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DOC NO	Doc Type	Document Description	No of Pages	Doc Date	Restrictions	
1	MEMO	ROBERTS TO FIELDING RE TESTIMONY OF ACTING DEA ADMINISTRATOR (OPEN IN WHOLE)	1	12/13/1982	B6	873
2	MEMO	ROBERTS TO FIELDING RE TESTIMONY OF ACTING DEA ADMINISTRATOR (OPEN IN WHOLE)	1	12/13/1982	B6	875

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THE WHITE HOUSE
WASHINGTON

July 26, 1982

TO: Mort Allin
Bob Sims
Dick Hauser
Bob Kimmitt
Jerry Bremer

The attached statement on
Ambassador Habib is cleared.



John Poindexter

July 26, 1982

STATEMENT

AMBASSADOR HABIB

Ambassador Philip Habib, one of the outstanding public servants of this country, has been undertaking difficult negotiations to bring peace to Lebanon at the request of the President for over a year. Since early June, he has been serving the nation under particularly dangerous and exhausting circumstances.

Ambassador Habib has officially reported his private professional activities including his consultancy with the Bechtel Group, Inc., to the Department of State in conjunction with his appointment as a special government employee following retirement.

Ambassador Habib's personal professional activities in retirement do not impinge upon his public service to the President and to the nation. As a distinguished public servant who is risking his health, indeed his life, to bring peace to Lebanon, he has and will continue to have the full confidence and support of the President and of the Secretary.

THE WHITE HOUSE

WASHINGTON

December 8, 1982

MEMORANDUM FOR FRED F. FIELDING

THROUGH: RICHARD A. HAUSER

FROM: JOHN G. ROBERTS

SUBJECT: Testimony on Organized Crime and
Narcotics Task Force Initiative

Rudy Giuliani has sent over proposed testimony on the organized crime and narcotics task force initiative, to be delivered tomorrow, December 9, before the Subcommittee on Crime of the House Judiciary Committee. The testimony essentially repeats the President's October 14 speech on the program, adding some specifics which were originally announced by the Attorney General in his November 16 speech in Atlanta before the International Association of Chiefs of Police.

After reviewing the growth and interrelation of the organized crime and narcotics trafficking problems, and efforts already undertaken by the Department of Justice, the testimony focuses on the structure of the proposed task forces. There will be twelve regional task forces covering the entire country. Each will be headed by a U.S. Attorney and will bring together Justice investigators (FBI and DEA) and prosecutors, as well as personnel from IRS, BATF, Customs, and other agencies. On the controversial budget point, the testimony simply notes that the Department has submitted a 1983 budget amendment for \$130 million, to begin the program next month, and that regular funding requests will follow after the first year. The testimony concludes with language taken verbatim from the President's speech, describing the remaining seven points of the eight-point program: organized crime commission, Governors Project, Cabinet-level committee, training center, legislative package, Attorney General annual report, and funds for prison space.

The testimony does not announce anything that has not already been announced by either the President or Attorney General. Questioning by Congressmen is likely to focus on the funding issue, a matter of contention between the Justice Department and OMB and the litmus test for credibility in the media (see attached editorial).

There is one minor error, in the last sentence on page 4. The victimization studies providing the "one-third of all households" figure include all crime, not just serious crime. While any crime is a serious matter, "serious crime" is a term of art in this area, limited to murder, rape, assault, robbery and burglary. It does not, for example, include larceny, which is in fact the leading component of the one-third figure. The adjective "serious" should therefore be deleted. This objection does not seem serious enough to warrant comment from you, and I can communicate it directly. I have attached a proposed memorandum to Giuliani indicating that this office has reviewed the proposed testimony and has no objection.

Attachment

Was the Drug Plan Only a Ploy?

Just before the November elections, President Reagan announced a new plan to fight organized crime and drug trafficking. It called for adding 900 agents to the Federal Bureau of Investigation and the Drug Enforcement Administration and creating task forces to conduct major investigations in 12 cities.

The plan was impressive. The Administration seemed ready at last to go beyond rhetoric about crime. But funding remained a problem. Mr. Reagan said the \$130 million could be found by cutting back other Justice Department programs.

That shaky commitment aroused skepticism. Was this just another bold anticrime proposal sur-

facing in the thick of a campaign and destined to sink from sight after the votes were counted?

The skeptics now seem vindicated. The Administration duly asked Congress to pare the needed funds from other budgets. But when this met opposition, the White House backed off. The Office of Management and Budget now says it cannot find enough money in other programs, and offers no alternative.

The Administration cannot be held serious about its plan if it will not help make the difficult financial choices. Not to fund the program, now that the election is over, turns an admirable plan into a cynical ploy. In the matter of crime-busting, that is disgraceful.

THE WHITE HOUSE

WASHINGTON

December 8, 1982

MEMORANDUM FOR RUDOLPH W. GIULIANI
ASSOCIATE ATTORNEY GENERAL
DEPARTMENT OF JUSTICE

FROM: FRED F. FIELDING
COUNSEL TO THE PRESIDENT

SUBJECT: Proposed Testimony Before the Subcommittee
on Crime of the House Judiciary Committee
Concerning the Administration's Initiative
to Establish Regional Task Forces on
Narcotics and Organized Crime

This Office has reviewed the above-referenced proposed testimony, and we have no objection to it. Thank you for forwarding a copy to us.

FFF:JGR:aw 12/8/82

cc: FFFielding
JGRoberts
Subj.
Chron

WHITE HOUSE CORRESPONDENCE TRACKING WORKSHEET

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Name of Correspondent: Rudolph W. Giuliani

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Subject: Testimony Concerning the Administrative Initiative to Establish Regional Task Forces on Narcotics and Organized Crime

ROUTE TO:	ACTION	DISPOSITION		
Office/Agency (Staff Name)	Action Code	Tracking Date YY/MM/DD	Type of Response Code	Completion Date YY/MM/DD
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DRAFT

TESTIMONY

OF

RUDOLPH W. GIULIANI
ASSOCIATE ATTORNEY GENERAL
UNITED STATES DEPARTMENT OF JUSTICE

BEFORE

THE

SUBCOMMITTEE ON CRIME
COMMITTEE ON THE JUDICIARY
HOUSE OF REPRESENTATIVES

CONCERNING

THE ADMINISTRATION'S INITIATIVE TO ESTABLISH REGIONAL
TASK FORCES ON NARCOTICS AND ORGANIZED CRIME

ON

DECEMBER 9, 1982

In recent years, this nation has been plagued by an outbreak of crime unparalleled in our history and unequalled in any other free society. The perniciousness of crime in America has been fostered of late by two interrelated developments. Crime has become increasingly organized and sophisticated. And organized crime has become especially lucrative because of the enormous market for illicit drugs. Drugs and organized crime have combined to wreak havoc in our communities, our lives, and our children's future. The combination of drug trafficking and organized crime represents the most serious crime problem facing this country today. Directly or indirectly, it threatens each person and institution in this country.

Early in this Administration, Attorney General William French Smith directed every United States Attorney to set up a Law Enforcement Coordinating Committee to assess the differing crime problems in each district throughout the Nation -- and to bring to bear a coordinated federal, state, and local effort against the kinds of crime that are of greatest concern in each federal district. Despite local variations, every Law Enforcement Coordinating Committee -- except one -- has identified drugs as the chief crime problem in its region.

The popular notion that the syndicate -- or traditional organized crime -- stays out of drugs is simply not true. Many of the syndicate's families have developed elaborate drug trafficking networks. Virtually every one of them is involved in drug trafficking in one way or another.

But the problem of organized crime today is by no means limited to its traditional form. In the past two decades, we have witnessed the emergence of new organized criminal enterprises dealing in drugs and the other rackets which traditionally had been controlled by the syndicate. These emerging groups have entered the drug business, often in competition with traditional organized crime.

Another alarming aspect of the crime problem today is that violence has become a way of life for the criminal organizations which deal in drugs. Judges, prosecutors, agents, witnesses and cooperating co-defendants have been threatened, assaulted and, in some instances, killed. In 1981 in Dade County, Florida, for example, 25% of all homicides resulted from the use of machine guns. Many of these victims were innocent people killed by drug traffickers carrying out assassinations in public places. Violence is the primary tactic of drug trafficking organizations and money is their common objective. These organizations are secretive, self-perpetuating criminal societies which control large-scale trafficking. These are the groups that must be broken apart if we are to attack effectively the drug problem in the United States.

And most serious of all, we see public officials at all levels being corrupted by drug money. We have reports of rural sheriffs and police officers accepting payments of \$50,000 or more just to "look the other way" while traffickers make a single landing at a makeshift airport. The dollar amounts involved are

so great that bribery threatens the very foundation of law and law enforcement.

The proceeds from drug sales enable organized crime to carry out an array of serious crime, not only including bribery of public officials, but infiltration of legitimate business firms, money laundering and bank fraud which weaken key parts of the economy. The economics of this illegal traffic is staggering. In 1980, illegal drugs generated an estimated \$79 billion in retail sales. That was an increase of about 50 percent from 1977. To view the problem another way, the sales volume of drug enterprises ranks ahead of all major U.S. corporations but Exxon; drug profits exceed those of every U.S. company.

Figures in a ledger book, however, do not describe accurately the real nature and effect of the drug problem. The real costs are in human lives and human suffering. To obtain money for drugs, criminals commit huge numbers of offenses. There is a massive toll of violent crimes against innocent victims and an enormous toll of serious property crimes. Half of all jail and prison inmates regularly used drugs before committing their offenses. Some studies have indicated that 50 to 60 percent of all property crimes are drug-related. Researchers found in a study of 243 addicts in one city that they had committed a total of 500,000 crimes over an 11-year period. Serious crime now touches about one-third of all households in the United States every year.

In a real sense, all of us have been touched in some way by the adverse effects of drug trafficking and drug abuse in the United States.

During the last twenty-two months we have recognized the full dimensions of the threat posed by organized crime and its involvement in drug trafficking. This Administration has implemented a series of initiatives to make more efficient use of our limited resources in the fight against drug trafficking and organized crime.

We have reorganized the Drug Enforcement Administration and, for the first time, have brought the FBI into the fight against the number one crime problem to complement the excellent work of the DEA. We have gained not only the FBI's resources, but also its many years of experience in fighting organized crime. In the last year, the FBI has begun more than 800 drug investigations -- including 200 joint investigations with the DEA.

Indeed, the FBI and DEA under Judge Webster have scored dramatic successes against organized crime. Working with the Justice Department's Organized Crime Strike Forces, the Bureau has helped to indict and convict numerous high-level members of syndicate families -- including the top structure of organized crime families in some cities.

Last year, the Attorney General's Task Force on Violent Crime assessed the crime problem in this country and presented 64 recommendations to improve our federal effort. Seventy-five percent of those recommendations have been implemented.

Additionally, the Department successfully sought Congressional enactment of an amendment to the Posse Comitatus Law, which has enabled the utilization of military resources -- and tracking and intelligence capabilities -- in the fight against drug traffickers. Through amendments to the Tax Reform Act, crucial information is more readily available to law enforcement -- and more tax cases are possible against drug dealers and organized crime.

When this Administration took office, South Florida had become a focal point of drug-related violence and corruption. At the direction of the President, Vice President Bush brought together personnel from the Departments of Justice, Treasury, Transportation and Defense to mount a coordinated attack on drug importation and trafficking in South Florida. Our efforts have achieved notable success -- even with the limited resources available to law enforcement. The magnitude of the drug problem and the involvement of organized crime, however, have dwarfed even those efforts. To accomplish our initiative in South Florida, law enforcement resources were shifted from other areas of the country -- and drug traffickers have begun to shift their routes toward those areas. Clearly, a national approach is needed. Many months ago, this Administration began drafting the initiatives to address the need for a national effort -- an effort that incorporates new law enforcement resources, and includes a recognition of the role of organized crime.

On October 14, the President and Attorney General Smith announced a comprehensive Eight Point Program that, in President

Reagan's words, will "expose, prosecute and ultimately cripple organized crime in America." I want to discuss this important initiative with you today, particularly our decision to establish Regional Task Forces to attack international and domestic drug trafficking and other organized criminal activity. We seek to enlist the participation of this Committee in the efforts we have begun.

Improving upon our experience with the South Florida Task Force, and recognizing the increasing organized crime involvement in drug trafficking, we will establish twelve additional task forces in key areas in the United States. These task forces, under the direction of the Attorney General, will work closely with state and local law enforcement officials. Following the South Florida example, they will utilize all the law enforcement resources of the Federal Government including the FBI, DEA, IRS, ATF, Immigration and Naturalization Service, United States Marshals Service, the United States Customs Service and the Coast Guard. In addition, in some regions, Department of Defense tracking and pursuit capability will be made available.

These task forces will allow us to mount an intensive and coordinated campaign against international and domestic drug trafficking and other organized criminal enterprises. Thus, refining the South Florida model, they will target and pursue the organized criminal enterprises trafficking in drugs.

Several points emphasize the significance of these new task forces to the fight against organized crime and drug trafficking.

Our proposal would provide the first major infusion of new agents into the FBI and DEA in about a decade. It would mean about a twenty-five percent increase in the number of agents devoted to drug work. The new Task Forces would complement the work of the Department's existing Organized Crime Strike Forces -- which do not generally become involved in prosecuting drug cases -- and they would contain more agents and prosecutors than the Strike Forces. Unlike prior federal drug efforts that focused on street level violators, our Task Forces would concentrate on destroying the top levels of organized drug trafficking. These task forces are a major new undertaking -- and they would have the resources to match the significance of the undertaking.

The network of Task Forces will cover the entire country.

The areas to be covered by each Regional Task Force are as follows:

New England Region: Massachusetts, Maine, New Hampshire, Vermont, Connecticut, Rhode Island, Western and Northern Districts of New York. Headquarters: Boston.

New York-New Jersey Region: Southern and Eastern Districts of New York, New Jersey. Headquarters: New York City.

Mid-Atlantic Region: Maryland, Virginia, Washington, D.C., Delaware, Eastern and Middle Districts of Pennsylvania. Headquarters: Baltimore.

Southeast Region: Georgia, North Carolina, South Carolina, Alabama, Middle and Eastern Districts of Tennessee. Headquarters: Atlanta.

Gulf Coast Region: Texas, Louisiana, Southern District of Mississippi. Headquarters: Houston.

South Central Region: Missouri, Arkansas, Oklahoma, Kansas, Western District of Kentucky, Western District of Tennessee, Northern District of Mississippi. Headquarters: St. Louis.

North Central Region: Illinois, Indiana, Wisconsin, Iowa, Minnesota. Headquarters: Chicago.

Great Lakes Region: Michigan, Ohio, West Virginia, Western District of Pennsylvania, Eastern District of Kentucky. Headquarters: Detroit.

Mountain States Region: Colorado, Utah, Nebraska, Wyoming, North Dakota, South Dakota, Idaho, Montana. Headquarters: Denver.

Los Angeles-Nevada Region: Nevada and Central District of California. Headquarters: Los Angeles.

Northwest Region: Washington, Oregon, Hawaii, Alaska, Northern and Central Districts of California. Headquarters: San Francisco.

Southwest Border Region: Arizona, New Mexico, Southern District of California. Headquarters: San Diego.

The South Florida Task Force will continue in existence, covering Florida, Puerto Rico, and the U.S. Virgin Islands.

We expect that the Task Force effort will begin in January/February of 1983. The Department has submitted a 1983 budget amendment requesting \$130,000,000 for expenses necessary

to begin funding these Task Forces. The Task Forces will be staffed in part by personnel from a number of existing federal enforcement agencies. In addition, 1,100 to 1,200 new positions will be created. In all, there will probably be 1,100 to 1,500 persons permanently assigned to the Task Force operations. A typical Task Force is expected to have 52 Justice Department investigators, 20 federal prosecutors, 50 non-Justice personnel from IRS, Alcohol, Tobacco and Firearms, Customs and other agencies, and 28 clerical and paralegal employees.

The Task Forces will enhance existing federal enforcement efforts against narcotics and organized crime. The 12 new Task Forces will supplement the FBI, DEA, Customs, and U.S. Attorney efforts directed against organized criminal groups dealing in drugs. The work of the Organized Crime Strike Forces and the South Florida Task Force will continue. Where appropriate, the Task Forces will have close working relationships with state and local enforcement agencies.

In performing their functions, these Task Forces will be provided computers and automated data processing equipment, sophisticated communications capability, aircraft, and equipment for court-approved electronic surveillance.

Congress will be asked to provide regular budgets for the Task Forces following the first year of their operation. As experience is gained, we may seek to expand them.

This is the first part of the President's Eight Point Program. I will summarize briefly the remaining seven points which together form a comprehensive national program to combat organized crime and drug trafficking.

The second point of the program is the creation of a panel of 15 distinguished Americans from diverse backgrounds and professions with practical experience in criminal justice and combatting organized crime. The purpose of this commission, which will last for 3 years, will be to undertake a region-by-region analysis of organized crime's influence, to analyze and debate the data it gathers, and to hold public hearings on its findings. Not only will the work of this commission lead to important legislative recommendations, it will also heighten public awareness and knowledge about the threat of organized crime and will mobilize citizen support for its eradication.

Third, this Administration will launch a project that will enlist the nation's Governors in bringing about needed criminal justice reforms. Without effective enforcement of local and state statutes against various kinds of racketeering like illegal gambling, this vital source of revenue for organized crime will never be fully dried up. The Governors Project will bring to the attention of the states the importance of such initiatives, and will serve as a sounding board for the Governors' concerns.

Fourth, all the diverse agencies and law enforcement bureaus of the Federal Government will be brought together in a

comprehensive attack on drug trafficking and organized crime under a Cabinet-level committee chaired by the Attorney General. This committee will be supported by a working group which will attempt to bring about interagency and intergovernmental cooperation in the struggle against organized crime and will, when necessary, identify problems in these areas to be addressed.

Fifth, we are establishing, through the Departments of Justice and Treasury, a National Center for State and Local Law Enforcement Training at the Federal facility in Glynco, Georgia. This center, which will complement the excellent training programs run by the FBI and DEA, will assist and train local law enforcement agents and officials in combatting new kinds of syndicated crime such as arson, bombing, bribery, computer theft, contract fraud, as well as drug smuggling.

Sixth, this Administration will urge legislative reforms in several areas essential to the fight against organized crime, including bail, sentencing, criminal forfeiture, labor racketeering and the exclusionary rule.

Seventh, the Attorney General will be required to submit a yearly report to the people of the United States, through the President and the Congress, on the status of the fight against organized crime and organized criminal groups, dealing in drugs. This requirement will establish a formal mechanism through which the Justice Department will take a yearly inventory of its efforts in this area and report to the American people on its progress.

Eighth, we will ask Congress to appropriate the necessary funds for prison and jail facilities so that the mistake of releasing dangerous criminals because of overcrowded prisons will not be repeated.

While we expect that the Task Forces will play a principal role in the national domestic law enforcement effort against organized drug trafficking, we are also concentrating on the international aspects of this problem. We have expanded our investigative and prosecution efforts to trace drug-related financial transactions into the banking institutions of the off-shore tax havens. We continue our efforts to encourage source countries to embark on programs of drug eradication. Finally, we have taken the initiative to modernize our treaties to enable the extradition of defendants located in foreign countries and to obtain evidence from abroad which will be admissible in our courts here in the United States.

The Department of Justice will hold conferences for prosecutors from the Task Forces and other elements of the Department, early in 1983, to focus on issues which arise in connection with obtaining evidence from foreign jurisdictions, and also on the complexities of the prosecution of major drug trafficking organizations. Particular emphasis will be given to the use of civil and criminal forfeiture provisions of the drug and racketeering statutes, and the use of the civil and criminal provisions of the tax laws of the United States.

No crime problem is more important than drug trafficking and drug abuse; no problem is more challenging to law enforcement at

every level - federal, state and local. I am confident that the implementation of the initiatives I have discussed today will have a significant impact on the problem. I want to acknowledge the continuing support of this Subcommittee and thank each of you for your interest in our endeavors. I will be pleased to answer any questions you may have.

THE WHITE HOUSE
WASHINGTON

December 13, 1982

MEMORANDUM FOR FRED F. FIELDING

FROM:

To JOHN G. ROBERTS *HR*

Thacks

SUBJECT:

Proposed Testimony of DEA Acting
Administrator Francis Mullen

The proposed testimony of DEA Acting Administrator Francis Mullen, to be given tomorrow, December 14, before the Subcommittee on Crime of the House Judiciary Committee, has been submitted for your review. The testimony covers opium and heroin production, processing, and trafficking in the Golden Triangle area of Southeast Asia. It reviews the growing of opium in communist-controlled northern Burma, its processing into heroin under the protection of the insurgent Shan United Army along the Thai-Burmese border, and the trafficking patterns that bring it into the United States. The testimony discusses DEA's intelligence and support role abroad, and the difficulties of mounting law enforcement activities against the hill tribes and the insurgent groups involved in the Golden Triangle heroin traffic. The testimony also covers new efforts to pierce the financial structures funding the heroin flow. It concludes by noting the Attorney General's recent trip and suggesting that both that trip and the recent trip of a Congressional delegation led by Congressman Hughes (who will be chairing the hearing) were constructive.

I have no objection to the proposed testimony. Based on my personal experience with raiding Asian heroin processing plants (see attached photograph), the testimony is accurate.

Page 10 was inadvertently omitted in the testimony sent to us, and is being forwarded, but in view of the imminence of the testimony, I thought it best to submit this memorandum without delay. I will let you know if page 10 contains anything controversial.

Attachment

*Don't let
Dick see
this - he
will weep.*

THE WHITE HOUSE
WASHINGTON

December 13, 1982

MEMORANDUM FOR FRED F. FIELDING

FROM: JOHN G. ROBERTS *JGR*

SUBJECT: Proposed Testimony of DEA Acting
Administrator Francis Mullen

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Name of Correspondent: Francis M. Muller, Jr.

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Subject: Statement on production and trafficking of heroin and other controlled substances in Southeast Asia

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Office/Agency (Staff Name)	Action Code	Tracking Date YY/MM/DD	Type of Response	Code	Completion Date YY/MM/DD
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Statement

DRAFT

of

Francis M. Mullen, Jr.
Acting Administrator

Drug Enforcement Administration
U. S. Department of Justice

before

Subcommittee on Crime
U. S. House of Representatives
William J. Hughes, Chairman

December 14, 1982

Statement

Chairman Hughes, Members of the Subcommittee on Crime; I am pleased to appear before you today to give testimony on the production and trafficking of heroin and other controlled substances in Southeast Asia and the narcotics control efforts underway in the Golden Triangle region. This statement focuses on the dominant narcotic substances produced in Southeast Asia, i.e., opium and its derivative drugs. The production of other substances in this area, specifically methaqualone and marihuana will also be discussed. Before presenting testimony on this situation, however, I would like to briefly and in general terms describe the emerging international drug trafficking patterns.

International Trafficking

Drug control is clearly an international issue. All of the heroin and cocaine and most of the cannabis available in the United States is cultivated and processed from agricultural sources in Southwest Asia, Southeast Asia, South America and the Caribbean.

It is important to stop drugs at or as close as possible to their source rather than as they approach or cross United States borders, because quantities seized at the source are much larger and purer than when seized on the streets of United States cities. Consequently, DEA personnel are stationed in foreign countries to support host countries' efforts to

eliminate cultivation, production and conversion of drugs and to stop shipments of drugs destined for the United States. These efforts include the provision of technical assistance through training and the exchange of intelligence in cooperative investigations. Stopping drugs within the source country or as close to the source as possible has proven to be an effective approach to reducing the supply of illegal drugs.

Opium Production

Opium production is a major problem in three diverse parts of the world: Southwest Asia (Pakistan, Iran, Afghanistan), Southeast Asia (Thailand, Laos, Burma), and Mexico. Successes in controlling the production or trafficking in drugs from one country or region are often offset by new sources or increased supplies from another area.

In 1975 over 80 percent of the heroin abused in the United States originated in Mexico. A very successful Mexican eradication and enforcement program resulted in significant decreases in Mexican heroin availability. Although the volume of heroin entering the United States continued to decrease, heroin from Southeast Asia began to represent a significant proportion of the heroin available in the United States. That trend continued for several years (1976-1979) until a severe drought in the Golden Triangle over two growing seasons greatly diminished that region's heroin production. Again, however,

another source was ready to make up for the shortfall in heroin availability. Today, Southwest Asia produces the majority of the opium which is converted into heroin throughout the region and in Europe, for distribution in the United States and Europe.

The fact that there are three geographical areas of the world involved contributes to the complexity of the problem. Three diverse sets of growing conditions, political situations and economies affect the annual production of opium and subsequent availability of heroin.

Southeast Asian Heroin

The Golden Triangle of Southeast Asia--Burma, Thailand and Laos--is a traditional, primary source of the opium that supports heroin addiction in Southeast Asia, Australia, New Zealand, the United States, Canada, and Europe.

Several years ago, at the peak of heroin consumption in this country, Southeast Asian heroin accounted for a significant market share in the United States. However, this share declined in the wake of enforcement initiatives and two consecutive drought-diminished opium poppy harvests in the 1978-1979 and 1979-1980 crop years. Normal weather patterns and adequate rainfall returned to the Golden Triangle in 1980-1981 to support the increased opium poppy planting, a

consequence of the farmer's response to the unusually high prices which resulted from the drought-induced opium shortage. Favorable weather conditions also increased the yield per acre.

Intelligence reports indicate that the 1981-82 harvest produced approximately 600 tons of raw opium, as contrasted to a normal pre-drought harvest of about 425-450 tons. By way of comparison, during the droughts, the harvests were 250 tons maximum. Barring any unforeseen circumstances, it is anticipated that the 1982-83 crop will yield a harvest at least equal to that of 1981-82.

Well over half of this production from the Golden Triangle will be consumed in the region or will be stockpiled for later sale because the current glut has depressed the market and, as a consequence, the price for raw opium has plunged. As with any other commodity, the opium growers are holding some of their supplies until the price rises again.

As was expected, the increased production of heroin from the 1981-82 bumper crop has entered the international traffic and has again begun to compete with Southwest Asian heroin for the European and North American markets.

Cultivation Centers

Most of the opium production in the Golden Triangle occurs in the Shan and southern Kachin states in Burma. The 1981-82 harvest may have produced approximately 500 tons of raw opium. A significant portion of the area under cultivation is controlled by the Burmese Communist Party, an insurgent group which utilizes the sale of opium, morphine, and heroin base to trafficking organizations to finance their activities directed against the central Burmese government. As I will explain shortly, this situation has a tremendous bearing on any source control policy options.

The balance of the opium cultivation is in the mountainous areas of Thailand, to a lesser degree along the Thai/Lao border, and in the regions of central and western Laos. The quantity of opium expected from the current crop in these regions is estimated to be approximately 100 tons. It is also noteworthy that the opium production in good crop years has been as much as 70 tons in Thailand.

Transporting Raw Opium to Laboratories

Individuals and caravans transport the opium, morphine, and heroin base over difficult terrain to rudimentary, clandestine conversion laboratories hidden along about 100 miles of the

Burma/Thai border. This area is mountainous, covered by jungles and is virtually inaccessible from Burma. There have been as many as 15 active laboratories in this area, however, enforcement actions have temporarily disrupted laboratory activity and there are considerably fewer active labs at the present time.

The distributing of opium and the refining of heroin along the Burma/Thai border is largely under control of the Shan United Army (SUA), an insurgent, separatist organization. The SUA, which is the primary opiate customer of the Burmese Communist Party, is thought to be comprised of 3,500 - 5,500 soldiers, and is led by a Shan-born Chinese, Chang Chi Fu.

The Thai government has intensified its enforcement efforts against drug trafficking at the border. This has resulted in increased movement of raw opium and partially refined heroin is now shipped overland to southern Burmese ports or to ports on the gulf of Thailand and from there inland to southern Thai and northern Malay laboratory sites. At these locations, the opium and morphine are processed into heroin and heroin base and then shipped onward to international markets.

Conversion into Heroin

Even when there was a reduced availability of opium from Southeast Asia, heroin production in Hong Kong persisted. Sharply increased seizures in 1981 and early 1982 reflect

an increase in activity following the harvest of the bumper crops. As a result, the Crown Colony remains a significant heroin processing and transshipment point.

The laboratories that have been seized in Hong Kong convert heroin base into heroin No. 3 or No. 4. This is a relatively fast, odorless and simple process that does not require acetic anhydride, a precursor chemical which is extremely difficult to obtain in Hong Kong. Further, there is information developed from investigations which has implicated "old name" heroin traffickers, once thought to be eliminated, in the international trafficking of South Asian heroin from Hong Kong to European cities.

There is also some information which suggests that there is some heroin refining activity in Laos. Although unsubstantiated, it has been suggested that the Laotian government may be encouraging heroin production in order to bolster their foreign exchange.

Trafficking Patterns

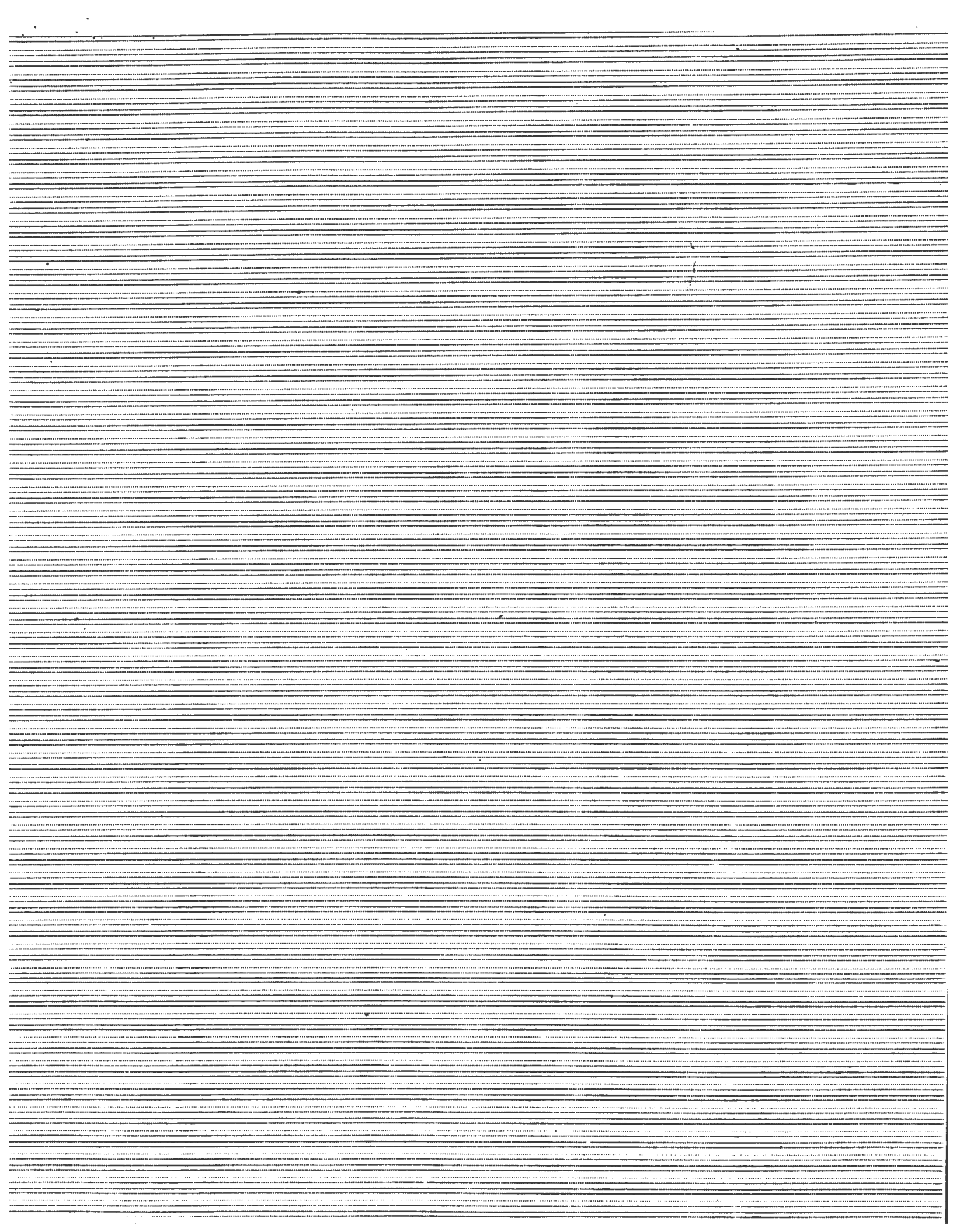
In general, Southeast Asian heroin trafficking activity has been accelerating since late 1980. This phenomenon has been most evident in Thailand, where arrangements for narcotics

purchases, sales and the movement of opiates, and enforcement counteractions have increased. Several major Sino-Thai trafficking syndicates have been aggressively working on the development of heroin smuggling systems from the Far East to the United States, utilizing established routes as well as new ones. Other organizations have established themselves by investing in legitimate businesses and property in the United States. Chinese traffickers have also resumed their activities in the Netherlands and Europe - within the past two months, two laboratories for conversion of Southeast Asian heroin base to heroin have been seized in the Netherlands.

Trafficking Patterns Within the U. S.

The usual point of entry for Southeast Asian heroin in the United States is the West Coast, where heroin is shipped directly from Thailand by commercial air couriers, air freight, international mail, and merchant vessels. Heroin also reaches the United States through Hong Kong, Canada and Europe.

The most frequently used commercial air smuggling route into the West Coast is from Bangkok through the airports of Honolulu, San Francisco, or Los Angeles. Another route often



Mexican and Mexican/American criminal elements who have been recruited as couriers and street-level pushers.

DEA is monitoring other routes. Thai nationals, including a Thai diplomat who has been convicted of operating a smuggling ring, have been arrested on charges of smuggling heroin to Chicago in diplomatic pouches used for confidential communications. If patterns such as these continue, greater quantities of heroin from the Golden Triangle will be available on American streets in 1983.

Availability of Southeast Asian Heroin on the West Coast
and Other U. S. Locations

Southeast Asian Heroin is the second most frequently encountered heroin type in California. It now accounts for thirty percent of the heroin consumed during the first half of 1982 in this area. This is in contrast to a few years ago when heroin from Southeast Asia represented 15 percent of the West Coast market in 1979 and fell to 9 percent in 1980.

Most heroin found in West Coast cities continues to be of Mexican origin; however, Southeast Asian heroin is now appearing in areas that traditionally have been dominated by Mexican heroin. In addition, Southeast Asian heroin is the dominant type in Hawaii and Guam, almost to the exclusion of

all others because of the proximity of these two areas to source countries and their large Oriental populations.

Significant seizures of Southeast Asian heroin have also been made at San Francisco International Airport despite the fact that it remains the third most available form found in the Bay area. Since Southeast Asian heroin is not often found in areas outside the city limits, this suggests that San Francisco is a transshipment point for other destinations.

Although there has been a slight increase of Southeast Asian heroin in the Northeastern United States (predominately New York City and Washington, D. C.) its availability remains relatively low compared to the availability of Southwest Asian heroin.

Southeast Asian Marihuana

Southeast Asian marihuana has not been a significant factor in the supply of marihuana to the United States market since most of it is consumed in-country. Recent indications, however, suggest this situation may be changing.

Most of Thailand's commercial marihuana crop is grown in remote parts of several northeastern provinces along the Mekong River adjacent to Laos. Marihuana slated for international markets is usually moved by truck to Bangkok or points along

the Gulf of Thailand for onward transshipment. The primary international markets are Australia, New Zealand and the United States.

Although there is no available estimate for marihuana produced in Thailand, a substantial harvest is expected this winter, apparently in response to a growing international demand. During the past year, seizures of Thai marihuana and hashish oil destined for the United States have increased substantially. In addition, marihuana packaging and hashish oil laboratories with quantities of marihuana and hashish oil destined for the United States have been seized, and known Bangkok opiate traffickers are transporting marihuana from the growing areas to vessels in the Gulf of Thailand.

These indications suggest that Thailand, and perhaps other Southeast Asian nations, have become source countries for marihuana marketed in the United States.

Methaqualone from the People's Republic of China

For the past several years, North America has been flooded with methaqualone tablets which were smuggled in from foreign sources. The bulk methaqualone powder used to manufacture these tablets was primarily the legitimate pharmaceutical manufacturers of Europe. Once in international commerce,

the methaqualone powder was diverted into illicit channels and transported to South America where counterfeit tableting operations had been established. During 1981, the producing countries in Europe cooperated in an international effort to limit the availability of methaqualone by imposing stringent export controls and voluntarily reducing its production.

Shortly thereafter we discovered that methaqualone produced in the People's Republic of China (PRC) was replacing the European methaqualone which was becoming more and more scarce in the illicit market. On October 18, 1982, after lengthy diplomatic efforts, a PRC official stated that effective measures to tighten export controls of methaqualone had just been adopted. The PRC has also stated that they intend to strengthen their cooperation with the United Nations International Narcotics Control Board concerning the problem of diversion of legally produced drugs into the international illicit market. This action by the People's Republic of China is the most significant step in reducing the availability of methaqualone at its source since the voluntary actions of the European manufacturing nations.

With the cooperation of the Chinese officials, we may have effectively eliminated the source of bulk methaqualone powder which has been making its way into the United States illicit market. Although we will continue to scrutinize the international trade of legally-produced drugs for any instances

of diversion, we are optimistic that as cooperation between pharmaceutical manufacturing nations continues to grow, there will be fewer instances of drugs legitimately produced for medical use winding up in the illicit traffic.

Narcotic Enforcement and Control Initiatives

Despite an increased level of the commitment and effort, enforcement initiatives conducted by Southeast Asian governments, have been, for the most part, much less than is needed to curtail or affect opium growing or narcotics production and trafficking in or from the Golden Triangle. The world community must continue to address this problem using every approach known. There must be realistic supply reduction programs, diligent enforcement operations, ample resources, and above all, international cooperation.

Our primary goal is to reduce the quantity of opium and its derivatives produced in, and smuggled through, the Southeast Asian countries. Obviously, the endeavors directed toward controlling both production of the raw material and diversion of precursor chemicals will yield the greatest results as a long term solution to an serious problem.

For at least two centuries, opium has been the major cash crop for the hilltribe farmers in the Shan and Kachin states of Burma. Any actions on the part of the Burmese government must take into account the traditions and livelihoods of these people, and their fierce determination to preserve their heritage and way of life.

In recent years, despite limited manpower and financial resources, the Government of Burma has accelerated both its enforcement program and its research programs on substitute crops. Both of these directions are closely allied to their anti-insurgency program. The reality is, however, that Burma does not have sufficient resources to sustain actions against the Burmese Community Party (BCP) and the well-financed, entrenched Shan United Army.

The Burmese government has a limited opium destruction program in the Shan state. Poppy crop destruction is conducted manually by both the Burmese Army and by police units. The Burmese have not yet decided to eradicate the poppies with an aerial campaign. Nonetheless, the government has maintained their commitment to this program and in the 1981-82 season destroyed over 10,500 acres which could have yielded roughly 30 tons of opium. This crop destruction program will be continued during the 1982-83 growing season.

Over the past several years, the Burmese Government has launched a series of offensives against the movement of opium by well-guarded animal and human caravans on the jungle trails to the processing site. These series of raids strike at the caravans blocking their traditional routes, destroying refinery

sites and seizing large amounts of narcotics, chemical supplies and precursors, and arms and ammunition.

Again the environment protects most of the refineries. The border areas are remote, with a jungle terrain and no access roads. The operators are equipped to move the facilities back and forth across the border into another jurisdiction as the need arises. There is neither government control nor presence in these areas.

The Government of Burma adheres to a policy of genuine political nonalignment and, as a result, has had limited involvement with international organizations. It has only been since the late-1970's that the Burmese Government has been willing to cooperate in an international narcotics control program. To their credit, they have accepted assistance from the United Nations Fund for Drug Abuse Control (UNFDAC), and are pursuing a comprehensive drug control program which addresses law enforcement, agricultural development, education, health, and social welfare.

The Thai Government is also committed to drug control, and has made efforts both in the area of crop control and enforcement initiatives. The Thais are now facing a burgeoning drug abuse

situation within their country coupled with a wave of retaliatory violence by the SUA which is also threatening the country. As in Burma, the realities of tradition, culture and geography greatly affect action proposals and their outcomes.

The Thais are legitimately concerned with balancing their commitment to support the people of their nation and to support international narcotic control efforts. Opium poppy cultivation is a traditional source of income for the hilltribe farmers of Thailand. Any program to eliminate and/or destroy such cultivation must provide a viable alternative for these people, who number between 300,000 and 400,000.

The Thais attempted to initiate a system for opium-free zones in the northern part of the country during 1979-80 growing season; however, the difficulties associated with implementing such a program in conjunction with the drought resulted in negligible crop destruction. A similar opium destruction program was planned for the most recent harvest, but again, it never reached fruition.

Although the Thai Government has made some effort to destroy illicit crops, enforcement action to back-up this program generally has not been forthcoming because, as Thai officials have often explained, the substitute crops are not a

viable economic alternative for their people.

Thailand is the key to the traffic in Southeast Asian heroin because it is an accessible source country and a primary processing and trafficking point. The volume of drug trafficking emanating from Thailand remains high.

Additionally, there are an increasing number of foreign purchasers travelling directly to Thailand, bypassing the traditional courier/trafficking networks. Thus it is imperative that an aggressive enforcement program be maintained in Thailand.

An important diplomatic situation that ultimately will have to be resolved concerns enforcement actions at the Thai/Burma border. Historically, the Thai and Burmese have not worked well together. Until recently, much of this animosity had been focused on the activities of Chang Chi Fu, who, from the Burmese perspective, had been untouched by the Thais because his Shan United Army acted as a Communist buffer in Thailand. In the past, Burmese officials have expressed concern that the Thai tolerance of Chang Chi Fu's activities compromised and detracted from the effectiveness of law enforcement efforts. Recently, however, Thai and Burmese law enforcement and high level officials have met with each other and spoken of their

willingness to cooperate and of their hopes that cooperation and relations between the two countries will improve. Although their relations appear to be improving, they have not reached the point of developing a coordinated operation which could deliver a substantial blow to the narcotic trafficking groups along the Thai/Burmese border.

The Thai Government has been embarking on enforcement operations directed against the narcotic trafficking groups operating in Northern Thailand, the area most involved in conversion of raw opium to morphine base and heroin. In the past several years, major offensives have destroyed refineries, narcotics stockpiles, and equipment. Several major precursor chemical and heroin smuggling organizations have been disbanded, although there are many others still operating.

More recently, the Thai Government has taken dramatic action against the Shan United Army (SUA) and its leader, Chang Chi Fu who is, without a doubt, the most powerful figure in the production and trafficking of heroin from this area. His armed SUA has controlled and protected at least 70 percent of the refineries in Burma and supplied heroin to ethnic Chinese trafficking organizations in Thailand. These organizations have distribution connections to their countrymen throughout

the world. In January, 1982, the Border Patrol Police and Royal Thai Air Force raided the SUA stronghold of Ban Hin Tek and drove Chang Chi Fu and the SUA from the area. Since this raid, two other major operations have been launched against Chang Chi Fu and the Thais (with DEA intelligence support) appear to be maintaining legitimate and effective pressure against the SUA. Despite this effort and positive impact it has had in disrupting refinement labs in Northern Thailand, the SUA is now seeking new and safer areas of operation. Although heroin production and refinement has slowed, the SUA obviously has no intention of abandoning their endeavors.

DEA's International Program

The goal of our international program is to reduce the drugs available in this country by controlling and reducing production of illicit substances at their foreign source. The principle thrust of this approach is to both motivate and assist foreign source, transit, and victim countries in the development of drug law enforcement and ancillary programs to reduce the supply of drugs cultivated, processed and trafficked for consumption in the United States. Our intent is to disrupt the flow of drugs as close to the foreign sources as possible, with the general aim of disrupting the flow of drugs.

The Drug Enforcement Administration is the United States' drug enforcement representative overseas. Internationally, DEA's

primary objective is to work in concert with foreign counterparts to instill within them the expertise needed to utilize their own resources to the maximum extent to suppress illicit drug production and trafficking.

An important element of the DEA international program is the regular collection and production of operational intelligence and strategic foreign drug-related intelligence so that limited enforcement resources can be used effectively. This information also enables us to recognize and forecast future drug producing and trafficking.

There are 69 DEA personnel stationed in Far East countries, 43 of whom are Special Agents. DEA foreign activities rely on authorized investigative, intelligence and training assistance in those foreign areas thought to be most critical to the reduction of drugs destined for the United States.

Efforts in this area include:

Development of sources of information knowledgeable of illicit cultivation, production and transportation activities.

Undercover penetration of trafficking organizations in support of host country operations.

Surveillance assistance and development of evidence against major traffickers or drugs destined for the United States.

- Provision to host countries of information for effective enforcement programs.
- Participation with foreign officers in pursuing investigative leads.
- Coordination of matters regarding extraditions, expulsions, joint prosecutions, and requests for judicial assistance.
- Acquisition and transmittal to the United States of drug samples supplied by Foreign Government officers for laboratory analyses to determine the origin of drugs destined for the United States.

Additionally, DEA maintains an active liaison program, which includes visits, briefings, exchanges and contacts with foreign law enforcement officials, to encourage cooperation and development of host country drug enforcement capability and commitment. DEA conducts a variety of international training programs, funded by the State Department, to ensure that our foreign counterparts have sufficient knowledge and expertise to conduct effective drug control programs.

Drug Related Financial Investigations

In another regard, cooperative enforcement efforts among several Southeast Asian nations have led to unprecedented ventures to attack the profits of heroin traffickers.

The Hong Kong Government has emerged as a substantial force among Southeast Asian governments in the effort to immobilize traffickers through financial investigations. Hong Kong is a

free currency market, which means that any amount of cash or gold can be brought into or taken from Hong Kong without restriction. This environment is well suited to international drug trafficking organizations. Bank security regulations also aid individuals who wish to disguise their fortunes. Hong Kong also serves as the center of the so-called "Chinese underground banking system", whereby money is transferred between countries by using gold shops and money lenders as conduits. This system is virtually as safe for the traffickers as a bank transfer, and it leaves no paper trail.

DEA has been in the forefront of drug-related financial investigations and has been actively encouraging countries to monitor the flow of illicit funds within their jurisdiction and to consider the enactment of new, or the enforcement of existing, legislation calling for the seizure of narcotics-derived assets. As a result of a seminar sponsored by the Hong Kong Narcotics Bureau in the fall of 1980, law enforcement officials from Malaysia, Singapore, Thailand, Canada, the Netherlands and the United States agreed to exchange intelligence on narcotics-related transactions and to mount cooperative enforcement operations against drug traffickers. They also set up an ad hoc working group to investigate Southeast Asian trafficking organizations.

Analyses of successful investigations conducted thereafter

enabled authorities to identify specific organizations specializing in moving illicit profits and proceeds and to determine the destination of their monies. Authorities in Hong Kong, Singapore, and Malaysia have been able to document the movement of extremely large sums of money to Thailand.

These investigations were also instrumental in prompting the Malaysian Government to propose the enactment of a law to seize illegally obtained assets. Further, that Government has recently imposed a requirement on all banks to identify all individuals transferring funds throughout Malaysian banks. In Hong Kong, law enforcement authorities are seeking legislation that would allow the courts to "strip traffickers of their massive profits gained from peddling drugs." Hong Kong law already provides for the imposition of stiff fines--up to \$1 million upon conviction. Unfortunately, although Thailand has laws controlling currency, there is little or no enforcement of these provisions. The Thai government, however, has recently indicated interest in developing legislation that would enable their law enforcement agencies to seize assets derived from narcotics trafficking.

In conclusion, it is readily apparent that the drug enforcement task in Southeast Asia is enormous and complex. It is a problem that cannot be solved by us alone; the support of

foreign governments and all branches of our own government is necessary. It is important that we communicate the this to foreign governments, to drug traffickers, and to the American people. Our message is that we intend to aggressively combat the drug problem.

Recently I accompanied the Attorney General on a narcotic fact-finding mission through source countries of Southeast and Southwest Asia and Italy. I am aware of the congressional delegation you recently led on a similar mission to countries in the Far and Middle East and Italy. I believe very constructive and positive results were achieved by both efforts.

I also appreciate your support on legislative matters that are of significance to narcotics law enforcement in areas such as bail reform, posse comitatus and in particular, amendments to the asset forfeiture provision of existing law.

I am optimistic that with your support significant inroads are being made and will continue in the years ahead. Thank you for this opportunity to discuss our activities and for your assistance and support.