

# Ronald Reagan Presidential Library Digital Library Collections

---

This is a PDF of a folder from our textual collections.

---

**Collection:** Roberts, John G.: Files  
**Folder Title:** JGR/DEA (Drug Enforcement  
Administration) (3 of 3)  
**Box:** 19

---

To see more digitized collections visit:

<https://reaganlibrary.gov/archives/digital-library>

To see all Ronald Reagan Presidential Library inventories visit:

<https://reaganlibrary.gov/document-collection>

Contact a reference archivist at: [reagan.library@nara.gov](mailto:reagan.library@nara.gov)

Citation Guidelines: <https://reaganlibrary.gov/citing>

National Archives Catalogue: <https://catalog.archives.gov/>

THE WHITE HOUSE

WASHINGTON

May 9, 1984

MEMORANDUM FOR GREGORY JONES  
LEGISLATIVE ATTORNEY  
OFFICE OF MANAGEMENT AND BUDGET

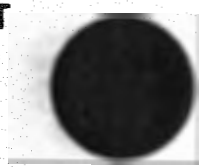
FROM: JOHN G. ROBERTS *JGR*  
ASSOCIATE COUNSEL TO THE PRESIDENT

SUBJECT: Statement of Rudolph W. Giuliani  
Concerning Drug Enforcement Efforts  
in New York, May 10, 1984

Counsel's Office has reviewed the above-referenced testimony, and finds no objection to it from a legal perspective.

## WHITE HOUSE CORRESPONDENCE TRACKING WORKSHEET

- O - OUTGOING
- H - INTERNAL
- I - INCOMING  
Date Correspondence Received (YY/MM/DD) 1 1



Name of Correspondent: Greg Jones

MI Mail Report      User Codes: (A) \_\_\_\_\_ (B) \_\_\_\_\_ (C) \_\_\_\_\_

Subject: Statement of Rudolph W. Giuliani concerning Drug enforcement efforts in New York, May 10, 1984

ROUTE TO:	ACTION	DISPOSITION
Office/Agency      (Staff Name)	Action Code	Tracking Date YY/MM/DD
<u>CUTLER</u>	ORIGINATOR	84 105 109
<u>CUAT 18</u>	Referral Note: <u>R</u>	84 105 109
_____	Referral Note:	3 84 105 109 C.O.B
_____	Referral Note:	1 1
_____	Referral Note:	1 1
_____	Referral Note:	1 1
_____	Referral Note:	1 1

- |   |   |
|---|---|
| <p><b>ACTION CODES:</b></p> <ul style="list-style-type: none"> <li>A - Appropriate Action</li> <li>C - Comment/Recommendation</li> <li>D - Draft Response</li> <li>F - Furnish Fact Sheet to be used as Enclosure</li> <li>I - Info Copy Only/No Action Necessary</li> <li>R - Direct Reply w/Copy</li> <li>S - For Signature</li> <li>X - Interim Reply</li> </ul> | <p><b>DISPOSITION CODES:</b></p> <ul style="list-style-type: none"> <li>A - Answered</li> <li>B - Non-Special Referral</li> <li>C - Completed</li> <li>S - Suspended</li> </ul> |
|---|---|

**FOR OUTGOING CORRESPONDENCE:**  
 Type of Response = Initials of Signer  
 Code = "A"  
 Completion Date = Date of Outgoing

Comments: \_\_\_\_\_

Keep this worksheet attached to the original incoming letter.  
 Send all routing updates to Central Reference (Room 75, OEOP).  
 Always return completed correspondence record to Central Files.  
 Refer questions about the correspondence tracking system to Central Reference, ext. 2590.



U.S. Department of Justice  
Office of Legislative and  
Intergovernmental Affairs

Office of the  
Assistant Attorney General

Washington, D.C. 20530

May 9, 1984

To: Greg Jones  
Legislative Reference Division  
Office of Management & Budget

From: Cary Copeland  
Office of Legislative and  
Intergovernmental Affairs

Enclosed for your review and comment is the statement of Rudolph W. Giuliani, United States Attorney for the Southern District of New York before the Senate Subcommittee on Alcoholism and Drug Abuse, Committee on Labor and Human Resources concerning Drug Enforcement Efforts in New York on May 10, 1984.

Enclosures

cc: Fred Fielding  
Counsel to the President



RUDOLPH W. GIULIANI

UNITED STATES ATTORNEY  
SOUTHERN DISTRICT OF NEW YORK

STATEMENT OF  
RUDOLPH W. GIULIANI,  
UNITED STATES ATTORNEY FOR THE  
SOUTHERN DISTRICT OF NEW YORK,  
BEFORE  
THE SUBCOMMITTEE ON  
ALCOHOLISM AND DRUG ABUSE OF THE  
SENATE COMMITTEE ON LABOR AND  
HUMAN RESOURCES  
  
DRUG ENFORCEMENT EFFORTS IN NEW YORK  
  
MAY 10, 1984

Thank you for inviting me to testify before your Subcommittee on the vital topic of the impact of drugs on crime in the United States. For more than sixteen years, one of my chief professional and personal interests has been the effort to decrease the rising tide of drug abuse and drug trafficking. New York is the focal point for distribution and redistribution of heroin throughout the United States as well as the focal point for organized crime families and others who profit from the traffic in this poison. Most other major cities are plagued with one major organized crime family. Tragically, New York, since the 1930's, has had five such families as well as other groups who account for most of the heroin trafficking and much of the additional drug trafficking in the country.

Like South Florida, the New York area is one of the hardest hit by this drug business. New York is to the heroin business, what South Florida is to the cocaine and marihuana businesses - the hub. Certainly, other parts of America serve as entry points and headquarters for major traffickers and financiers, but none more than New York and South Florida.

#### Early Task Force Efforts

Some background on drug enforcement efforts in New York will help to put the problems in perspective.

In the early 1970's, the United States Attorney's Office in New York worked primarily with the Bureau of Narcotics and Dangerous Drugs and its successor, the Drug Enforcement

Administration, in narcotics cases. On importation cases, we worked with the Bureau of Customs. Unfortunately, in those days, the Federal Bureau of Investigation, with its vast resources, had not yet entered the war on drugs. From my experience prosecuting white collar crime, public corruption and other cases, I knew the breadth and depth of the FBI's network of agents in the United States. This is not to say that DEA did not make some significant progress despite its limited resources.

In the early 1970's New York City pioneered one of the first joint local, state and federal drug enforcement task forces. When it was formed in 1970, the New York Drug Enforcement Task Force (NYDETF, as it is called) was designed to utilize the special resources of each component. Contributed by the state and local portions were the vast intelligence network of the New York City Police Department (which exists because of the ability of such a large police force to effectively have eyes and ears in many parts of the city where the much smaller federal forces cannot hope to penetrate as deeply) and the familiarity of New York City Police and the New York State Police investigators, with the geography and pulse of New York City. Complementing those resources was the experience of DEA (formerly BNDD) agents with investigating cases with an eye to the federal conspiracy laws, which more easily permitted the prosecution of persons who financed or organized drug deals. The other special federal contribution was to provide "buy" money, sophisticated laboratory

technology, undercover vehicles, overtime pay for the state and local participants, secretarial support, and office space.

The resulting Task Force -- with a greater manpower input from the state and local component and a greater financial and technical input on the federal side -- was targeted at the mid-level dealer, the dealer above the street sale most commonly pursued by the police but below the top wholesale level normally targeted by federal enforcement. Cases made by the Task Force were prosecuted both in the state system (which for larger narcotics sales has very substantial mandatory minimum sentences) and in the federal courts. On the whole, the NYDETF experiment was a success, and became a model for task forces in other areas.

#### The FBI-DEA Consolidation

As Associate Attorney General, I was appointed by Attorney General William French Smith to chair a committee to study and report on consolidating the work of the DEA and FBI in drug enforcement. That committee which included Director William Webster of the FBI, D. Lowell Jensen, then an Assistant Attorney General and now Associate Attorney General, and Administrator Francis Mullen of DEA explored a number of alternatives to integrate the FBI into narcotics enforcement nationwide. Of particular interest was the FBI's network of organized crime informants, whose knowledge of narcotics trafficking by associates of organized crime families, and sometimes by members themselves, had never been tapped for this purpose in a consistent way. Another



special attribute of the FBI was its ability to conduct lengthy court-ordered electronic surveillance of organized crime elements, and to successfully make surreptitious entries into difficult places to install court-ordered bugs. Yet another FBI asset was its many agents who were trained in accounting, and who thus could assist in analyzing the financial aspects of drug trafficking.

In January, 1982, by order of Attorney General Smith the FBI and DEA were consolidated. This meant that the FBI assumed full concurrent drug enforcement jurisdiction with DEA, and the Administrator of DEA reported to the Attorney General through the Director of the FBI. By coincidence, one of the early instances of joint investigation of major narcotics figures by FBI and DEA pursuant to the new arrangements took place in the Southern District of New York. The resulting indictment came to be titled United States v. Dominic Tufaro, et al. The principal defendant was estimated by DEA to be responsible for 15% of the heroin distributed in the New York City area from 1978 through 1982. By pooling the fruits of the DEA and FBI efforts, the United States Attorney's Office was able to successfully seek a court order authorizing a "bug" of a barbershop. Through the combined DEA-FBI investigation, further electronic surveillance at other locations was instituted. FBI's experience with crimes other than narcotics was crucial when the investigation demonstrated not only loan sharking by some targets, but high-level

gambling activities by others. Utilizing the complementary strengths of the FBI and DEA, Dominic Tufaro -- a fugitive from justice for sixteen years, one of the largest heroin traffickers, and a financier of the gambling operation -- was located and arrested. Tufaro was recently convicted of conducting a Continuing Criminal Enterprise in narcotics in violation of 21 U.S.C. § 848, and sentenced to so-called non-parolable terms of 40 years, which, with possible "good" time credit, means he should actually serve at least 27 years in prison. Sentences of his narcotics co-conspirators have ranged from 12 to 25 years.

#### The South Florida Task Force

At the same time that the FBI and DEA were beginning to mesh their various skills, in South Florida under the Vice President's Task Force, the Coast Guard, Customs and the Bureau of Alcohol, Tobacco and Firearms were joining DEA and FBI in a massive effort launched primarily at drug interdiction. While South Florida demonstrated the benefits of pooling as many diverse expertises as possible, it also highlighted the national scope of drug trafficking and ability of the traffickers to make flexible responses to enforcement efforts. Indeed, at least in the short run the intensified law enforcement concentration in South Florida had an effect not unlike squeezing a toothpaste tube in the middle, and sending its contents to either end. Importation shifted to other areas -- and distributors in the

major cities were still able to amply supply their needs for cocaine and marijuana, the two drugs whose importation into South Florida had been rendered more difficult because of the Vice President's Task Force.

The President's Organized Crime  
Drug Enforcement Task Force

In response to the nationwide scope of the problem, and to the increased recognition that interdiction was but part of the problem and attacks aimed at distribution were at least equally important, in October 1982 the President announced plans to build new, regional multi-agency Organized Crime Drug Enforcement Task Forces (OCDEF) in twelve locations. This program was designed to provide federal resources throughout the country to focus on dismantling organizations dealing in drugs.

The recently announced Badalamente case which has been described in the media as the "Pizza Connection" demonstrates the kind of international criminal syndicate that had eluded federal enforcement prior to the creation of the President's Task Force. For almost a year a series of court-authorized electronic surveillances were conducted, initially exclusively in the metropolitan New York and Philadelphia areas, and eventually in the Mid-West as well.

Most remarkable about the Badalamente network was the scope of the operation. Though a Sicilian himself, Badalamente was living in Brazil, but apprehended in Madrid, Spain where he allegedly had gone to meet a nephew to arrange for the shipment

of heroin into the United States. The nephew, in turn, lived in a small town in the United States where, but for the court-ordered wiretaps, he would have escaped attention of the United States authorities. Badalamente's heroin allegedly was to be sold to major wholesalers in the New York-New Jersey area and in the mid-West. Some were known members of an organized crime family -- specifically the Catalano faction of the Bonnano family -- but others were comparatively unknown. Their kilogram-level customers allegedly were not confined to New York City, but included at least the Philadelphia area. Given the size of the operation it is hardly surprising that the post-distribution stage, namely money-laundering, allegedly involved the export of the profits through major United States financial institutions.

Tracking such a far-flung organization required an equally broad law enforcement network. OCDETF agents and AUSAs worked with Strike Force personnel on the East Coast and in the Mid-West. At times, more than 100 agents -- from FBI, DEA, Customs, and IRS -- were involved. Information learned in the United States was turned over to foreign authorities, who in turn performed their own investigation, the fruits of which they shared with us.

Detecting the criminal activities of the Badalamente organization was rendered even more difficult because of the techniques used by the criminals. For instance, conversations

allegedly were coded and were often in Sicilian, rendering monitoring particularly challenging. The combined resources of the agencies were stretched to find a sufficient number of Sicilian speakers to man the wiretaps.

The lesson of Badalamente is that sophisticated crimes require sophisticated solutions. Only the federal government can hope to respond to multi-state, and international investigations. The OCDETF program provides an avenue for coordinating federal resources, and supplementing them with the knowledge of peculiar local conditions which local and state police can provide, on the model pioneered in the New York Drug Enforcement Task Force in the early 1970's.

#### The Lower East Side Project

While the need for federal enforcement at the top levels of drug enforcement is obvious, the parallel need for federal assistance in some way at the street level is becoming clear. I am, of course, most familiar with conditions in New York City, and specifically in Manhattan and the Bronx. When I was an Assistant United States Attorney in the early 1970's, street-level dealing was at least moderately covert, and the New York City Police Department managed local enforcement. When I returned to New York in June of 1983, I found that the Lower East Side had developed into a virtual open-air bazaar of cocaine and heroin selling. While the New York City Police made many arrests, those same arrests so jammed the court system that the

Special Narcotics Prosecutor's Office often was obliged to accept guilty pleas to charges far reduced from the possible maximum. Moreover, because of overcrowding of state prisons, judges often pressured prosecutors to deliberately accept pleas that would not require lengthy jail sentences. Even for those defendants who did not plea bargain at advantageous terms soon after arrest, the clogged court calendar often allowed up to a year or more delay before trial. Most narcotics defendants were out on bail during that year -- and regrettably many committed further crimes while awaiting trial. For all but those few who were convicted of top-level narcotics felonies and faced sentences of a minimum of 15 years to life, the sentences (when finally imposed) were lenient.

It was clearly the time for innovation. The federal prosecutor and federal courts had to help. In a program begun on an experimental basis in the late summer of 1983, the New York Drug Enforcement Task Force began making some street purchases of drugs on the Lower East Side and presented those cases for prosecution in the federal courts. Because the number of arrests was comparatively few -- less than 100 by year end -- investigative and prosecutive attention was lavished on them from the outset. While we expected to see a pattern of recidivism, it was truly shocking to see defendant after defendant with a substantial state arrest record -- some as many as 15 or 20 -- which had resulted in minimal, or no, prison sentence.

The majority of the street sellers and aiders and abettors who were arrested before January, entered guilty pleas to one or two counts of their federal indictment -- and most of them have by now received sentences ranging from two to six years in prison, with several ten-year sentences and one of 15 years. With parole, that means that nearly all of them will serve at least a year in prison, a substantial number will serve two or three years, and a few will serve even longer. Had these same arrests been prosecuted in the state system, they would in all likelihood have resulted in guilty pleas to minor charges with less than a year in prison or the defendants would be out on bail awaiting trial -- and committing new drug (and perhaps other) crimes. Worse still, if the state could not prove a profit from their actions, the steerers (the persons who took the customer to the dealer) might well expect acquittal under the state's "agency" defense.

As the bail determinations, followed by the sentences, began to be noticed on the "street", my office heard from police and federal agents that the Lower East Side's street dealers feared federal arrests and were beginning to be more cautious in their operation.

Even more dramatic changes came in January, when newly appointed New York City Police Commissioner Benjamin Ward began a massive combined uniformed and plainclothes operation, called "Pressure Point", aimed at the Lower East Side. The open-air

bazaar was broken up, and dealers were dispersed, driven indoors, or jailed -- and presumably the more marginal of their customers determined that the purchase of heroin and cocaine was no longer worth the effort or risk.

My office joined that effort as a partner so that a certain number of these arrests are processed through federal court. Thus, since February a team of police officers from Pressure Point has been bringing a portion of their cases to my office for federal prosecution. We have noticed that because of the low bail and lengthy pre-trial delays often encountered in the state system, several of those cases have involved defendants already arrested in Pressure Point, but out on bail awaiting trial -- and continuing to deal.

The lesson of the Lower East Side experience is that today -- unlike ten years ago -- at least in New York City, one can not compartmentalize the narcotics enforcement effort, and leave the streets entirely to state and local enforcement and the conspiracy cases entirely to the federal government. While each may have a primary area, each must do some of both. The ideal combination may be some federal prosecution of state and local arrests, and a significant state and local participation in joint Task Forces, aimed at dismantling of drug networks through the conspiracy law.

Nor is this necessarily confined to New York City. One of the saddest changes which I have noticed in drug trafficking



since my return to the Southern District is the expansion of street-level sales of hard drugs -- principally cocaine but also heroin -- in the smaller upstate cities. For instance, the City of Newburgh (located in Orange County) now has significant cocaine dealing. Not surprisingly, the District Attorney of Orange County tells me that incidents of burglary and robbery have also risen dramatically in the last few years. The relationship between those crimes and drug crimes is unmistakable. As in New York City, bails are low and delay before trial is very lengthy. To help alleviate that problem, we hope soon to be able to prosecute some local Orange County drug arrests in the federal system.

Repeat Drug Kingpins Are Not Incapacitated

As I mentioned earlier, in the street-level cases we have encountered significant recidivism. But that phenomenon is not confined to the street. Recidivism among major drug violators is evident in many of our cases. Defendant Freddie Myers -- who when arrested in 1983 had over \$1,300,000 in cash and \$1,300,000 in gold and diamond jewelry at his plush Westchester County home -- had a prior federal narcotics conviction in approximately 1973 for which he had been sentenced to three years and served only 20 months in prison. Earlier, he had served a total of only three years on two state assault-robbery cases. Now he is serving a non-parolable 40-year sentence on his federal conviction for conducting a continuing criminal enterprise in narcotics.

Similarly, in January, 1984, four defendants in United States v. Guy Fisher, et al., were sentenced to non-parolable life sentences after convictions under the Continuing Criminal Enterprise statute, in connection with their roles in a narcotics conspiracy, in which up to thirty kilograms of pure heroin a month was diluted by their subordinates into hundreds of pounds of street heroin, and murders of persons believed to be informants were used to keep the enterprise flourishing. Of those four, one had a substantial prior state narcotics conviction in the mid-1970's, for which he had served less than seven years in prison. Another had a 1965 manslaughter conviction, on which he had served only about 3½ years. A third had previously been convicted of a misdemeanor involving possession of a weapon, but had only had to pay a fine.

Recidivism was also the hallmark of Dominic Tufaro, who I mentioned earlier. At age 21, Tufaro had delivered heroin for more experienced distributors. He was convicted in the late 1960's under the "old" federal narcotics law, and given a "break" by being sentenced only to the then-mandatory minimum of five years. Released on parole after serving just over three years, Tufaro re-entered the heroin trade. In 1975 he was indicted for his role in a conspiracy which sold 46 kilograms of heroin to one set of customers in a ten-month period. Tufaro, along with others, became a fugitive and was not apprehended until December, 1982. In the interim, he had for a third time again begun to deal in heroin. Indeed, in just one week in November, 1982,

Tufaro and his associates had distributed two kilograms of 90 per cent pure heroin.

After his arrest in 1982, Tufaro pleaded guilty to one count of the 1975 indictment and was sentenced to 15 years. He went to trial on a variety of new charges, including that of conducting a Continuing Criminal Enterprise, which carries a maximum sentence of a non-parolable life term. After his conviction, my office recommended that he be given that maximum -- that he be sentenced to live out the rest of his life in prison, without any possibility of parole. That sentence could best assure at least specific deterrence of Tufaro himself, and render the possibility that Tufaro might decide to "cooperate" with law enforcement to help himself more likely. The sentence actually imposed on Tufaro -- 40 non-parolable years but with the possibility of good time and work time credits -- allows Tufaro's possible release in approximately 27 years, when he will be 74 years old. While that will preclude his hands-on management of a street enterprise, he may, for some period of time, be able to conduct business from within prison.

#### Drug Dealing From Prison

Indeed, in the past few years, we have seen a growing trend of substantial drug dealing from within prison. The most fully developed information about such activities stems from an investigation conducted under the auspices of the President's Organized Crime Drug Enforcement Task Force Program. Through

OCDETF, a court-authorized wiretap was placed on two telephones at the special Alcohol Treatment Unit (ATU) at the United States Penitentiary at Terre Haute, Indiana.

The subject phones in the ATU were available for unlimited inmate use, daily, from 9:00 a.m. to 10:00 p.m., approximately. Telephone access for inmates not in the ATU was on a much more limited basis (e.g., every other day, and on a sign-up basis). Moreover, because the ratio of telephones to prisoners outside the ATU was lower than within it, there were practical limitations on frequent use of the telephone for those in general population. Hence, assignment to the ATU facilitated the prisoners' schemes. Given that a number of ATU inmates had already been imprisoned for significant lengths of time, their need for ongoing alcohol detoxification was suspect.

The Terre Haute investigation revealed that certain prisoners allegedly directed the movement and transfer of quantities of heroin, cocaine and other controlled substances in the New York City, Miami, Chicago, Chattanooga and Louisville areas. The drug trafficking of the prisoners allegedly was of two types: (i) the maintaining and expanding of pre-existing drug trade in the prisoners' home territories; and (ii) the smuggling of drugs into the prison for the prisoners' distribution and sale inside.

Indictments were filed in October, 1983, in the Southern District of New York and in the Southern District of Indiana, respectively, against, 23 defendants, including eight then-present,

or former, prisoners incarcerated in the United States Penitentiary-Terre Haute, Terre Haute, Indiana. The New York indictment named two present or former Terre Haute prisoners, and five other persons. One prisoner, Joseph Diaz, had been serving two concurrent twelve-year terms upon a 1979 conviction in the Southern District of New York for the distribution of heroin and cocaine (simultaneous with two convictions in the New York State Supreme Court in 1978-79 for narcotics distribution and attempted escape) when he committed the instant crime.

The other prisoner, Amado Lopez, who was in Terre Haute until March 15, 1983, and was then assigned to the Salvation Army Halfway House (pre-release center) in Miami, Florida until his parole on August 16, 1983, was named in both indictments. While in the "halfway house" and thus at liberty during the day, Lopez was the source of cocaine to Diaz' organization.

Both Diaz and Lopez entered guilty pleas to the instant case, and are to be sentenced on May 22nd. The criminal records of each point up the need for lengthy incarceration of drug dealers, and the need to limit prisoners' privileges. Amado Lopez, a/k/a "la Sangre (the Blood)", was convicted in the Southern District of Florida on October 5, 1971 on three counts: conspiracy to distribute two kilograms of cocaine, the distribution of two kilograms of cocaine, and the distribution of 3.6 grams of heroin.

He was sentenced to concurrent terms of 7 years, 7 years and 2 years, United States v. Thomas Llerena, et al., 71 Cr. 450 (PF) (S.D. Fla. 1971). Thereafter, Lopez was convicted in the Eastern District of New York on January 9, 1976 for conspiracy to import and distribute multiple kilograms of heroin and he was sentenced by Judge Mishler to a fifteen-year term to run concurrently with the Florida sentence, United States v. Mario Bueno, et al., 74 Cr. 48 (JM) (E.D.N.Y. 1974). Lopez was then convicted in the Southern District of New York and sentenced, also on January 9, 1976 for an escape from the old West Street Federal Detention Center, in Manhattan, United States v. Mario Perna, et al., 74 Cr. 1018 (HFW) (S.D.N.Y. 1975). (Lopez had escaped while serving his sentence on Llerena and awaiting trial on Bueno.) Judge Werker sentenced Lopez on the escape conviction to two years' imprisonment to run consecutively to the sentences previously imposed.

Amado Lopez was assigned to the United States Penitentiary-Terre Haute and housed in the "ATU" Unit until March 15, 1983. He was then assigned to the Salvation Army Halfway House (pre-release center) in Miami, Florida until his parole on August 16, 1983. As I understand it, Lopez committed the instant crimes initially while serving his sentence, and before his release on parole. The wiretaps ceased before Lopez' parole, but the Government has no reason to believe that the criminal conduct did not continue while he was on parole.

The other prisoner, Joseph Diaz, had a record of narcotics and assault convictions spanning 20 years. Diaz is presently serving two concurrent twelve-year terms on a 1979 federal conviction. In 1979, Diaz pleaded guilty after several weeks of trial in the Southern District of New York, for organizing a heroin and cocaine distribution network in Harlem and the Bronx, New York. He was convicted on simultaneous state narcotics charges and his state sentence of from three years to life, was imposed to run concurrently with the federal term. [In addition Diaz was thereafter convicted for an attempted escape from state confinement; the sentence again was set to run concurrently with the federal narcotics term.] The 1979 federal trial evidence revealed that Diaz's narcotics enterprise operated in a most business-like fashion with workers on staggered shifts, careful bookkeeping, walkie-talkie communication systems and escape hatches from fortified distribution sites. Diaz took huge profits from his illegal enterprise. Notably, the 1979 trial proof showed that after Diaz was arrested and detained at the Rikers Island House of Detention in New York in 1977, he continued for more than six months to direct his narcotics operation from inside the jail with the aid of a corrections officer and his cohorts who remained on the outside.

The Terre Haute investigation confirmed that major narcotics violators not only continue but indeed expand and diversify their narcotics business through new alliances between

narcotics suppliers and distributors which are forged during their federal incarceration. Efforts to separate narcotics distributors from each other during their imprisonment, attempts to restrict special units like the ATU to only those in real need of its facilities, and limitations on the telephone and visiting privileges of prisoners serving lengthy sentences are steps toward limiting the ability of inmates to continue plying their trades.

Support for limitation of prisoner privileges comes also from a very experienced, and special source. Nicky Barnes, who was sentenced in 1977 to a non-parolable life sentence for heroin trafficking in violation of the Continuing Criminal Enterprise statute has been cooperating with the Government since the summer of 1981. In a trial in the Southern District of New York a little over a year ago, against the son of one Herbert Sperling (himself a heroin dealer serving a life sentence), Barnes explained how he and Herbert Sperling arranged (and attempted to arrange) drug deals to be conducted by their representatives on the outside. At one point, Barnes and the elder Sperling were both incarcerated at the United States Penitentiary in Marion, Illinois. They made contact with each other, and eventually Sperling told Barnes that he had "wall-to-wall" heroin available on the outside, if Barnes could supply a customer. Barnes explained that progress on the deal was delayed by the restrictive



practices at Marion, by which prisoners were only allowed to make one phone call a month. Barnes and Sperling both had to make arrangements through visits by friends and family at the institution, and through calls. Barnes' testimony revealed that communications were easier when they were later transferred to Terre Haute, where calls could be made every other day.

Barnes' experience also exemplifies the benefits of non-parolable life sentences. During the early years of his sentence, Barnes kept close contact with the activities of the heroin consortium, called "The Council", of which he had been a founding member. However, as time went on -- and his appeal, application for certiorari, and application for reduction of sentence were denied -- his power and influence waned. It is not unreasonable to believe that as his associates gradually came to accept the idea that Barnes would really never get out of jail, they accorded him less respect. This benefitted the Government in two ways. First, his organization lost ready access to his substantial strategic and business skills and contacts, and its operations were adversely affected. Second, it was one of the reasons that he decided to cooperate with the Government.

Finally, Barnes' situation in prison demonstrates the need to develop better techniques to separate substantial drug dealers from each other, and to imprison them at places where it is inconvenient for their former associates to visit. The closer

the prisoner is to his old network, the easier it will be for him to control it, or use its services.

Even the arguable societal interest in encouraging family contacts with prisoners, must be weighed against the consequences in the narcotics trade. Joseph Diaz' co-defendants included his wife, Haydee, and his son, Joe, Jr., both of whom have pleaded guilty in connection with their part in being his representatives in the narcotics business "on the outside". Nicholas Sperling was convicted for his role in facilitating his father's attempted heroin transaction. Indeed, one Pasquale Inglese is a fugitive on charges that he helped facilitate "on the outside" a narcotics transaction allegedly planned by Barnes and his father (Louis "Fat Gigi" Inglese), while both were in Terre Haute. Louis Inglese is serving sentences aggregating 56 years on convictions in 1975 for tax, narcotics, and obstruction of justice violations, but apparently is scheduled for parole in about four years -- or after having served less than a third of the sentence. Given the light visible "at the end of the tunnel" both to his family and his other associates, it is no wonder that Louis Inglese has allegedly continued to be able to ply his trade.

Yet another son who functioned as his father's representative on the outside was Louis Cirillo, Jr. The senior Cirillo was serving a 25-year federal sentence imposed in 1972 for his conviction on charges of narcotics conspiracy and

possession with intent to distribute a shipment of 83 kilograms of high purity heroin. At the time that Cirillo, Sr., was sentenced, the Judge stated that "[t]here cannot be the slightest doubt that the defendant is one of the largest distributors of narcotics in the United States, with close connections with foreign suppliers. There is evidence to support the claim that. . . he has supplied approximately 1/6th of the 6 tons of heroin consumed by addicts in this country each year. . . and his transactions have run into million of dollars." Indeed, shortly after Cirillo's 1972 conviction, narcotics agents executed a search warrant at his home, and found more than \$1,000,000 in cash buried in the backyard and secreted behind a wall.

Cirillo's 1972 conviction was not his first. To the contrary, his convictions date back to 1942, when he was arrested for burglary and received a one-year term of probation. His first heroin conviction came shortly thereafter in 1945. Sales of 10 ounces in December, 1944, and 15 ounces three months later netted him only a two-year sentence. A series of arrests followed. Against this background, his 25-year sentence imposed in 1972 seems strangely light. Surely, with the prospect of parole, it afforded him light at the end of the tunnel.

By 1982, Cirillo was relatively close to home, imprisoned at the United States Correctional Institution (not penitentiary) at Otisville, New York. Through a prisoner who had met Cirilo when both were at Leavenworth ten years before,

Cirillo met a fellow prisoner who was a leading Asian heroin chemist, but who, unbeknownst to Cirillo, was shortly to become a government informant. Because both Cirillo and the chemist were due to be paroled in 1987, the subject of dealing together after their release came up. Soon the discussions changed to an effort to arrange a present importation and sale through their representatives on the outside.

Like Inglese, Diaz, and Sperling, Cirillo used his son for this purpose -- perhaps because of the operational benefits attributable to the solicitude shown by the prison system for family contacts. But, I believe that that solicitude should be overcome, and more stringent rules imposed to avoid repetition of incidents such as these.

It is also vital that the prison population be distributed so as not to further future crime. Of particular concern to us in New York at the moment are Pakistanis and Indians who are importing heroin into the United States largely through couriers who bring it in via luggage, or in their clothing. At the moment, the Pakistanis do not seem to have developed varied outlets for getting the heroin to the street. Our fear is that as the couriers are arrested and imprisoned, that within the prison they will meet distributors, with whom they can join forces when they are out of jail. A combination of sentences long enough to preclude dealing when out of jail, plus separation

of the foreign couriers from known distributors is needed to stave off the potential problem.

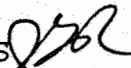
Let me end by saying that all is not gloomy. With innovative suggestions, with a willingness not to accept present practices and circumstances as written in stone, with the commitment of new resources, and with continued determination and hard work by those already there, I believe that law enforcement personnel -- aided by law abiding citizens who come forward with information about the lesions in their communities -- can together win the war on drugs.

THE WHITE HOUSE

WASHINGTON

May 21, 1984

MEMORANDUM FOR FRED F. FIELDING

FROM: JOHN G. ROBERTS 

SUBJECT: DEA Testimony

We have been provided with copies of two separate statements DEA Acting Deputy Administrator John C. Lawn proposes to deliver, one before the Task Force on International Narcotics Control of the House Foreign Affairs Committee on May 24 and the other before the House Select Committee on Narcotics Abuse and Control on May 22. The May 24 statement concerns recent developments in Colombia. Lawn discusses the assassination of Justice Minister Rodrigo Lara-Bonilla by drug traffickers, and the subsequent vigorous actions taken by the Colombian government against the traffickers. Lawn also reviews the highly-publicized successful raid by the Colombians of a major cocaine processing facility on March 10, concurs with the views expressed by Colombian officials that Cuban authorities facilitate the movement of narcotics throughout the region, and outlines the demonstrated links between various terrorist groups active in Colombia and narcotics trafficking.

The May 22 testimony is a general review of DEA's activities. The testimony reviews the progress of the assignment of concurrent drug jurisdiction to the FBI, and provides arrest, conviction, and seizure statistics. Lawn touches briefly upon the paraquat controversy, noting that an environmental impact statement for such spraying -- required by a court order -- is being prepared. He then reviews the various cooperative activities in which DEA is involved, including the South Florida Task Force, the Organized Crime Drug Enforcement Task Forces, and various cooperative arrangements with local law enforcement authorities. The testimony also outlines DEA's international drug control initiatives, and concludes by urging the House to pass the Administration's Comprehensive Crime Control Act of 1983, which contains numerous provisions directed at narcotics traffickers.

I have no objection to the prepared testimony. With respect to the May 22 general review of DEA activities, however, Lawn should be prepared to deal with questions concerning the unfortunately publicized memorandum from Bud Mullen criticizing the Administration's National Narcotic Border Interdiction System (see attached article).

## Director of Federal Drug Agency Calls Reagan Program 'Liability'

By JOEL BRINKLEY

Special to The New York Times

WASHINGTON, May 12 — An internal report by the director of the Federal Drug Enforcement Administration calls a new program in President Reagan's war on drugs a "liability." He says its "alleged grandiose accomplishments" will "become this Administration's Achilles' heel for drug enforcement."

The official, Francis M. Mullen Jr., has sent his six-page report to his immediate supervisor, the Attorney General. It says the National Narcotic Border Interdiction System has accomplished little but has taken credit for other agencies' successes. The report quotes an unidentified former border system employee, a Coast Guard lieutenant commander, who calls the system "an intellectual fraud."

The report says the border system has complicated drug enforcement efforts and has at times made it more difficult for drug administration investigators to do their job.

Meredith Armstrong, spokesman for Vice President Bush, who heads the border system's executive board, said Mr. Bush's office had a copy of the report but would offer no comment on it.

In recent weeks the General Accounting Office and members of Congress have also criticized the border system.

Representative Claude Pepper, Democrat of Florida, said in recent Congressional testimony, "I can't see a single thing N.N.B.I.S. has accomplished. The lack of coordination and cooperation among the various agencies charged with waging the war on drugs is disgraceful."

Investigators for the General Accounting Office assessed the border system's contributions to the fight against airborne drug smuggling by studying border system involvement in 11 drug seizures that occurred from last June to February.

Arnold Jones, a senior associate director of the Congressional investigative agency, said: "When you look at the 11 cases in the cold light of day, the border system's claims to involvement turned out to be quite limited."

However, he added, "In all fairness, N.N.B.I.S. is a young organization, and

we did not attempt to evaluate its overall performance or effectiveness."

James Burow, a G.A.O. evaluator, said: "In at least 10 of the 11 cases, it seems to us that the interdiction probably would have occurred without the involvement by N.N.B.I.S."

### Attempt at Better Coordination

When the White House established the border system in March 1983, it said a significant part of the system's mission would be to end the historically poor coordination between the various Government agencies involved in stopping the flow of illegal drugs into the United States.

For more than a decade a variety of Government agencies and officials have said that inter-agency disputes hampered the nation's drug enforcement efforts.

One attempt to solve that problem came in early 1982. Certain Federal resources and personnel committed to enforcing Federal drug laws were brought together in Miami as the Vice President's South Florida Task Force and directed from a central office. The program is generally believed to have reduced the flow of drugs into the state.

In late 1982 Congress called for appointment of a national "drug czar," to oversee the enforcement of Federal drug laws. In opposing the plan, Mr. Reagan said it would have created another large bureaucracy.

A few months later Edwin Meese 3d, the Presidential counselor, said Mr. Reagan and "key members of the Cabinet" had decided to establish six regional offices around the nation's borders, staffed and financed by the existing drug enforcement agencies.

The border system would "take the lessons learned in South Florida," Mr. Meese said, "and expand the interdiction concept to all borders of the country."

However, unlike the Florida task force, the border system staff members would not seize any drugs themselves. They would match the resources of various drug enforcement groups to specific operations. In addition, the regional offices would act as clearing houses for information on drug trafficking.

### 125 Staff Members

The border system staff includes about 125 people, most on loan from a number of state, local and Federal drug enforcement agencies. Since a variety of agencies contribute to the system's budget, border system officials say it is difficult to determine how much the system spends.

In recent Congressional testimony, Capt. L. N. Schowengerdt Jr. of the Coast Guard, staff director of the border system, said, "I feel that N.N.B.I.S. has made significant contributions to the national effort against drug trafficking." Officials from several other agencies that work with the border system have also praised it.

But Mr. Mullen, in his report dated Jan. 31, said the Administration should "phase out" the system's regional offices because "N.N.B.I.S. has made no material contribution to the Administration's interdiction efforts."

### Seizure Claims Attacked

He added that the border system's drug seizure claims "go far beyond anything the Administration can support," and those claims "are beginning to discredit and devalue the efforts of the Administration's" other drug-control programs.

Mr. Mullen also suggested that the system had, in some instances, worsened the inter-agency coordination problem by "confusing foreign, state and local law-enforcement officials" who he said were no longer sure which agency is in charge.

The Vice President's office disagrees. Last week, a spokesman said, "The thing we are most proud of is the close working relationships that have been established among and between federal law-enforcement agencies."

### Border System Defended

Adm. Daniel J. Murphy, chief of staff for Mr. Bush, is chairman of the system's coordinating board. In an interview, he said, "It's an uphill fight, but think our efforts have been successful when measured by improvements we have made in the system."

He added that "it's only D.E.A." that is unhappy about the border system.

Asked about the report by the General Accounting Office, Admiral Murphy said, "They never even came by to talk to me about it."

Mr. Mullen's report has not been made public, but The New York Times obtained a copy.

Asked on Monday to comment on the report, Mr. Mullen, who was surprised to learn that the report was no longer private, said: "I have held several meetings with Admiral Murphy, and think the situation has improved. I think some of the confusion on the part of police agencies has been cleared up."

But senior officials at the Drug Enforcement Administration familiar with Mr. Mullen's private views on the border system say his opinions appear to have changed little, if at all, in the three months since the report was written.

Congressmen and others on Capitol Hill who are familiar with the report say it is still another example of inter-agency disputes that have hindered drug enforcement efforts for years.

*with*

by N.N.B.I.S. spokesmen demoralizes" drug enforcement field agents "whose bona fide accomplishments either go unrecognized or are relegated to second place by the unwise overemphasis on N.N.B.I.S. and the South Florida Task Force interdiction programs."

Admiral Murphy said in an interview in early May: "I am speaking for the

President and the Vice President — they don't give a damn who actually seized it. The United States seized it."

"Bud Mullen sat right here," he added, pointing to his office sofa, "and I told him we are not going to take credit for seizures."

A few days earlier, however, the Vice President's press office had issued a release saying that the border system

and the South Florida Task Force, which is now a part of the national system, "have seized 6.6 million pounds of marijuana, over 39,000 pounds of cocaine and nearly 247,000 grams of heroin" in "2,500 separate drug interdiction cases" since early 1982.

Admiral Murphy called that release "dumb as hell." He added: "Everyone has been told, over and over, not to say N.N.B.I.S. seizures. That's exactly what got Bud Mullen mad."

Senior D.E.A. officials who asked to be unidentified say that the seizure claims angered Mr. Mullen but that the claims were not the only reason he wrote the report.

Critics of the border system, including Mr. Mullen, do concede that it has helped coordinate military assistance to drug enforcement agencies. A 1982 law permitted the Defense Department to assist civilian law-enforcement agencies for the first time. But during the early months, contacts between the military and the civilian agencies were confused.

Admiral Frederick P. Schubert, coordinator of the border system's Pacific-region office, said in recent Congressional testimony, "Perhaps the most important contribution" by his office has been serving as "the single point of contact for matching available military resources to civil interdiction requirements."

Mr. Mullen concludes his report to the attorney general with this recommendation for the Reagan Administration:

"Acknowledge the success of N.N.B.I.S. in obtaining military assistance, announce that coordination mechanisms and lines of communication have been established, portray N.N.B.I.S. as an experimental operation that has sensitized the Federal community to the possibilities of extensive cooperation and phase out the six regional centers."



THE WHITE HOUSE

WASHINGTON

May 21, 1984

MEMORANDUM FOR GREGORY JONES  
LEGISLATIVE ATTORNEY  
OFFICE OF MANAGEMENT AND BUDGET

FROM: FRED F. FIELDING *RAH for*  
COUNSEL TO THE PRESIDENT *Orig. signed by FFF*

SUBJECT: Statement of John C. Lawn on Recent  
Developments in Colombian Narcotics  
Control Efforts on May 24, 1984

Counsel's Office has reviewed the above-referenced testimony,  
and finds no objection to it from a legal perspective.

FFF:JGR:aea 5/21/84

cc: FFFielding/JGRoberts/Subj/Chron

THE WHITE HOUSE

WASHINGTON

May 21, 1984

MEMORANDUM FOR GREGORY JONES  
LEGISLATIVE ATTORNEY  
OFFICE OF MANAGEMENT AND BUDGET

FROM: FRED F. FIELDING *Orig. signed by FFF*  
COUNSEL TO THE PRESIDENT *RAH for*

SUBJECT: Statement of John C. Lawn Concerning Federal  
Narcotics Enforcement and Interdiction  
Efforts on May 22, 1984

Counsel's Office has reviewed the above-referenced testimony, and finds no objection to it from a legal perspective. The witness, however, should be prepared to respond to questions concerning the unfortunately publicized critique of the National Narcotic Border Interdiction System by DEA Administrator Mullen.

FFF:JGR:aea 5/21/84  
cc: FFFielding/JGRoberts/Subj/Chron

THE WHITE HOUSE

WASHINGTON

May 21, 1984

MEMORANDUM FOR GREGORY JONES  
LEGISLATIVE ATTORNEY  
OFFICE OF MANAGEMENT AND BUDGET

FROM: FRED F. FIELDING  
COUNSEL TO THE PRESIDENT

SUBJECT: Statement of John C. Lawn Concerning Federal  
Narcotics Enforcement and Interdiction  
Efforts on May 22, 1984

Counsel's Office has reviewed the above-referenced testimony, and finds no objection to it from a legal perspective. The witness, however, should be prepared to respond to questions concerning the unfortunately publicized critique of the National Narcotic Border Interdiction System by DEA Administrator Mullen.

FFF:JGR:aea 5/21/84  
cc: FFFielding/JGRoberts/Subj/Chron

THE WHITE HOUSE

WASHINGTON

May 21, 1984

MEMORANDUM FOR GREGORY JONES  
LEGISLATIVE ATTORNEY  
OFFICE OF MANAGEMENT AND BUDGET

FROM: FRED F. FIELDING  
COUNSEL TO THE PRESIDENT

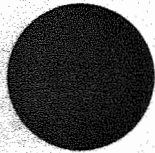
SUBJECT: Statement of John C. Lawn on Recent  
Developments in Colombian Narcotics  
Control Efforts on May 24, 1984

Counsel's Office has reviewed the above-referenced testimony,  
and finds no objection to it from a legal perspective.

FFF:JGR:aea 5/21/84

cc: FFFielding/JGRoberts/Subj/Chron

## WHITE HOUSE CORRESPONDENCE TRACKING WORKSHEET



- O - OUTGOING
- H - INTERNAL
- I - INCOMING

Date Correspondence Received (YY/MM/DD) 1 1

Name of Correspondent: Greg Jones

MI Mail Report      User Codes: (A) \_\_\_\_\_ (B) \_\_\_\_\_ (C) \_\_\_\_\_

Subject: Statement of John Lawn concerning the Task force on International Narcotics Control United States House of Representatives on May 24, 1984

ROUTE TO:	ACTION	DISPOSITION
Office/Agency (Staff Name)	Action Code	Tracking Date YY/MM/DD
<u>CUHOU</u>	ORIGINATOR	<u>84 05 18</u>
<u>CUAT 18</u>	Referral Note: <u>D</u>	<u>84 05 18</u>
	Referral Note:	<u>S 84.05.23</u> <u>C.O.B</u>
	Referral Note:	<u>1 1</u>
	Referral Note:	<u>1 1</u>
	Referral Note:	<u>1 1</u>
	Referral Note:	<u>1 1</u>

**ACTION CODES:**

- A - Appropriate Action
- C - Comment/Recommendation
- D - Draft Response
- F - Furnish Fact Sheet to be used as Enclosure

- I - Info Copy Only/No Action Necessary
- R - Direct Reply w/Copy
- S - For Signature
- X - Interim Reply

**DISPOSITION CODES:**

- A - Answered
- B - Non-Special Referral
- C - Completed
- S - Suspended

**FOR OUTGOING CORRESPONDENCE:**

- Type of Response = Initials of Signer
- Code = "A"
- Completion Date = Date of Outgoing

Comments: \_\_\_\_\_

Keep this worksheet attached to the original incoming letter.  
 Send all routing updates to Central Reference (Room 75, OEOB).  
 Always return completed correspondence record to Central Files.  
 Refer questions about the correspondence tracking system to Central Reference, ext. 2590.

**DRAFT**

STATEMENT  
OF  
JOHN C. LAWN  
ACTING DEPUTY ADMINISTRATOR  
OF THE  
DRUG ENFORCEMENT ADMINISTRATION

ON

RECENT DEVELOPMENTS IN COLOMBIAN NARCOTICS CONTROL EFFORTS

BEFORE

THE FOREIGN AFFAIRS COMMITTEE  
TASK FORCE ON INTERNATIONAL NARCOTICS CONTROL  
UNITED STATES HOUSE OF REPRESENTATIVES

*EDWARD F. FEIGHAN,*  
~~DANTE B. FASCELL~~, CHAIRMAN

MAY 24, 1984

**DRAFT**

Mr. Chairman and Members of the Task Force: I am pleased to appear before this Committee's Task Force on International Narcotics Control to discuss recent developments in Colombia, South America which had a significant impact on the Government of Colombia's drug enforcement program and to comment on the effect these changes will have on the United States.

DEA Administrator Mullen met with Colombian Minister of Justice, Rodrigo Lara-Bonilla on February 7, 1984. At that time, Minister Lara spoke of the threats against him and his fear of assassination. Yet, his resolve and dedication to stop the drug traffic in Colombia did not diminish. Sadly, on April 30th, DEA's strongly, Minister Lara was assassinated by the very drug trafficking organizations he pledged to destroy. His tragic death has given the Colombian Government even greater resolve to defeat the drug traffickers in their country.

On May 9, 1984, President Betancur announced the appointment of Senator Enrique Parejo Gonzalez to succeed Mr. Lara as Minister of Justice. In his acceptance speech Minister Parejo vowed to continue Mr. Lara's campaign against narcotic traffickers. Minister Parejo is a lawyer with an advanced degree in criminology and penal law from the Institute of Penal Law in Rome. From his acceptance speech remarks and his behavior since assuming leadership, it is clear that Minister of Parejo will assume the lead in the formulation and enforcement of narcotics control

DRAFT

policies, and will have the same positive attitude of his late predecessor.

Even prior to the assassination of Minister Lara, the Government of Colombia had made substantial progress in its resolve to combat drug trafficking in their country. I would like to provide you with the details of a Colombian enforcement operation which was coordinated with the Drug Enforcement Administration and yielded record arrests and seizures of cocaine unparalleled in narcotic enforcement.

On March 10, 1984, 45 officers from the Colombian National Police acting on information provided by the Drug Enforcement Administration, landed at a clandestine airstrip and raided a cocaine processing complex located north of the Yari River in the Department of Caqueta, Colombia. This remote jungle area is in the southeast portion of the country.

Initially, the police were met with some sporadic armed resistance which was quickly overcome. Subsequent to securing the landing strip, the police took into custody 32 men and 4 women. It is believed the approximately five times as many individuals escaped via the river. The police were later assisted by the Colombian Army and additional arrests were made. A total of 45 individuals were arrested, mostly laborers and several supervisors. No main violators were arrested at the site. All of the



above defendants continue in the custody of the Colombian authorities and are presently incarcerated at a facility in Florencia, the capital of Caqueta.

At the time of the raid, cocaine hydrochloride was in the process of being produced from cocaine base. It was estimated that 1,500 kilograms of cocaine hydrochloride would have been processed in the next few days.

The site included a building that was used as a dormitory with bunks for approximately 60 people. Another building was set up as a common mess hall. Six electric generators provided electricity and there was a Caterpillar tractor and a backhoe for land clearing. Next to the runway was a wooden ramp constructed for unloading from DC-6 size aircraft. There were also short and long range radio equipment.

The seizure of the first site subsequently led to seizure of five more airstrips and a number of other laboratories. All of these sites were in an area that was approximately 30 miles in diameter. The cost of building this complex was estimated to be \$4-5 million (U.S.).

DRAFT

Total seizures were as follows:

- 8,530 kilograms of cocaine hydrochloride
- 1,500 kilograms of coca base
- 10,800 barrels of precursor chemicals
- 7 aircraft
- weapons and ammunition

The cocaine hydrochloride and cocaine base seized at the site by the Colombian National Police was destroyed by burning and dumping into a nearby river.

An analysis of some of the samples of cocaine hydrochloride seized at the complex indicates that the purity ranged from 89 to 100 per cent. The wholesale value of the cocaine seized, not is approximately \$250 million (U.S.). This is based on an average southeast United States wholesale price of \$25,000 per kilo; (calculated at street value, this amount could increase to \$2 billion.

It is unknown what impact, if any, these seizures may have on cocaine supplies and prices in either Colombia or the United States. Prices in the southeast U.S. have remained unchanged, but it may take some additional time for the impact of these seizures to work their way through the distribution chain.

DRAFT

The impact of this raid can be measured in the availability and price of essential chemicals used in converting cocaine base to cocaine hydrochloride. The cost, for instance, of a 55 gallon drum of ether in Cali has risen to almost \$5,000 per drum, an increase of several hundred dollars over the price six months ago. Perhaps most interesting concerning the financial impact, is that the Inter-American Development Bank economists, who track the Colombian economy, noted an immediate weakening of the Colombian peso following the mid-March Caqueta raid. The black market rate of 102 pesos to the dollar (official rate is 95:1), jumped to 132:1 within a month of the successful raid. This movement in the parallel market demonstrates a real peso devaluation of 23 per cent and is highly indicative of the Colombian economy's dependence on drug trafficking.

There were a number of documents seized at the complex. Some of these documents related to receipts of cocaine paste and base from traffickers in Peru and Bolivia. Also found were pilot logs listing various aircraft used to transport people, supplies and cocaine in and out of the complex. Leads relative to names found on these receipts, as well as people associated with the listed aircraft, are currently being pursued.

I would like to comment on the Colombian Minister of Defense's statement linking Cuba to the movement of narcotics and arms to and from Colombia. The Colombian Minister of Defense referred in

**DRAFT**

his speech to information that was revealed during the DEA investigation of Jaime-Guillot-Lara, a major Colombian cocaine and marijuana smuggler. In July 1980, Guillot began to develop a working agreement with high-level Cuban Government officials by which Guillot would be allowed to use Cuba as a safe haven for his drug smuggling vessels. In return, Guillot agreed to pay the Cubans for this assistance. Also, Guillot aided the Cubans by using two of his ships to smuggle arms to the April 19 Movement (M-19) terrorist group in Colombia. In November 1981, one ship was able to deliver a quantity of arms to the M-19, but the other was discovered off the coast of Colombia and sunk by the Colombian Navy.

In November 1982, Guillot, four high-level Cuban Government officials, and nine others were indicted in Miami for violations of United States Federal drug laws. The February 1983 trial found five defendants guilty and two not guilty; one defendant pleaded guilty and testified for the government. The four Cuban officials, Guillot, and one other defendant are still fugitives.

The Guillot/Cuba connection aided terrorist/revolutionary activity in two ways. DEA believes some of the hard currency Cuba gained from Guillot's payments was used by Cuba to help support revolutionary activities in Latin America. Also, M-19 directly benefited as the smuggling expertise and capabilities of the Guillot organization were used to supply M-19 with weapons.

DRAFT

Currently, DEA does not have a case with evidence of Cuban complicity in arms and drug trafficking as convincing as that available from the Guillot investigation. However, DEA is still receiving intelligence which indicates that the Cuban Government, continues to facilitate drug trafficking in the Caribbean. DEA's position is that the Government of Cuba remains cognizant of the movement of drugs through its territory and is facilitating this movement.

With regards to statements that terrorist groups are directly associated with organized drug trafficking groups in Colombia, I believe that Colombia probably has the most drug-related terrorist activity in Latin America. Four terrorist/insurgent groups in Colombia have come to the attention of DEA because of their alleged involvement in drug activity:

1. The Revolutionary Armed Forces of Colombia (FARC) is the largest, oldest, and best equipped subversive group in Colombia. FARC has approximately 2,000 active members, and half of its 25 fronts operate in marijuana or cocaine cultivation areas. FARC extorts money from drug growers and traffickers, and in return, FARC lets drug growers go about their business, along with protecting rivers and clandestine airstrips for drug smugglers. The money gained by FARC in this protection business is used to finance the continued activities of the group. On a smaller scale, some factions of FARC

DRAFT

have been involved in coca cultivation. During the recent seizures of cocaine laboratories in Caqueta, the Colombian National Police discovered a FARC camp just one-half mile from a cocaine laboratory. While this discovery does not prove that FARC is involved in cocaine processing, it does show that the traffickers and FARC must have had some type of agreement for living and working in the same area.

2. April 19th Movement (M-19). DEA has received reports that the M-19 has been involved in extorting money from drug growers and traffickers and in drug cultivation. M-19 drug involvement was graphically illustrated in the Jaime Guillot-Lara investigation just mentioned.
3. Popular Liberation Army (EPL). DEA has received sporadic reports the EPL 'taxes' drug growers and traffickers in areas of EPL operation by forcing them to give money or arms to EPL. These reports have not been confirmed.
4. National Liberation Army (ELN). DEA has received similar unconfirmed reports of ELN 'taxing' drug growers and traffickers in its areas of operation.

DEA has not received any reports that the November 1982 amnesty offered by the Colombian Government to terrorists and/or any subsequent cease-fires have had any effect, positive or negative, on Colombian terrorist involvement in drug activity.

DRAFT

The war against drug traffickers in Colombia is by no means over -- it is now being waged with newer and more sophisticated weaponry. The assassination of Minister Lara has caused great pain to the law enforcement community, not only in Colombia, but throughout the Latin American and North American community. However, this heinous act has had a dramatic, positive impact on Colombian narcotics control policy. During his eulogy of Minister Lara on May 2, 1984, President Betancur declared that the Government of Colombia will extradite Colombians wanted for crimes in other countries. Furthermore, President Betancur eloquently stated, and I quote in part from his remarks, " I insist that the time has arrived to close ranks against organized crime....we must take unto ourselves the lessons of (Rodrigo Lara Bonilla's) life and character, and we must continue the task which he had assumed as the valiant interpreter of the will of his country..."

As further evidence of the resolve of the Colombian Government to deal with narcotic's traffickers, President Betancur with the concurrence of the Council of State, proclaimed a state of seige throughout the country effective May 1, 1984. As justification for the state of seige, President Betancur and the Council of State cited, among other things, the continuous onslaught by the drug traffickers against public health and security and the threat to law and order posed by these 'antisocial groups'.

DRAFT

These actions clearly demonstrate that the Colombian Government has decided to urge a full-scale war against narcotics traffickers. <sup>P</sup> I will be pleased to answer questions at this time.

~~These actions clearly demonstrate that the Colombian government~~  
has decided to wage a full scale war against narcotics  
traffickers.



**DRAFT**

STATEMENT

OF

JOHN C. LAWN

ACTING DEPUTY ADMINISTRATOR

DRUG ENFORCEMENT ADMINISTRATION

ON

FEDERAL NARCOTICS ENFORCEMENT AND INTERDICTION EFFORTS

BEFORE

THE SELECT COMMITTEE

ON

NARCOTICS ABUSE AND CONTROL

UNITED STATES HOUSE OF REPRESENTATIVES

CHARLES B. RANGEL, CHAIRMAN

MAY 22, 1984

DRAFT

I am pleased to appear before this Committee to discuss the role of the Drug Enforcement Administration (DEA) in Federal domestic drug law enforcement and interdiction.

Since 1973, DEA has been the lead law enforcement agency responsible for investigating U.S. drug law violations, and the sole U.S. Agency authorized to investigate drug trafficking overseas. Additionally, DEA is the only agency with authority to regulate and monitor the manufacture and distribution of legal drugs. It also has the lead role in the development of narcotics intelligence.

As the lead agency for drug enforcement, DEA plays a crucial role in this Administration's campaign against organized crime and drug trafficking. During the past fiscal year, we have taken tremendous strides in effecting a unified, sustained assault against the illicit drug traffic, both domestically and abroad. We have maintained close working relationships with other Federal agencies. Including the Federal Bureau of Investigation, the U.S. Customs Service, the Coast Guard, the Navy, the Air Force, the Bureau of Alcohol, Tobacco, and Firearms, and the Internal Revenue Service, with numerous state and local agencies, and also with foreign enforcement entities.

The augmentation of our resources which resulted from the 1982 assignment of concurrent jurisdiction to the FBI for drug law

violation investigations has provided us with enhanced flexibility in attacking the drug trade. FBI support of our enforcement mission has already resulted in impressive teamwork. By the end of April 1984, the number of cooperative DEA/FBI investigations had increased from 12 in July of 1981 to 766. Valuable expertise in the areas of wiretaps, financial investigations, organized crime, and public corruption has been shared by both agencies. DEA and FBI agents have been cross trained to enhance their effectiveness in the field. All FBI agents have been exposed to training in narcotics investigations. Of these agents, over 700 have received specialized narcotics training. DEA agents have also received training regarding the FBI mission and services. Additionally, both agencies' information/intelligence data bases have been expanded, and forensic laboratory support has increased.

Much has been accomplished as a result of this heightened efficiency, and as a consequence of the cooperation provided by state, local and other Federal agencies. Much still remains to be done.

In FY 1983, DEA averaged over 1,000 arrests and 800 convictions per month. This figure includes DEA-assisted state and local arrests and convictions. Domestic drug seizures from FY 82 to FY 83 were as follows: Heroin seizures increased from 230.8 kilos to 306.4 kilos. Seizures of cocaine increased from 4,946.5 kilos

to 7,569.3 kilos. Marijuana seizures decreased slightly from 1,074,338.9 kilos to 1,044,648 kilos. Increased efforts were directed into the eradication of domestic marijuana. Almost 3.8 million marijuana plants were destroyed in CY 1983 by local law enforcement agencies. A nearly 50 per cent increase over the previous year. Also during the past year, 241 clandestine laboratory seizures were reported to DEA, of which 187 were the result of DEA investigations and 54 were the result of state and local efforts. Included in the seizures were 95 methamphetamine and 34 PCP laboratories.

In 1983, the Domestic Marijuana Eradication/Suppression Program was expanded from 25 to 40 states, and this year will include 47 states. Under this program, DEA actively supports state and local jurisdictions engaged in marijuana eradication and suppression efforts by contributing funding, training, and investigative and aerial support. One measure of the success of this initiative is, that to avoid aerial detection, there has been a marked increase in the number of greenhouses used for cultivation.

An important aspect of this program in 1983 was the use of the herbicide paraquat on marijuana fields. Paraquat was used to eradicate marijuana in the Chattahoochee National Forest in Georgia, and in the Daniel Boone National Forest in Kentucky. Court challenges by environmental groups resulted in a temporary

restraining order against the use of paraquat on Federal lands until an Environmental Impact Statement (EIS) has been completed. The preparation of the EIS is proceeding and the draft will soon be available for comment. Four public 'scoping' meetings took place in January in Atlanta, Denver, Spokane, and Washington, D.C.. They provided a forum for public input on the scope of the issues and alternatives to be examined in an EIS. We are determined to continue aggressive eradication efforts even if it has to be done manually.

Since March 1982, DEA has participated in the South Florida Task Force along with the U.S. Customs, the Bureau of Alcohol, Tobacco and Firearms, the Immigration and Naturalization Service, and the U.S. Coast Guard. DEA and Customs participate in this program under a Florida Joint Task Group which conducts both pre- and post-drug smuggling investigations, as well as financial investigations in the State of Florida. For the period March 1982 to September 1983, these efforts resulted in 1,677 arrests, 1,043 drug seizures, and a total of \$22,579,340 in asset seizures.

Two other cooperative ventures against marijuana and cocaine trafficking in the Caribbean in which we are participating are Operation BAT in the Bahamas, Turk/Caicos Islands, and the Antilles, and Operation TRAMPA II in the Caribbean and the Gulf of Mexico.

DEA is also actively participating in President Reagan's eight point program to combat organized crime and drug trafficking. Along with the FBI, the IRS, the BATF, INS, the U.S. Marshals Service, Customs, and the Coast Guard. DEA personnel are actively involved in the 12 Organized Crime Drug Enforcement Task Forces (OCDETF). These task forces are focused on those levels of organized crime drug trafficking enterprises that direct, supervise, and finance the illicit drug trade. By the end of March 1984, 274 DEA agents had actively participated in 409 OCDETF cases, 1,301 arrests had been made, 319 individuals had been convicted, and approximately \$59 million dollars in trafficker assets had been seized. Because these task forces are focused on those levels of trafficking organizations that actually direct and finance operations, their successes have paralyzing, and sometimes fatal, effects on these components of organized crime.

Another cooperative effort with state and local law enforcement personnel is our State and Local Task Force program. This program, in contrast to the OCDETF effort, is aimed at the mid-level violator. Currently there are over 20 formal operational DEA/State and Local Task Forces in metropolitan areas, including Guam. These task forces have an overall conviction rate of 98% and have consistently resulted in over 2,000 arrests per year. About 30% of these arrests are in Class I and II case categories.

DRAFT

In order to strengthen state and local efforts against drug trafficking organizations, DEA also provides training to state and local law enforcement officers. Approximately 7,500 officers per year are trained through the academy at Glynco, Georgia and in the field by DEA Division Training Officers.

Although our domestic enforcement efforts against drug trafficking have resulted in demonstrable progress, it is important to also address the world-wide nature of this problem. Controlling drugs within the source country, or as close to the source as possible, is one of the most effective approaches to reducing the vast majority of illegal drugs in this country.

Drug control is an international issue. Source and transit countries that previously did not have abuse problems have recently begun to develop severe internal drug addiction problems. Terrorism, crime, violence, and economic disruption are affecting the drug source countries, as they have affected some of the countries where drugs are abused.

DEA has long enlisted the cooperation of source and transit countries to eliminate illicit drug production, trafficking, and the diversion of licit drugs into illicit channels. We support numerous host country efforts to investigate drug trafficking organizations and to interdict drugs at the source. We have had

SECRET

some notable successes, especially in our diversion control and our foreign cooperation investigations programs.

The Foreign Cooperative Investigations program motivates and assists foreign countries in the development of drug law enforcement and ancillary programs. In FY 1983, as a result of these efforts, there were 1,250 cooperative arrests of international drug traffickers, seizures of 2,368 kilos of heroin and 7,819 kilos of cocaine, implementation of 30 Special Field Intelligence programs, and training of 1,240 foreign government officials in drug enforcement methods. An important aspect of this program is the development of substantive enforcement and intelligence exchanges.

DEA's special programs to control diversion of licit controlled substances into the illicit market operate effectively and have a positive impact on the overall diversion problem. DEA, in close cooperation with the State Department, has been instrumental in persuading foreign governments to control the production and distribution of dangerous pharmaceuticals. By the end of FY 1983, all known major European source countries, as well as the Peoples' Republic of China, had ceased or reduced methaqualone production, and had placed strict controls on its exportation. This, and the reduction of the methaqualone import quota, has resulted in a dramatic decline in the U.S. in injuries



DRAFT

attributable to methaqualone abuse. This trend is expected to continue.

DEA's intelligence program provides adequate, timely, and reliable intelligence regarding drug trafficking to the law enforcement community. In FY 1983, we established a Special Intelligence Unit to coordinate intelligence community information. Currently, the El Paso Intelligence Center's (EPIC) facilities are being upgraded to more effectively process and store this information. Forty-eight states now participate in EPIC, and it is now the tactical link between the South Florida Task Force, OCDETF, State and Local Task Forces, DEA, FBI, Customs, the Coast Guard, and other Federal agencies.

There can be no doubt that this Administration is committed to the elimination of drug trafficking and organized crime. As the lead agency in this effort, DEA has a vital mandate to bring drug law violators to justice, to immobilize their organizations, and to seize their financial profits and proceeds. Our challenge is to utilize our resources effectively and in such a way as to make the costs and risks of drug trafficking outweigh the profits.

Congress' continued interest and concern regarding the drug abuse and trafficking situation is of great assistance in this effort. On February 2, 1984, the Senate favorably reported, by an overwhelming margin, the Administration's Comprehensive Crime Control

DDA

Act of 1983 (S-1762). Currently, the House is considering this legislation and its provisions to reform statutes relating to bail, sentencing, criminal and civil forfeitures, and several very important diversion control amendments. These reforms provide important new tools with which to combat drug trafficking and organized crime. Your support of such legislation can make the battle against drugs and organized crime a successful one.

The overall emphasis of DEA's enforcement program is on the flexibility to respond to changing situations and to bring special expertise to bear on a problem. We explore many innovative enforcement tactics to bring pressure on the drug traffic. Many of these involve the maintenance of enhanced working relationships with other Federal, state and local agencies. We shall continue to stress the importance of coordinated and cohesive interagency efforts. In these austere times, we have all recognized the need to further enhancement of cooperative endeavors.

This concludes my statement, Mr. Chairman. I shall be pleased to answer any questions you or other members of the Committee might have.