u>TOTAL</u>					
Number imprisoned	6,815	7,775	7,919	9,374	10,042

* S/L abbreviates State/local.

The FBI claims only those OCDETF statistical accomplishments derived from cases in which the FBI was the initiating, lead investigative agency. The decline in FBI OCDETF statistics from FY 86-87 [Exhibit V-14] reflects the 1986 implementation of the FBI's National Drug Strategy (NDS) which focuses resources on those long-term investigations of international drug trafficking organizations. Such cases employ extensive use of electronic surveillance and other manpower-intensive investigative techniques designed to infiltrate and ultimately dismantle major drug trafficking organizations. The organizational approach to drug investigations, epitomized by the NDS, emphasizes the quality-over-quantity concept in statistical accomplishments. Reductions in statistical accomplishments are expected to continue to decrease slightly over FY88 as a result of continued refinement of the NDS.

- o The FBI maintains statistical data on arrests, indictments, and felony convictions as a method of indicating program implementation.
- o The FBI's felony conviction rate has increased steadily. Although data are slightly skewed for fiscal years, the conviction to indictment rate for 1987 exceeds 80 percent. Such comparisons can be interpreted as a measure of prosecutive effectiveness in FBI drug investigations.

EXHIBIT V-14

FEDERAL BUREAU OF INVESTIGATION
 DRUG ARRESTS, INDICTMENTS, AND CONVICTIONS*
 (by fiscal year)

<u>Year</u>	<u>Arrests</u>	<u>Indictments</u>	<u>Felony Convictions</u>
1983	1,186	1,238	471
1984	1,927	2,367	1,362
1985	2,766	3,308	2,232
1986	2,501	3,527	2,671
1987	2,326	3,417	2,851

* Includes OCDETF statistics where FBI was lead agency.

The investigation and successful prosecution of organizations and individuals involved in drug trafficking continues to be a top priority in the FBI's multimission

strategy. Violations of drug laws are vigorously pursued in all areas of the FBI's investigative programs.

Individual convictions of violations under Title 21 are not double-counted in drug program statistics. The following statistics are provided to accurately portray the full impact of the FBI investigative programs on drug traffickers primarily associated with other criminal activities: General Crimes, 178 convictions; Organized Crime, 158 convictions; White Collar Crime, 103 convictions (total - 439 convictions).

FINANCIAL INVESTIGATIONS

Investigations of the financial transactions of drug trafficking organizations play a crucial role in the overall drug enforcement strategy. Immobilizing drug trafficking organizations requires that their assets be seized. Federal agencies now enforce a variety of laws to attack drug traffickers financially. The goal of the Federal effort is to establish a sustained capability to identify, target, seize, and recover monetary assets of traffickers. Pursuit of this goal through the investigation of known criminal organizations is one approach. Additionally, targeting the money flow and following the money to the upper echelons of the enterprise will maximize the potential for interagency success.

Recent changes in Title 31 and Title 18 allow a much broader attack on the assets of drug traffickers than has been possible before. Care must be taken to ensure equal effort is directed at targeting the money flow process and the organizations involved in any aspect of the narcotics enterprise. A recently signed Memorandum of Understanding of Money Laundering has shown great promise as a means for ensuring effective coordination of high-level undercover infiltration operations. This strategy and targeting approach will become an integral part of all drug investigations.

- o Customs has revised its financial investigative strategy to concentrate its resources on high-level drug-related money laundering organizations. Special emphasis has been placed on geographic specific problem areas. Two new money laundering task force operations have been established to cover the San Antonio and San Francisco areas.8/
- o As a result of the Money Laundering Control Act of 1986, Customs increased its investigative responsibilities in the

8/ For a further description of these operations, see Operation Greenback in Chapter VI, Prosecution.

area of money laundering. One hundred cases were initiated for potential violations of the Money Laundering Control Act. Sixty-five additional arrests were made and an additional \$10.6 million was seized.

- o The FBI is providing Drug Money Laundering in-service classes in the six core-cities of the FBI/DEA Joint Drug Plan. Elements of the continuing FBI training program will be used as a model for the Financial Enforcement Committee coordinated interagency training program.
- o The FBI, in association with the Office of Justice Programs' Bureau of Justice Assistance (BJA), is developing a curriculum for financial training of State and local law enforcement officers involved in drug investigations. The FBI will adopt a mentor approach by training a cadre of officers who will, in turn, provide instruction to their colleagues within their respective regions. The FBI/BJA financial training course will train approximately 1,000 State and local officers in investigative techniques designed to enhance asset and money flow tracing and will include hands-on computer based training.
- o Following on the success of the Operation Cashweb/Expressway money laundering investigation, the FBI continues centralized management of FBI money laundering investigations nationally and internationally to ensure efficient use of Federal resources and coordination with other agencies of the Departments of Justice and Treasury in accordance with the joint Memorandum of Understanding on Money Laundering.
- o Historically, because of the unique jurisdiction under Title 26 of the Internal Revenue Code, the IRS has long been involved in conducting financial investigations of organized criminals who derive their income from illegal activities. With the enactment of new money laundering statutes, the IRS has applied their expertise to prosecute individuals profiting from this illegal activity. The IRS will continue to pursue narcotics traffickers and those individuals involved in the illegal money laundering aspects of the organization by vigorously enforcing Title 31 and the new Title 18 money laundering statutes.

Financial Enforcement Committee

Since its founding in 1987, the Financial Enforcement Committee (FEC) has become the most active and visible coordinating body for national programs actively attacking the

financial operations of drug traffickers.^{9/} It is the focal point of the Federal government for a newly emphasized attack on drug trafficking organizations, their financial infrastructures, and the financial assets generated by their illegal trade. The committee, one of three Special Committees of the NDPB's Enforcement Coordinating Group, is organized with two standing subcommittees (Intelligence and Investigations) and has several special task forces.

The ambitious mission of the FEC is to ensure the development, coordination, implementation, and execution of all Federal programs designed to identify, target, seize, recover, or expose the financial operations and assets of drug trafficking organizations.

- o The first major project of the FEC, a money laundering "Think Tank," was held in July 1987. Participants made specific recommendations to improve many agency-specific programs dealing with money laundering. A subsequent report has served as a roadmap for the basic tasking of the subcommittees and the foundation of an integrated strategy.
- o In September 1987, the first Financial Enforcement Strategy was written and adopted as part of the NDPB Strategy. This was the first multiagency policy statement for attacking the assets of drug traffickers. The strategy, which directs equal efforts at targeting the money flow process and the organizations involved in the narcotics enterprise, is the basis for investigations in all drug cases.
- o The Financial Enforcement Training Program is designed to ensure a coordinated approach for training in all aspects of financial investigation, intelligence, prosecutions, and asset forfeiture and removal techniques. The principal targets for this training initiative are OCDETF personnel (including Federal, State, and local agent managers and prosecutors). A flagship effort in this program has been the use of FBI in-service training as a testing ground for cross-agency instructors and speakers. This will be a continuing effort using the joint FBI and DEA core city program.
- o As part of the training effort, the Financial Crimes Investigation Institute of the Federal Law Enforcement Training Center is cataloging all Federal financial

^{9/} Members of the Financial Enforcement Committee include representatives of INTERPOL, Federal Bureau of Investigation, Drug Enforcement Administration, Internal Revenue Service, Customs Service, the Intelligence Community, and the Departments of Treasury, Justice, State, and Defense.

investigation and enforcement training courses. This effort includes controlling the scheduling of financial enforcement training.

- o The Money Flow Model Project with the Los Alamos National Laboratory is a joint technology program sponsored by the NDPB as a multiagency venture. The lead agency for project coordination is the Department of Treasury, but the FEC runs this project through a task force steering group. This is the flagship project of the effort to structure the many data bases that process financial information into more usable formats.
- o Other FEC projects include a project to collect, review, and coordinate financial intelligence requirements. A task force has been established and the collection work is underway. The immediate goal is to articulate intelligence requirements for financial intelligence in the same format that was used by the Interdiction Committee.
- o The Data Base Sharing Task Force of the FEC explores existing data base capabilities and resources for financial information and recommends ways to ensure coordination and effective safeguards against misuse.

Asset Removal

Asset seizure and forfeiture laws give the government authority to seize the funds, conveyances, property, and other assets derived from illegal drug activities. The goal of asset forfeiture is to destroy the economic power of drug enterprises. Both the Departments of Justice and Treasury continued to place strong emphasis in 1987 on asset forfeiture as a means of denying drug traffickers the fruits of their illicit activities, as well as the means by which those activities may be continued. Seizure and forfeiture activity is the highest priority within the FBI, second only to the investigation and prosecution of the underlying crime. FBI seizures and forfeitures increased steadily from FY85 through FY87 (See Exhibit VI-3).^{10/}

^{10/} The FBI has seizure and forfeiture jurisdiction under 14 statutes involving the Drug, Organized Crime, White Collar Crimes, Personal Crimes, General Government Crimes, General Property Crimes, Anti-Terrorism, and Foreign Counter Intelligence Programs.

Asset Management

The government must store and maintain seized property from the time of seizure until disposition following forfeiture. The Marshals Service's National Asset Seizure and Forfeiture Program (NASAF) manages seized assets for the DOJ agencies. NASAF also manages DOJ's Assets Forfeiture Fund.

- o The number of seized properties in Marshals custody nearly doubled between FY86 and FY87. [Exhibit V-15.]
- o The value of seized property also increased significantly in FY87. The total value of seized property in the Marshals' custody at the end of FY87 was \$500 million--a 30 percent increase over that held at the end of FY86. [Exhibit V-15.]

EXHIBIT V-15

U.S. MARSHAL'S SERVICE
SEIZED PROPERTIES IN MARSHAL'S CUSTODY*
(by fiscal year)

<u>Types</u>	<u>Number</u>			<u>Value (in millions)</u>		
	<u>1985</u>	<u>1986</u>	<u>1987</u>	<u>1985</u>	<u>1986</u>	<u>1987</u>
Aircraft	68	94	87	\$8	\$15	\$18
Vessels	143	97	112	51	10	10
Vehicles	1,098	1,325	2,274	10	11	17
Real Property**	429	802	1,258	109	153	205
Cash***	869	1,585	4,252	86	142	204
Other	1,057	1,289	3,634	49	55	46
Total	3,664	5,192	10,328	\$313	\$386	\$500

* Excludes some DEA and INS administrative seizures.

** Includes businesses.

*** Includes financial instruments.

Equitable Sharing Program

Since its inception in mid-1985, the equitable sharing program has expanded rapidly. The Federal government has distributed slightly more than \$135 million to State and local agencies through this program. In 1987, DOJ shared \$68.8 million in forfeited property and cash with State and local law enforcement agencies. This is 180 percent more than the \$24.4 million shared in 1986. Since the inception of the program in 1985, California received approximately \$51.2 million from DOJ and \$10.7 million from Customs, reflecting the outstanding cooperative efforts between Federal and California law enforcement agencies. The overall sharing amounts reported by agencies of the Departments of Justice and Treasury resulted from many joint investigations by Federal, State, and local law enforcement agencies throughout the country.

LEGISLATION

IMPLEMENTATION OF LEGISLATION

Anti-Drug Abuse Act of 1986

- o Precursor and Essential Chemical Review (§1901). Required a precursor and chemical review to assess the need for legislation, regulation, or alternative methods to control the diversion of legitimate precursor and essential chemicals to the illegal production of drugs of abuse. DEA conducted the study which resulted in the preparation and introduction by DEA of legislation entitled "The Chemical Diversion and Trafficking Act of 1987." The legislation, currently before Congress, will place controls upon the importation, exportation, and distribution of certain precursor and essential chemicals.
- o Amendment to Immigration and Nationality Act (§1751). Required INS (1) to determine if an alien arrested for a narcotics offense is subject to deportation and, if so, to detain the alien; and (2) to establish pilot programs in four cities to improve computer capabilities for exchange of information between INS and local law enforcement officials. INS has designated New York, Chicago, Miami, and Los Angeles as the four pilot cities and has started a feasibility study for the improvement or establishment of computer system interfaces.
- o Monetary Tracing Provisions (§5317c). Expanded the seizure provisions of Chapter 53 of Title 31 U.S.C. §5317c to include a "tracing provision." As a result, \$4.1 million in monetary instruments were seized in FY87.
- o National Forest System Drug Control Act of 1986 (§§15001-15007). Provided limited Title 21 authority for Forest Service law enforcement personnel related to drug offenses occurring within the NFS. This Act also provided penalties for use of booby traps during drug manufacturing activities on Federal public lands. Over 350 Forest Service Special Agents and law enforcement officers were trained by DEA.

Immigration and Nationality Act

INS has endorsed legislation introduced by Senator Chiles to amend the Immigration and Nationality Act to increase criminal sanctions against aliens involved in violent crime and narcotics trafficking. These include the following measures:

- o §972, requiring mandatory detention of aliens convicted on felony charges to include drug trafficking and aggravated assault.
- o §973, providing for additional criminal penalties for deported aliens who reenter the United States.
- o §974, imposing criminal penalties on those who fail to appear at immigration proceedings.
- o §975, imposing criminal penalties on individuals who aid, conspire, or assist illegal aliens convicted of a felony to enter the United States, or those who recruit and assist aliens in foreign countries to enter the United States for the expressed purpose of dealing in illicit narcotics.