

INTERNATIONAL NARCOTICS TRAFFICKING

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HEARINGS
BEFORE THE
PERMANENT
SUBCOMMITTEE ON INVESTIGATIONS
OF THE
COMMITTEE ON
GOVERNMENTAL AFFAIRS
UNITED STATES SENATE
NINETY-SEVENTH CONGRESS
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INTERNATIONAL NARCOTICS TRAFFICKING

TUESDAY, NOVEMBER 10, 1981

U.S. SENATE,
PERMANENT SUBCOMMITTEE ON INVESTIGATIONS
OF THE COMMITTEE ON GOVERNMENTAL AFFAIRS,
Washington, D.C.

The subcommittee met at 9:30 a.m., pursuant to call, in room 3302, Dirksen Senate Office Building, under authority of Senate Resolution 361, dated March 5, 1980, Hon. William V. Roth, Jr. (chairman) presiding.

Members of the subcommittee present: William V. Roth, Jr., Republican, Delaware; William S. Cohen, Republican, Maine; Warren B. Rudman, Republican, New Hampshire; Lawton Chiles, Democrat, Florida; Sam Nunn, Democrat, Georgia; and Jim Sasser, Democrat, Tennessee.

Members of the professional staff present: S. Cass Weiland, chief counsel; Michael Eberhardt, deputy chief counsel; Marty Steinberg, chief counsel to the minority; and Katherine Bidden, chief clerk.

[Senator present at commencement of hearing: Senator Roth.]

Senator ROTH. The subcommittee will be in order.

[The letter of authority follows:]

U.S. SENATE,
COMMITTEE ON GOVERNMENTAL AFFAIRS,
SENATE PERMANENT SUBCOMMITTEE ON INVESTIGATIONS,
Washington, D.C.

Pursuant to Rule 5 of the Rules of Procedure of the Senate Permanent Subcommittee on Investigations of the Committee on Governmental Affairs, permission is hereby granted for the Chairman, or any member of the Subcommittee as designated by the Chairman, to conduct open and/or executive hearings without a quorum of two members for the administration of oaths and taking testimony in connection with hearings on International Narcotics Trafficking on Tuesday, November 10; Thursday, November 12; Friday, November 13; Tuesday, November 17; and Wednesday, November 18, 1981.

WILLIAM V. ROTH, Jr.,
Chairman.

SAM NUNN,
Ranking Minority Member.

Senator ROTH. Today the Permanent Subcommittee on Investigations opens several days of comprehensive hearings on international narcotics trafficking and our Nation's war on drugs. Frankly, it is a war that I fear we are losing.

The enemy we face, the enemy that our law enforcement people and many American families contend with every day, is organized, sophisticated, well financed, well equipped, and becoming bolder every day.

I would just point out that this is estimated to be an illegal \$80 billion business.

[At this point Senator Rudman entered the hearing room.]

Senator ROTH. There are estimates of as many as 30 million users of marihuana, something like 15 million users of cocaine, 2 million of heroin. The problem is with us every day and is increasingly clear. We have an incredible case referred to in the Washington Post today where it is pointed out that 500 pounds of cocaine with an estimated street value of \$125 million was seized in seven duffel bags aboard a twin-engine Piper Cheyenne plane that landed in the driveway of a private home in Mossy Head, Fla.

Well, this subcommittee, of course, has a long record of being concerned and involved in these inquiries. I shall not read into the record a total review, but it will be incorporated as if read.

[The record referred to follows:]

Our current investigation of this problem began under the chairmanship of Senator Nunn last year and has been pursued by both staffs for the last several months. It is consistent with the subcommittee's long record of such inquiries.

Narcotics trafficking and its impact on American life has been a subject of particular interest to this subcommittee for almost two decades. In 1963, as a result partially of the testimony of Mafia figure Joseph Valachi the year before, the subcommittee conducted a wide-ranging investigation of international trafficking in narcotics. It traced the path of heroin from the poppy growing areas of the Middle East through clandestine laboratories in the Mediterranean area to thousands of addicts in this country.

One result of that inquiry and others was the enactment of the Narcotics Rehabilitation Act of 1966.

From time to time since the 1960s, the subcommittee has examined the narcotics problems from various viewpoints. Its most recent previous inquiries took place in 1978 and 1979, when, under Senator Nunn's leadership, the subcommittee investigated organized crime in South Florida and narcotics profits.

Then, much of the crime in South Florida was narcotics-related. So is it today. In fact, drug smuggling has been described as the fastest growing industry in that State.

But this is an industry with world-wide connections that spreads its poison everywhere and, like any uncontrolled disease, infects many areas of American life.

The narcotics industry strains every law enforcement resource we have—from the headquarters of federal enforcement agencies in Washington to sheriff's offices across the country.

Chairman ROTH. The most recent previous inquiry took place in 1978 and 1979 when, under Senator Nunn's leadership, the subcommittee investigated organized crime in south Florida and narcotics profits. Then much of the crime in south Florida was narcotics related. Well, so is it today. In fact, drug smuggling has been described as the fastest growing industry in that State. It is not limited to that area. This is an industry with worldwide connections that spreads its poison everywhere and, like any uncontrolled disease, it infects many areas of American life. The narcotic illegal industry strains every law enforcement resource we have from the headquarters of Federal enforcement agencies in Washington to sheriffs' offices across the country.

It is an industry wealthy enough to buy huge blocks of land for airstrips, warehouses, sophisticated aircraft, some of the fastest boats afloat. It is so lucrative that traffickers can afford to sink vessels to avoid capture, to permit the seizure of cargoes of drugs, and to abandon planes and vehicles once they have been used a single time.

It is an industry whose couriers are so brazen that they take tens of thousands of dollars at a time to the bank in a paper sack for deposit. Drug money couriers fly out of the country with suitcases stuffed with

large amounts of cash. That money is laundered offshore, then brought back through intricate schemes to be reinvested in more illegal drugs or in legitimate businesses creating unfair competition to honest business people and, frankly, creating economic havoc.

Narcotics is an industry that unfortunately feeds on a growing American acceptance of drugs, not just by the street addict, but by high levels of our society.

Ten years ago we faced a heroin epidemic in this country. Then marihuana began to become more widely accepted and remains so today. But tastes are changing. Only 3 weeks ago, a front page headline in the Washington Post proclaimed that cocaine, once the drug choice of the wealthy, is now the drug of choice of most drug-using Americans.

Just as our subcommittee investigators traced the movement of heroin from the Middle East to the United States in the sixties, our investigators have tracked the path of cocaine and other drugs from South America and Asia to this country. They will give their reports during these hearings.

We will hear from convicted narcotic traffickers who are willing to explain how they carried on their massive operations, how they were able for so long to elude the enforcement net, and how they weigh the relative effectiveness of U.S. law enforcement agencies.

The war on drugs must be fought at many levels. It is a war to be fought not just by DEA or Customs or the Coast Guard or just in the courts. It requires both the mobilization of public opinion and the firm resolve of top Government officials at every level that we can and we must move forward.

One of the most important parts of this problem, I think, is public education, the problems of educating our young, the parents, and the public at large of the dangers of drugs. The acceptability is a national disgrace.

I would also say that an important problem is, What should be the role of the military in detecting and interdicting planes and ships carrying illegal drugs? Personally, I think we probably should send an AWAC to south Florida before we send one to Saudi Arabia because it is unbelievable that time and again, planes, big planes, DC-7's, are able to cross into the borders of this country undetected or not interdicted.

As I say, it is a national disgrace and a matter of grave concern because, very frankly, if these illegal drug traffickers can do it, why can't some terrorist with a bomb-laden plane do the same thing?

So one of the questions we will be interested in is, What should be the role of the military in this area?

A major objective of these hearings is to have those who can speak with authority tell us what the administration is doing today in the war on drugs and what it plans to do in the future.

[At this point, Senator Sasser entered the hearing room.]

Chairman ROTH. We hope to learn what tools are lacking and must be designed if we are to turn this tide. This subcommittee under the leadership of Senator Nunn has been trying to provide a change in the law that will permit better cooperation or permit just cooperation between the IRS and our law enforcement officials.

We hope to learn how our diplomats intend to cope with the dilemma posed by countries that say we must wipe out our own marihuana crops if we expect them to eradicate their marihuana and cocaine fields.

We also would be interested in learning from the diplomats what they can do about this offshore banking that provides a means to launder the illicit profits made by the organizations involved in the trafficking of drugs. So we hope to learn what strategy the administration may have for overcoming the widening demand for illicit drugs in this country.

This concludes my remarks. I would like to call upon Senator Rudman for any remarks he may care to make.

Senator RUDMAN. Thank you, Mr. Chairman.

I don't have any opening remarks.

Chairman ROTH. Thank you.

Senator Sasser?

Senator SASSER. Thank you, Mr. Chairman.

I want first, Mr. Chairman, to commend both you and Senator Nunn for conducting these very timely and, I think, very important hearings. And I might say, Mr. Chairman, I find ironic that while our economy is heading into a deep recession and while more than 8 million people are out of work, we have a booming business and a booming economy in illegal drugs. We have drug runners earning \$100,000 a year. We have criminals hiding up to \$1 million cash in their homes until organized crime can find a way to bankroll their illicit profits and we have organized crime supplying bribe money on a routine basis to foreign governments in order to arrange for contrived jailbreaks for drug runners.

Now, it seems that is really reminiscent of Mission Impossible or an old James Bond movie. We find organized crime has fleets of airplanes and boats to bring vast amounts of illegal drugs into this country. And once here, they arrange for the landing of drugs on remote airstrips with drugs then transported to phony warehouses by convoys of vans, trucks, and chase cars. But why does all this occur?

One of the basic reasons is the enormous profit that can be made in illegal drugs. In Tampa, we find that one organized crime operation regularly bought Colombia marihuana at \$60 per pound and then sold it for \$300 per pound on the wholesale market for a wholesale profit to the company of some \$48 million.

Another reason for the successful drug trade is that unfortunately, our Government, except for a few selective cases, does not have the resources to control the drug trade. Our witnesses today will indicate that it was always a relatively easy matter to bring drugs into this country. They were rarely intercepted by Customs agents and they had little trouble disposing of their currency in normal banking circles. And this is probably the most troubling aspect of today's hearing, is our inability or unwillingness to stem this lucrative and vicious drug trade.

Now, Mr. Chairman, there does appear to be a ray of hope. Mr. English's testimony about the Operation Gateway activities of the Justice Department show that something can be done with the proper tools to discourage this drug trade. If we use the Internal Revenue

Service in analyzing the tax returns of drug traffickers, we will put them behind bars. If we use appropriate conspiracy statutes, we can seize the assets of drug runners and organized crime figures that make their living off illicit drugs. If we make proper use of dangerous drug offender statutes, we can increase the prison sentences for these criminals.

Mr. Chairman, the war on drugs is never ending. The battle goes on day in and day out. It is a battle that we can ultimately lose unless we demonstrate a clear-cut resolve to use all the tools at our disposal to end this booming drug trade. And end it we must, because the drug trade and the drug trafficking is injecting a poison into our system, I think, which is exceedingly dangerous.

So I welcome these hearings and welcome the efforts of you, Mr. Chairman, and Senator Nunn so that this subcommittee can advance the appropriate legislation that I hope will help us lick this illicit drug traffic.

Thank you, Mr. Chairman.

Chairman ROTH. Thank you, Senator Sasser, for your statement. As our first witness this morning, I call forward Greg English of the Department of Justice and Len Tracy, a special agent with the IRS. They will discuss a recent case in which they were involved.

Gentlemen, in accordance with the rules of this subcommittee, you must testify under oath.

So will you please raise your right hand.

Do you swear that the testimony you give before this subcommittee will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. ENGLISH. I do.

Mr. TRACY. I do.

TESTIMONY OF GREG ENGLISH, TRIAL ATTORNEY, NARCOTICS DIVISION, U.S. DEPARTMENT OF JUSTICE, AND LEN TRACY, SPECIAL AGENT, IRS CRIMINAL INVESTIGATIONS DIVISION

Chairman ROTH. Thank you. Please be seated, gentleman.

Mr. ENGLISH. Thank you, sir.

My name is Greg English. I am a trial attorney with the Narcotic and Dangerous Drug Section of the Criminal Division of the U.S. Department of Justice. Approximately 2 years ago, I was sent by the Justice Department to the southern district of Illinois to the Office of the U.S. attorney in East St. Louis to help that office with the prosecution of cases arising out of what was called Operation Gateway. Operation Gateway was essentially a multiagency strike force aimed at attacking a drug trafficking organization which became known as The Company.

The members of the organization were convicted through the efforts of the Drug Enforcement Administration, the Internal Revenue Service—in what was a very unusual usage of Internal Revenue Service—with assistance as needed from Customs, the FBI, and from a great number of local and State law enforcement agencies.

I might add that one of the reasons I attribute to the success of this operation was the unprecedented cooperation of all of these agencies

who were not concerned about publicity or their own self interest but selflessly devoted their time and efforts to a common goal of putting criminals in jail.

As a result of this investigation, we identified approximately 200 people who were affiliated to one degree or another with The Company. Approximately 70 of these people were targeted for prosecution. The remainder, for the most part were prosecuted by various States. Today 33 individuals have been convicted by Federal authorities in this investigation. A number of others have been prosecuted and convicted in State and local courts.

One corporation was also convicted of racketeering. Another 40 people, approximately, are currently under investigation. The 11 top members of this organization were named in a single indictment. They were charged with, among other things, operating a continuing criminal enterprise which is a racketeering statute aimed at the top managers of narcotics organizations. Of this 11, 8 have been convicted, and 3 currently are fugitives.

Operation Gateway caused the forfeiture of trafficker assets valued in excess of \$3 million. I might add parenthetically, to my knowledge, this is one of the few times in American history that an operation of this sort appeared to net a profit. These assets included a \$30,000 interest in a commercial restaurant which was the result of narcotics proceeds being invested, the forfeiture of two private airports which were used for drug smuggling, a Florida condominium which again was the investment of proceeds, several farms used as stash pads, numerous vehicles which were used in furtherance of the operation and, an airplane.

[At this point, Senator Nunn entered the hearing room.]

Mr. ENGLISH. We had fines imposed of a total value of \$106,000. The anticipated potential IRS tax liability is in excess of several million dollars. That is continuing under investigation.

The lead defendant in this enterprise, Marvin J. Zylstra, admitted to undercover agents having murdered two people by sabotaging their plane. One of those victims was an informant, another an innocent party. He was incarcerated for a term of 210 years. Another defendant received a term of 84 years.

The DEA case agent, Ed Irvin of the St. Louis District Office, received the Attorney General's Award for excellence in law enforcement for his direction of this investigation. Other people involved in the project received other awards.

In this case, we employed several relatively novel legal tools to immobilize this massive narcotics conspiracy. The case was originally developed by the Drug Enforcement Administration using its traditional methods. For example, when lower level people, who we call the "mules" in the trade, were caught with quantities of drugs, they were "flipped," which is a vernacular term for gaining their cooperation through imposing a lenient sentence upon them. Their testimony was used to identify the people who are higher up in their chain of command. It was necessary to corroborate the testimony of these people because ordinarily by the time they come to testify at the trial, they are convicted felons themselves and as such are subject to impeachment by the defense counsel for the higher trafficker.

In this case, we were fortunately able through a series of bureaucratic proceedings to get the Internal Revenue Service involved as an agent of the grand jury and as a member of our strike force, our mobile task force as it was called. IRS would do analysis of the net worth of many suspected traffickers and we would find, for example, that someone who declared an income of, say, \$10,000 for the year, had actually spent \$300,000 in that proceeding year. Thus, we were able to charge them with a tax count, but more significantly, this unexplained wealth was the basis for the jury to believe the assertions of the convicted felon.

In essence, the financial information corroborated our other witnesses so that evidence frequently would lead to the conviction of these people on the narcotics count.

Thus, by having a two-pronged attack upon these traffickers, and using our full Federal facilities, we were able to help eradicate this organization.

The financial information proved to be useful in many other ways. We were able to use the RICO conspiracy and continuing criminal enterprise statutes to seek the forfeiture of assets, many of which had been identified by the Internal Revenue Service. We were able to obtain restraining orders from the court after the indictment was returned but before trial to prevent the assets of the traffickers from being dissipated. We also included a sentence in the requested restraining order which said that the assets could not be used for paying legal fees or for the posting of bond. Thus, we were able to preserve the assets and eventually to have them forfeited.

With the financial information we had, we were able to persuade the trial judge to impose what we believed to be realistic bonds, which in this case ranged from \$1 to \$5 million in cash. The reason for their being in cash and not the ordinary 10 percent down or property bond or recognizance bond that are used so frequently in these cases is because we filed *Nebbia* motions. That was based on a relatively obscure Federal case of *United States v. Nebbia* which holds essentially that in the case of certain drug traffickers, the posting of bond derived from narcotics transactions lacks the moral surety that the defendant will appear in court. This means that they must pay cash for their bond.

We were able to file the request for a *Nebbia* hearing with the judge which was granted and which meant essentially that if the traffickers came into court with \$5 million in cash, they would have to tell us where they got it. Since many of them were also charged with IRS violations, for obvious reasons they were reluctant to disclose this information. As a result, we were able to keep all of the traffickers, once apprehended, in jail, which is very unusual in narcotics cases, so they were there to meet justice.

As you know, this kind of discussion of what to do to reform the bail laws with regard to narcotics offenses has been under discussion in the Congress for some time.

Finally, we were able to use the financial information we had in conjunction with the other traditional drug-related information that DEA and the other agencies developed as a basis for filing special dangerous drug offender pleadings which would escalate the maximum penalty for a number of counts from 5 years to 25 years. This was useful in the event that any of the traffickers would have been acquitted on more major charges, for the judge would still have had the power to give a realistic sentence.

So I would say in conclusion that it was the cooperation of the Internal Revenue Service with DEA and the other Federal agencies and the other local and State agencies which resulted in what is believed to be the unparalleled success of that investigation.

In regard to the specifics of the investigation, I have with me Special Agent Len Tracy of the Internal Revenue Service who will be happy to answer any questions you might have about this investigation or how the traffickers involved were able to conceal their assets through a system of money laundering.

[At this point, Senator Rudman withdrew from the hearing room.]

Chairman ROTH. Thank you very much, Mr. English.

Let me congratulate you for your success in this endeavor.

As you know, one of the principal purposes of these hearings is to determine what additional tools people like yourself may need to be successful in future efforts to reduce drug trafficking. So one of my questions to you and to your colleague is what kind of legal or administrative problems did you run into in your investigation of The Company, what kind of problems did you run into in the prosecution? You spoke about and also wrote about the Nebbia motion—is that what you call it, Nebbia?

Mr. ENGLISH. Yes, sir.

Chairman ROTH. Motion, which I understand permits in limited areas for you to use cash bonds but it does not apply to all factual situations. I gather that one of the recommendations of the Justice Department is that the Federal bail legislation be reformed to require the use of cash bonds in other circumstances.

Mr. ENGLISH. Sir, I am not authorized to speak for the Department in that regard. There will be other witnesses later. But my personal view as the prosecutor in this case, is that one of the great reasons for the success we had was the ability to put the traffickers in jail and keep them there pending trial and not allowing them to escape, as happens all too frequently in narcotics cases.

Chairman ROTH. Now you also spoke about the cooperation between your department and other agencies, the IRS in particular. You say you were able to use much financial information that was helpful when you filed pleadings. What problems did you run into and what further changes in the law do you think are needed in this area?

Mr. ENGLISH. Well, sir, my personal view, based upon this experience, would be anything which could facilitate the prosecutor's getting the IRS involved in a case would be very helpful. In order to get the Internal Revenue Service involved in this case, we had to have them appointed agents of the grand jury to act in tandem with the other enforcement people, and that was a process that took a great deal of time. Approximately 6 months were spent in getting the requisite approvals from the IRS and from the Justice Department and going through the hurdles that are required.

We jokingly say in the trade that some of the financial privacy laws are dope dealers' relief legislation. Of course, that is a personal view of a prosecutor and I know that there were good reasons for those laws to be passed when they were. However, they make it very difficult to have the Internal Revenue Service agents be members of a team used to attack the assets of traffickers. Each of the Federal

enforcement agencies has its own specialized area of expertise, and the more of them we can get involved in a team concept, the better off we are. And as a prosecutor, I tend not to care what we convict the traffickers of, whether it's a Customs offense, a currency offense, or Internal Revenue offense, as long as we put them in jail.

I am particularly partial to convictions under the continuing criminal enterprise statute which, by definition is limited only to top managers who supervise five people, because the minimum sentence for that is 10 years without parole up to a possibility of life without parole, and essentially the sentence that the defendant hears when it is announced is the sentence he gets because there is no parole. To me, as a prosecutor, that is a sentence that means something. If I can't get that, I will take any conviction I can get using the expertise of the Federal agents involved.

The goal of all of us in this effort, agents and prosecutors alike, is that we just want to put the criminals in jail and we are happy to use whatever tools the Congress gave us to do that.

Chairman ROTH. The Chair intends to follow the 10-minute rule and the early bird rule as to order of questioning. I am not sure how much time I have used yet. Let me raise one more question before I complete this round.

Do you have any difficulties obtaining forfeitures under the so-called RICO statutes?

Mr. ENGLISH. Yes, sir. There are several very real problems. One is the difference in forfeiture provisions between that and the continuing criminal enterprise statute. Under the RICO statute we are only entitled to take the instrumentalities of crime; for example, in this case, the airports and airplanes used to smuggle drugs. But we weren't able to take drug proceeds or the profits from the trade that had been taken and invested in legal businesses.

We can use the continuing criminal enterprise statute for that, but the scope of that statute is very limited. Typically there are very few people in a criminal organization who will qualify for treatment under CCE. They have to supervise five people, derive substantial income from their trade, and have to consummate three separate drug transactions. Whereas with RICO, an important specialist who made a lot of money working for The Company but only supervised four people would not qualify to have his assets derived from the trade forfeited.

In order to prevent assets being liquidated in this case prior to indictment, we had to initiate a civil proceeding under 21 U.S.C. 881, the so-called civil forfeiture section. It would be very useful, once again, from a prosecutor's point of view, from a personal point of view, if there was some way that upon a showing of probable cause, we could have assets frozen prior to indictment which might take a month or two longer.

Chairman ROTH. I gather from your testimony and from what else we have heard, one of the principal purposes of those involved in drug trafficking is to launder the ill-gotten profits into legitimate business. So what you are saying is, that unless we modify these laws, it will be very difficult to secure forfeiture of legitimate businesses.

Mr. ENGLISH. Sir, specifically the assets that are derived solely from the drug sale—it is relatively easy to get assets that are used in furtherance of trade. A change to make RICO more like CCE would be very useful to us in getting all the assets.

Chairman ROTH. Senator Sasser.

Senator SASSER. Thank you, Mr. Chairman.

We are going to have three witnesses that are going to testify today, Mr. English, who were associated with The Company. Do you know whether or not they have testified since their convictions?

Mr. ENGLISH. Yes, sir, they testified at either or both the grand jury and the trial.

Senator SASSER. Do you have reason to believe that these three witnesses are credible witnesses?

Mr. ENGLISH. Yes, sir. To the extent our investigators were able, we investigated what they told us. Everything said has been corroborated. I have never known them to say anything that wasn't true.

Senator SASSER. Mr. Tracy, I believe you are from the Internal Revenue Service.

Mr. TRACY. Yes, Senator, that is correct.

Senator SASSER. I ask you if you agree with Mr. English's evaluation that these three witnesses are credible witnesses?

Mr. TRACY. Yes, sir, I do, definitely.

Senator SASSER. Now, Mr. Tracy, we have heard about the enormous amounts of money that this and other groups obtain from narcotics trafficking. Give us some idea of how these groups spend these enormous sums of money that they gain from selling narcotics.

Mr. TRACY. Senator, our investigation disclosed that particularly the upper echelon members of this organization enjoyed lifestyles that were extravagant, to say the least. Examples of some of the assets they acquired throughout this period included a fleet of aircraft and their own airports, luxury vehicles of almost all makes and types, a yacht with a helicopter pad on it, and I understand they did, at one time, have a helicopter they did land on it, luxurious homes, investments into legitimate enterprises, and the list could go on and on. If I had to characterize it, I would say they had more than enough money to do almost anything they wanted.

Senator SASSER. Did the group utilize any tax havens in foreign countries to try to safeguard their ill-gotten gains, launder money in foreign countries?

Mr. TRACY. Yes, sir, there were several occasions when individuals utilized foreign tax havens, particularly the Cayman Islands. To illustrate one of the examples we encountered, we prepared for you today a chart which is to my right, which represents a typical instance whereby an offshore tax haven country was utilized by this organization. Specifically, this chart represents a portion of the financial transactions involved in the purchase of the South Expressway Airport, outside of Atlanta, Ga., by members of The Company through a domestic shell corporation known as Intrastate Syndications, Inc.

Senator SASSER. What is the name of that airport?

Mr. TRACY. The South Expressway Airport.

Senator SASSER. Atlanta, Ga.?

Mr. TRACY. Actually in Jonesboro, Ga., in Clayton County, Ga. If I may refer your attention to the chart at my right, at step 1, we illustrate the illegal drug proceeds being physically transported out of the United States by courier to the Cayman Islands. A specialist in money washing was used to supervise the carrying of the funds out of the United States and the subsequent transactions within the islands.

Step 2, moving to the right corner, we have illustrated the depositing of the money into the Bank Intercontinental within the Cayman Islands, and at the same time, the formation of the Cayman Island shell corporation, known as CIE Limited.

Next, if I may refer your attention to the diagonal line——

Senator SASSER. If you will slow down, Mr. Tracy, I think the chairman is going to have somebody follow with the pointer there so we can follow it a little better.

Chairman ROTH. You might read—it is a little difficult from here to read—what the names are.

Mr. TRACY. I refer your attention to what is marked a \$500,000 loan to Intrastate by CIE. That refers to a fictitious loan that we found reflected in the public records in Clayton County, Ga., showing a loan in that amount from CIE Ltd. to Intrastate Syndications with the South Expressway Airport being pledged as collateral for that loan. This transaction was merely a paper transaction, Senator. There was no actual exchange of money.

However, it served to conceal the true source of the investment proceeds into the airport and would legally tie the property up in the event of any seizure or forfeiture by the Government. When the IRS utilizes its net worth type of investigations, this would pose a similar problem in that our investigators would see a parcel of property that, in effect, appears to be worthless in that there would be liabilities that actually exceeded the equity.

Moving back to the right side of the chart where it says transfer of \$169,000 to the Canadian Imperial Bank, we have illustrated here the transfer of funds within the Caymans from the Bank Intercontinental to the Canadian Imperial Bank, this is one more layer of insulation that they prefer to have.

Next——

Chairman ROTH. Could I just interrupt? My understanding is, when you put the money in that kind of a bank, that information is confidential. There is no way anyone can secure information as to who has deposited and how much?

Mr. TRACY. That is correct, Senator. What they were attempting to do in this case is that when they bring the money back into the country, there is sometimes a limited paper trail within the United States. By switching banks within the Cayman Islands, it further throws our investigators off.

Moving up the chart, where it says transfer to attorney's escrow account from the Canadian Imperial Bank, as I have indicated, the funds were then wire-transferred back to Atlanta, Ga., into an attorney's escrow account. Finally, a check was drawn from the attorney's escrow account to the seller of the property, thus finalizing the transaction.

From an investigator's standpoint, transactions like this pose significant problems in our attempt to trace the flow of illegal drug proceeds since the trail normally stops at the shores of the Cayman Islands due to their bank secrecy and corporate secrecy laws.

Senator SASSER. From a total standpoint, did you find that the currency reporting laws hindered this organization in its ability to move and conceal their money both within and outside the United States?

Mr. TRACY. Not really, Senator. We found that most of the members of this organization were fully aware of our currency reporting laws and easily managed to evade them. Domestically, they kept their transactions with banks below the \$10,000 reporting limit or used fictitious identification to identify themselves to any curious bank teller or bank employee.

Internationally, they would easily move their money clandestinely out of the United States without detection. We have examples of people that did nothing for The Company but simply carried funds around, on some occasions going from bank to bank purchasing cashier's checks, whatever, under the legal reporting requirement limit.

Senator SASSER. You alluded earlier to the fact that The Company had all sorts of equipment to move their drugs around. How many airplanes, trucks, and that sort of thing did The Company have during the period that was under investigation?

Mr. TRACY. Senator. I would have to estimate that. I would conservatively estimate during the period they would have at least 20 aircraft, probably hundreds of trucks. Primarily your smaller trucks, but they did have several 18-wheel tractor-trailer-type vehicles.

Senator SASSER. What type aircraft would they use?

Mr. TRACY. Anything from a Cessna Titan all the way up to a DC-7.

Senator SASSER. They would fly DC-7's into the United States?

Mr. TRACY. Yes, sir.

Senator SASSER. Where would they land those DC-7's?

Mr. TRACY. They had various landing sites throughout the United States, primarily in the Southeast. One of their major airports, however, was located in Monett, Mo. It was also a company-owned airport in an isolated area of Missouri where they were easily able to land.

Senator SASSER. They would bring the DC-7's in and take them back out, they wouldn't abandon them here?

Mr. TRACY. No, they would always attempt to bring the DC-7's out. In the event their project had to be aborted, they would occasionally abandon them. In at least one instance, they did abandon a DC-7, with the crew getting out safely.

Senator SASSER. Mr. Chairman, I think my time is expired.

Chairman ROTH. Thank you, Senator Sasser.

Senator NUNN.

Senator NUNN. Mr. Chairman, thank you for holding these hearings. I think it is a very important subject. It is one our subcommittee has been working on for a long time but we have a long, long way to go in our Federal effort. I certainly congratulate you and the majority staff as well as the minority staff in working up these hearings.

Mr. Tracy, do you know how much relationship the United States has in terms of foreign aid and so forth with the Cayman Islands?

Mr. TRACY. No, sir, I do not.

Senator NUNN. Mr. Chairman, I think it might be helpful for our staff to prepare something for us that can be put in the record as to exactly what the relationship is. We may hear from witnesses later this week that could make reference to that, but my understanding is we have had no cooperation whatsoever in this drug area from the Cayman Islands. I think it is time for us to start using our full resources and our diplomatic leverage to really crack down on coun-

tries that have obviously benefited from the international narcotics traffic and, in fact, have turned it into a matter of great economic profit.

Chairman ROTH. I would point out to the Senator that staff members have visited the Cayman Islands on this very important question of cooperation. I think you make an excellent point. We ought to have information as to how much aid or other assistance we may be giving that country and how that can be utilized to pursue our war against drugs. So I will ask the staff members who will be testifying later on their investigations to be sure to include that as part of their testimony.

Senator NUNN. We will be hearing in detail from some of the minority staff on Thursday of this week about various areas of possible cooperation and lack thereof in Southeast Asia. I think one of the major thrusts of these hearings we will have for the next 5 days, should center on this matter of international cooperation, and I think it will. I sense in Southeast Asia we have a real opportunity in breakthroughs there in international cooperation.

Because as I read and study the reports that have been made by our staff, it indicates to me they no longer view this simply as an American problem, but rather it is becoming an endemic problem in those nations. They are experiencing huge drug trafficking in their own nations, huge problems with addiction. The Malaysian Foreign Minister has said narcotics is the No. 1 enemy of the Malaysian people even before the Communist insurgency there.

So I think we have a real area of potential breakthrough in international cooperation. I think these hearings can serve that purpose.

Mr. Chairman, I would like for my whole statement to be put in the record. I did not get here in time for the opening statement.

Chairman ROTH. Without objection.

OPENING STATEMENT OF SENATOR SAM NUNN

Senator NUNN. Mr. Chairman, I have a few brief remarks I would like to share with members of this subcommittee. The hearings which we begin this morning represent the conclusion of a detailed and extensive joint inquiry by the majority and minority staffs of this subcommittee on the problem of international narcotics trafficking. As ranking minority member, I have closely followed that investigation which has examined the narcotics situation in source producing and transshipment countries in both Southeast Asia and South America. I am aware that in both those regions common problems and issues exist which must be met and understood if any progress is to be made in our efforts against drug trafficking.

In both Southeast Asian and South American nations there is now a growing awareness at both the governmental and public levels of serious domestic addict and usage problems. The situation in these countries no longer permits authorities to dismiss the narcotics issue as a distinctly American problem. Narcotics has, in many of these nations, reached epidemic proportions as far as addiction and drug abuse are concerned. As a result, governments which once merely gave lip service to international drug enforcement seem to be willing at last to become seriously involved in narcotics control.

The social, economic, and political realities of drug-growing countries in both Southeast Asia and South America make it difficult to stop trafficking at the source by preventing cultivation of the illicit crops. Most producing nations are poor, underdeveloped, struggling countries which present problems that are far too complex for a pure law enforcement approach alone to be effective in eliminating drug supplies. Suppression efforts have been hindered by longstanding and socially accepted traditions of smuggling and corruption. Testimony during the next few days will indicate that pilot projects substituting legitimate crops for illicit drugs require massive economic development that is both costly and long term. To date, the developed countries of the world have been unwilling to fund such high-risk ventures. Meanwhile, the enormous profits of drug trafficking continue to attract an ample number of entrepreneurs who see opportunities that far outweigh those offered by legitimate businesses.

Some of the questions that I hope that this subcommittee will seek to answer during these hearings include:

What priorities should be reflected in the Federal strategy against narcotics in the years ahead?

Based on previous experiences, what approaches in the areas of research, education, law enforcement, and international narcotics control offer the most promise for the future?

In both Southeast Asia and South America the United States has been the prime force in encouraging efforts to control illicit drug production. To further support those efforts, I have joined in sponsoring and endorsing significant law enforcement legislation in the Senate. Designed to bolster our resources in the war against drugs, that legislation includes:

An amendment to the Foreign Assistance Act, removing a prohibition on U.S. funding of herbicidal spraying of drug crops overseas;

An amendment to the tax cut bill which would have restored the Internal Revenue Service to an effective role in investigating major narcotics traffickers (that amendment, unfortunately, was dropped from the bill in conference);

An amendment to the Defense Department authorization bill which would permit U.S. armed services to give limited but important assistance to narcotics law enforcement agencies;

A bill allowing Federal judges to deny bail to persons charged with drug-related offenses where that person has a prior drug conviction, is a fugitive, is an illegal alien, or has a false passport.

I am optimistic that those legislative efforts will result in increased and needed support for American authorities in their efforts against drugs.

Although some progress has been made on the level of international narcotics enforcement, these hearings will unfortunately illustrate that we still have a long way to go in the struggle to effectively control narcotics trafficking. In light of that fact, the United States must analyze and reassess its foreign policy on drug matters. We should take a close look at what we have done, how much money we have spent, and what results we have achieved. We must adopt a firm and consistent commitment to combat the problem of narcotics on both the foreign and domestic levels. I am hopeful that these hearings will clarify and emphasize the real necessity for that commitment by exploring the narcotics situation in its international context.

Mr. English, you mentioned the Internal Revenue Service and Mr. Tracy I understand you are with the Internal Revenue Service.

Mr. TRACY. Yes, sir.

Senator NUNN. Could you give us a little more detail about the problems you had with the Internal Revenue Service in coordination and specifically whether those problems relate to the Tax Reform Act of 1976, which you alluded to and others have alluded to as the Organized Crime Relief Act of 1976?

Mr. ENGLISH. Yes, sir. Essentially there are a number of requirements that have to be gone through in order to get the Internal Revenue Service involved in a case such as this, and what that involved was initially approving a tax case for prosecution against some of the major traffickers and going through the bureaucratic procedures that are necessary to make sure the prosecution is adequate, filtering through the layers of the Internal Revenue Service and, after that, through the Justice Department.

Once that is accomplished, we were able to have agents of the Internal Revenue Service appointed as agents of the grand jury. And once they were in the medium of agents of the grand jury, we also had DEA agents who were working for the grand jury in that respect and they were able to exchange certain information, and, in both cases, were authorized to give their information to the prosecutors and to the grand jury.

Senator NUNN. How long did it take you to get that step taken care of, getting the IRS agents appointed as agents of the grand jury?

Mr. ENGLISH. It caused at least a 6-month delay. I might add there were some specific instances in this case where we would have liked to have used tax counts for people, but we were forced to go to trial, to make deals, to have them plead guilty early, for example, in order to prevent assets from being liquidated or to insure we had their cooperation to get other violators who we thought would be leaving the country. So in some instances, we passed up, because of logistics problems, the opportunity to have tax convictions on people. And that was a great loss to the U.S. Treasury because when people are convicted of tax evasion, there is a penalty provision under which the taxes they evaded are due immediately as well as a significant penalty. It is of great value to the IRS to have that sort of conviction when they proceed against the people civilly because under the rule of *res judicata*, the part that has been litigated and had a conviction creates a floor below which a judgment cannot go.

So it is very useful to have that tool available. In this particular case, the interests of the United States were threatened, financial interests, and benefits were lost because we were unable to file the tax case charges.

It wasn't that the people who work for these departments were unresponsive; it is just because there are certain procedures they are required to go through, procedures they had no control over, but which were very frustrating to us. In one particular example of a trafficker who will appear here today who is a bookkeeper, we had to delay his guilty plea for a period of some 3 months when we had a plea agreement for him to plead guilty to forfeit assets and cooperate against other people, simply because we didn't have the approval yet for him to plead guilty to a tax count.

The racketeering count had been approved.

Senator NUNN. Did not have approval from whom?

Mr. ENGLISH. Through the channels from the Internal Revenue Service and the Justice Department because of those requirements that are imposed upon those respective departments.

Senator NUNN. Is it fair to say right now in order to get that kind of working relationship at the grand jury level that you first have to go up through the Justice Department and get approval in that direction and then come back through the Internal Revenue Service and get approval in Washington at that level and it has to filter back down to the working level and then it finally culminates at the grand jury level?

Mr. ENGLISH. Yes, sir; two separate sets of procedures. Frankly, in a lot of lesser cases, when I was at the U.S. attorney's office in the southern district of Illinois, there were smaller drug cases involving 8 or 10 people where it just wasn't cost effective to involve IRS.

Senator NUNN. Just not worthwhile?

Mr. ENGLISH. It wasn't, not because of a lack of enthusiasm or initiative, just because they were using their resources the best way they could and it was really impossible to operate under the time frame. I might add, frequently in drug cases, people are arrested after a seizure is made and because of the restraints of the Speedy Trial Act we have to go to trial very quickly and we could not get the approval of an added tax count to that within those time constraints.

Senator NUNN. Do you attribute these delays and this loss of revenue for the Government to the Tax Reform Act?

Mr. ENGLISH. In my personal opinion, yes, sir.

Senator NUNN. Do you believe that that act should be changed and amended to reflect some commonsense in terms of how the overall IRS operates against organized crime and narcotics?

Mr. ENGLISH. Sir, I am not authorized to speak for the Department.

Senator NUNN. Your personal opinion.

Mr. ENGLISH. Yes, sir, in my view as a prosecutor, I got to be a part of a very important team in attacking these traffickers with extremely dedicated agents and they were all delighted to bring in the people from the IRS. IRS agents are specialists and, if I can paraphrase Charley Simon, when it comes to finding money, nobody does it better. They meant as much to us as Mark Moseley does to the Redskins, through another analogy, to get in and score points.

With the jury, these are the points that frequently make a difference between winning and losing the cases. Our view at Justice as to when—

Senator NUNN. You are saying Internal Revenue Service participated in this overall investigation against The Company and they participated very successfully, but you are saying they were impeded and you were delayed because of the Tax Reform Act of 1976 and the procedures in that act? You are also saying that because of that act, you did not successfully pursue some of the monetary returns that you could have on behalf of the Government?

Mr. ENGLISH. Yes, sir.

[At this point, Senator Sasser withdrew from the hearing room.]

Senator NUNN. You are also saying in cases that are not this large, many times prosecutors don't even ever take the first step in asking

for IRS cooperation because of the long, tedious, encumbersome procedures, is that a fair characterization?

Mr. ENGLISH. Yes, sir, and because sometimes it is impossible to do so without jeopardizing the main case because of the Speedy Trial Act.

Senator NUNN. Mr. Tracy, what are your personal views on that?

Mr. TRACY. Senator, I would have to agree. I was aware that what Mr. English stated were the facts. I am not sure I am an expert on the Tax Reform Act, but speaking only as an investigator and law enforcement officer, I am naturally interested in anything that would allow us to further cooperate with the FBI, DEA, whoever. I think that is necessary. The team approach or team concept is invaluable if we are going to continue in investigations such as this.

Senator NUNN. As an investigator with the Internal Revenue Service, do you believe the IRS poses one of the potentially most potent weapons the U.S. Government has against the narcotics dealers?

Mr. TRACY. Senator, I don't think there is any question about that, yes, I do.

Senator NUNN. It is my understanding the administration, to ease your personal anxiety, has endorsed the major changes in the Tax Reform Act. In fact, we had hearings yesterday afternoon. That is a real breakthrough. It is my understanding that even the Internal Revenue Service is being coached along this line. I think there have been changes made. If we can get legislation all the way through—it did pass the Senate at one time but it did not pass the Senate-House conference. If we can do that, I think it will be a major breakthrough in the narcotics area and smooth the transition, and at the same time protecting the privacy of individuals.

The most interesting thing about that legislation, and there are some good things in it, make no mistake about it, is that in 1976 it was aimed at the alleged abuses of the White House sending down names to the Internal Revenue Service to be investigated, most of whom were on the so-called enemies list. Lo and behold in our hearings a couple of years ago we came to the discovery that the original purpose of the act is not covered in the act and it is still not illegal for the White House to send down names for investigation on tax returns.

So the original purpose of the act is obscured and it has been a major hindrance in organized crime and narcotics investigation.

Mr. Chairman, my time is expired.

Chairman ROTH. There is a vote so I think the subcommittee will be in recess until the completion of this vote.

[A brief recess was taken.]

[Members of the subcommittee present at the time of recess, Senators Roth and Nunn.]

[Member present after the taking of a brief recess: Chairman Roth.]

Chairman ROTH. The subcommittee will be in order.

I believe Mr. Weiland, staff director of the subcommittee, has some questions he would like to ask.

Mr. WEILAND. Mr. English, you mentioned that it took up to 6 months to get the approval of the IRS for the use of their agents as agents for the grand jury.

Would you elaborate just for a moment on what sort of problems that created?

Mr. ENGLISH. Not only for getting them involved as agents for the grand jury, which caused a number of problems such as getting the investigation going, but to have approval for specific tax counseling on other people. That caused difficulties.

In the case of one witness, as I have indicated, we had a wait of several months while he was prepared to plead guilty, to turn over forfeitures to the Government and to testify, and we had to delay his entering his guilty plea for a significant period of time while we obtained all the necessary approvals. That is a time during which he can change his mind and decide he no longer wants to cooperate.

In this particular person's case, his testimony was invaluable to us identifying and eventually convicting high-level people in the organization.

In another case, we had a person who was ready to plead guilty and he, indeed, did plead guilty to a drug conspiracy count and he was obligated in the plea agreement to plead guilty to a tax count and we have been waiting for a period of some months for the requisite approvals, and during the meantime, it appears the person may be having cold feet. As yet, we have not had an opportunity to have this person plead and because this case is pending, I do not want to get too specific in the discussion of it, but he would have been able to plead guilty on that day when he pled guilty to the other counts if we could have had a more expeditious means of getting approval.

As it happened, he didn't, and I don't know what eventual disposition will be made of that count, whether he will honor his plea agreement or whether prosecution will be necessary or what other measures will take place. But the point remains that had we been free at that time, he, without question, would have pled guilty on that day and from that moment, certain moneys would have been due and owable to the Government.

Another case could thus have been closed and we could have diverted our resources elsewhere. We were not able to accomplish that because of the problem. My personal view is that the Internal Revenue Service is incredibly valuable to us in the strike force concept. We work in conjunction with other agencies each of which have their areas of specialization and every time we cannot use them all, I think we lose something. Sometimes it makes a difference between winning and losing; sometimes it is just a loss of revenue.

Mr. WEILAND. Are these delay problems that you are describing in conjunction with your investigation of The Company peculiar to that investigation, or, in your experience, are these types of problems encountered in other investigations in other parts of the country by yourself or members of your office?

Mr. ENGLISH. The problems are epidemic. In a great number of narcotic cases, there is evidence that the people have ill-gotten gains. That is part of the investigation. The agents who are working undercover pay them, people make a number of admissions, they discuss their trafficking, and we could turn the IRS loose to attack those people.

We could seize a lot of assets and make a lot of money for the Government. We can strengthen our cases in the process.

Mr. WEILAND. Thank you.

Chairman ROTH. I have, Mr. English, one further question. Then we will have to recess again.

The Chair was advised it would be 30 minutes before another vote. As usual, the information is not accurate.

It is my understanding that The Company made something like 35 or at least a large number of flights during the roughly 2-year period—apparently without being detected, at least not being convicted in a number of the cases.

Do you think that the Navy or Air Force with their modern equipment could substantially help this entering of our borders without notice?

Are you familiar at all with the problem?

Did that come up in your investigation?

Mr. ENGLISH. Yes, sir. I had witnesses testify at trial, pilots testify, about the evasive techniques they used to fly into the United States from Colombia, the specific route they would take in order to elude the civilian radar, how they would come in low over the ocean, get in the middle of the flight lane and suddenly come up to a normal flying area. So, to any casual observer to the radar screen, it would appear they had just taken off from the airport and thereby they surreptitiously come into the United States.

There were almost 40 planeloads coming into the United States, all without interdiction. The one plane caught was caught on the ground because a South Carolina State policeman was working undercover as an unloader—believe it or not—of that plane and they caught it on the ground in Darlington, S.C., with 1,380 pounds of marihuana. But the pilots all testified that, to the best of their knowledge, they got through without detection at all.

From a personal point of view, I don't speak for the Department on this, but I think it would be wonderful if we could use sophisticated military hardware to find the people in their flights through the Caribbean. Because the necessity for the most part of avoiding Cuban air space in order to get in southeastern United States, these people use routes which are well known.

These planes only hold so much gas, so generally they come over a relatively narrow alley, to use that description. One would think with the use of our detection devices that we would be able to locate them.

Chairman ROTH. It just seems to me that is a large gap in our efforts to detect and stop these illegal entries, that the Coast Guard and others apparently do not have the most up-to-date modern radar and other equipment that would enable us to determine where these planes are entering. At least on a temporary basis, until people like the Coast Guard are better equipped, it may be that, in my judgment, we ought to be making better utilization of the Air Force and naval ability in these areas.

Mr. ENGLISH. In one particular incident in this case, the trafficker had a plane loaded with 24,000 pounds of marihuana. He flew into the United States over South Carolina and was unable to land at the airport and then turned and went back over Georgia, and eventually had to abandon the plane because he ran out of gas. I don't know what an atomic bomb weighs but I seriously doubt it is more than 24,000 pounds.

Chairman ROTH. When you are talking about a DC-7, you are talking about a big plane. That has four engines. I must say it scares me to think that all of these planes are able to enter apparently undetected.

I want to thank both of you gentlemen for being here today. Your testimony has been very helpful. We may have further questions at a later date. If so we will get in contact.

Mr. ENGLISH. Thank you, very much, sir.

Mr. TRACY. Thank you, Senator.

Chairman ROTH. The subcommittee is in recess.

[Brief recess.]

[Member of the subcommittee present at the time of recess: Chairman Roth.]

[Members present after taking of a brief recess: Senators Cohen and Chiles.]

Chairman ROTH. The subcommittee will be in order. Senator Chiles is now with us. He necessarily had to be on the floor because of a Chiles amendment. I understand that you have a statement you care to make at this time.

[At this point, Senator Nunn entered the hearing room.]

Senator CHILES. Mr. Chairman, the series of hearings which we begin today represent a continuation of the vital work of this subcommittee that we have undertaken over the past several years in exposing the scope and dangers of narcotics trafficking. I want to congratulate you and the ranking minority member, Senator Nunn, for your leadership in this regard.

I hope that a concentration on the insidious drug trade, and on the ability of our law enforcement effort to combat it, will continue to be a high priority item for this subcommittee.

The Permanent Subcommittee on Investigations, with its unique charter, performs an invaluable function for the Senate. It allows us to focus in a comprehensive way on the drug dilemma and to explore the range of actions we should be taking to fight this menace.

The nature of the congressional committee structure often causes us to look at only aspects of the problem and only parts of the remedy. It is essential that we examine the narcotics trade in all its dimensions and evaluate all the possible steps we can take to put the drug merchants out of business.

The present hearings, which focus on international narcotics trafficking, build on the previous work of the subcommittee in investigating the tremendous profits and disturbing violence associated with drug dealing.

These hearings will graphically illustrate that narcotics smuggling is a worldwide business, reaching from the streets of the U.S. cities to some of the most remote corners of the globe, and also that it is a highly profitable business that is well-organized, well-equipped, well-financed, and often capable of defeating our best law enforcement effort.

It is an illicit enterprise, so swollen with money and so unchecked in its growth, that it can literally change the character and complexion of a community it invades.

Miami, Fla., the crossroads for Latin American and Caribbean trade, stands as bleak testimony to the international character of the narcotics trade and its pervasive impact.

Because it is a finance and trade center, Miami is now also a center for narcotics operations. In this city, competing drug organizations now fight gun battles in the street. Formerly law-abiding citizens are now getting in on the easy money, and, certainly government is subject to corruption.

Financial institutions thrive on drug money and no questions are asked. The regional economy itself is significantly inflated by the illegal, untaxed dollars being pumped into it.

The Miami experience brings home that we are confronting a phenomenon that currently has the upper hand. If we are to reverse that situation it will take an application of will and resources and a commitment that has not been entirely evident up to this point. Both in the Congress and within the administration, I have not sensed an adequate level of commitment to really taking on the drug traffickers and actually putting them out of business.

As an outgrowth of the previous hearings, a number of us who sit on this subcommittee have proposed legislation aimed at remedying deficiencies in our law enforcement effort. We are making progress on this legislation. One measure, to revise the posse comitatus statute and allow the sharing of military intelligence, training, and equipment, is about to become law.

Progress has been slow and this reflects, in my opinion, a lack of a sense of urgency about revitalizing drug law enforcement. These hearings will indeed prove valuable if they serve to remind the committees with the jurisdiction over these bills that we are facing a criminal enterprise which threatens the fabric of our society and that all our resources must be promptly committed to the battle.

I hope these hearings will serve as well to put the administration on notice that the task before us is not one that can be fought with rhetoric. I have been encouraged that this administration regards the fight against crime as a priority.

However, I have not been encouraged by proposed budget cuts that threaten to reduce what I refer to as our domestic defense budgets below the levels originally proposed by the Carter administration.

These cuts, as proposed, would have amounted to a 6 percent cut in the FBI, a 12 percent cut in the Drug Enforcement Administration, a 10.4 percent cut in the Coast Guard, a 6 percent cut for U.S. attorneys, a 6 percent cut for the Customs Service, and a 4.5 percent cut for the Internal Revenue Service.

Those cuts certainly do not add up to a commitment to give our law enforcement agencies the resources they need to do the job. Fortunately, Congress is taking action to restore these proposed reductions, but I remain concerned that the budget cutters in the administration have yet to get the message that there are some areas in the Federal Government that need greater and not less support. Drug law enforcement is one of these areas.

I certainly hope, Mr. Chairman, that these hearings are going to illustrate that, that it is not a battle that, to date, we are winning, and it is a battle we cannot afford to lose.

I thank you for holding the hearings.

Chairman ROTH. Thank you, Senator Chiles.

At this time I would call upon the marshals to bring in the next three witnesses.

This morning, the subcommittee will take testimony from three individuals who are currently incarcerated for major narcotics violations. These witnesses were involved in an international trafficking operation referred to as The Company which based its operation in St. Louis and various other transshipment locations in the Southeast United States. These witnesses have agreed to testify pursuant to a grant of immunity. Since all have been convicted for their participation in the illegal activities of The Company, the Department of Justice has indicated that grants of immunity by this subcommittee would not be objectionable.

Each witness has been notified of our intention to seek the appropriate court order providing immunity. A formal statement for the record has been prepared by each witness pursuant to the court order. Furthermore, these witnesses have asked to testify under assumed names for personal reasons, including the protection of their families. They have been told that the subcommittee has other means of protecting identities, including the use of screens. The witnesses have stated, however, that they simply wish to use assumed names. This is their choice. Their names are Mike Jackson, Charles Dickman and Mr. Medina.

Would you three gentlemen please stand?

Do you solemnly swear that the testimony you give before this subcommittee will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. JACKSON. I do.

Mr. DICKMAN. I do.

Mr. MEDINA. I do.

TESTIMONY OF MIKE JACKSON, "THE COMPANY"; CHARLES DICKMAN, "THE COMPANY"; AND MR. MEDINA, "THE COMPANY"

Chairman ROTH. Please be seated.

Now I will ask each of the witnesses if he understands that the immunity order obtained by this subcommittee compels you to provide answers to all questions propounded by the subcommittee.

Mr. Jackson? Do you understand?

Mr. JACKSON. I do, sir.

Chairman ROTH. Mr. Dickman?

Mr. DICKMAN. I do, sir.

Chairman ROTH. Mr. Medina?

Mr. MEDINA. I do, sir.

Chairman ROTH. If there are no objections, I will enter into the record the respective immunity orders for these witnesses and direct that the clerk seal them.

[The document referred to was marked "Exhibit No. 1," for reference, and is retained in the confidential files of the subcommittee.]

Chairman ROTH. I understand that each of these witnesses has a prepared statement. I would ask that we refrain from questions by the members until each has completed his summary.

Mr. Jackson?

Mr. JACKSON. Do you wish me to read the opening statement?

Chairman ROTH. Yes, that is correct.

Mr. JACKSON. My name is Mike Jackson. From approximately January 1977, through May 1979, I was involved as the business manager for a major narcotics operation known as "The Company". As such, I kept the company's books and records and shared in the profits of most of its marihuana smuggling operations.

When I first began with The Company, I sold marihuana on a consignment basis. In 1976, I sold several hundred pounds, and in 1977 I sold between 6,000 and 8,000 pounds. I tried to net approximately \$15 per pound and could sell approximately 1,000 pounds in a week which netted me approximately \$15,000 a week profit, clear. My customers were friends or mature people who I knew and trusted and went to school with. I usually transported marihuana in the trunk of cars or in small trucks.

My brother, who also worked for The Company, was busted in 1978, and I needed significantly more money to bail him out and pay his attorneys, so I decided to become fully involved with The Company.

The president and I structured The Company along corporate lines, as indicated in the chart attached to the rear of my statement. I handled much of the money for The Company, helped coordinate its logistics on many of the trips and basically handled all of The Company's financial records. I shared in the profits of many of the 37 loads with which I was involved and otherwise made \$15,000 a load. The board of directors consisted of the major decisionmakers in The Company, though the president had the final say.

Our Colombian connections handled all communications with the Colombian suppliers. Our staff people handled false identifications, electronic surveillance and countersurveillance equipment, money washing activities in the Caribbean, internal security and polygraph operations. We had crew chiefs who handled air operations, landing operations, land transportation, marihuana storage and distribution.

Our employees were mostly family men and legitimate businessmen who held regular jobs.

The Company had extensive assets which we either owned, leased or used. We had a fleet of planes ranking from Cessnas to DC-7's. We used all types of trucks, vans and automobiles to haul with in order to distribute our marihuana. Our truck fleet included fuel tanker trucks, semitractor trailers and 10-ton box trucks.

We had an extensive network of warehouses throughout the South and Midwest, most of which we leased. Most of our landing strips we also leased. We also surreptitiously used a small public airstrip on several occasions.

Our trips generally originated when distributors placed substantial orders or The Company needed additional funds. Our Colombian connection would place the order with his contacts who would send us word after they had cleared the loading zones with various Colombian officials and military personnel. We would meanwhile decide what U.S. strip to use and what type of plane would be utilized. We then briefed our crew chiefs who would select their crews from a labor pool previously polygraphed by The Company.

Our briefings often had the air of military operations, complete with mockups of the strip, trucks, et cetera. Trucks and warehouses were selected and the appropriate personnel notified. Once these initial

logistics were taken care of, we began round-the-clock physical and electronic surveillance of the primary airstrip, the alternate airstrip and local, State, and Federal law enforcement in the area.

We always selected an alternative airstrip in a different State in case the primary airstrip had to be aborted.

Shortly before the trip, the truckers, fuel tankers, and ground crews would move to the vicinity of the primary strip. We sometimes found it necessary to bribe our fuel source not to report a large purchase of aviation fuel.

Our pilots and crew would pick up the plane at one of the several staging areas, normally in the Caribbean, and fly it directly to the designated strip in Colombia. The Colombian suppliers were supposed to have aviation fuel, the marihuana and appropriate loading crews waiting at the strip. Our planes would be loaded and fueled in Colombia and immediately take off for the primary U.S. landing strip.

We could normally predict the landing time in the United States within a 45-minute period. Once our plane was on the ground, it was immediately unloaded and simultaneously refueled. After it was unloaded, it was thoroughly vacuumed, and cleaned and airborne. We could unload a DC-7 carrying 15,000 pounds and have the plane back in the air in approximately 1½ hours. This would mean the contraband would generally be gone, though, in 20 minutes, leaving us with a perfectly clean airplane. A Cessna Titan carrying 2,000 pounds can be unloaded, refueled and back in the air in between 8 to 10 minutes.

Large loads were unloaded into our 10-ton box trucks or semitractor trailers which were then dispatched to designated warehouses. Small loads were unloaded into pickups, vans, scouts, et cetera, which went to either warehouses or directly to distributors. Large loads were covered during the summertime and sometimes during the wintertime with onions, or we use what is called a reefer trailer in which we could freeze the marihuana in order to mask its odor.

Marihuana, when it is frozen, has no odor. We often used chase cars in front and back of them to insure the road was clear between a landing site and the warehouses. We kept our trucks in top condition. We never lost a load because of an inspection, even though we often went through State weighing stations.

Distributors generally paid after their sales were made or when they picked up marihuana from the warehouses. Most marihuana transactions were on credit and we never had any collection problems. At one time, after a large load, we had so much cash on hand I had to store \$1½ million in my house for over a week. We never had any difficulty with the U.S. currency laws as we found it easy to break our currency down into bundles under \$10,000 in order to avoid having a currency report filed.

We paid the Colombians through our Colombian connection in the United States. How they got their money out of the country was their problem. All our dealings were in cash.

We initially staged several of our large aircraft out of a Central American country. Our offshore expert had set up a shell company in the Central American country which leased the aircraft to the national airline. The lease agreement specified we could have complete access to the aircraft as needed and they would maintain the aircraft for us. When the political situation deteriorated in that country, we shifted our staging area to several Caribbean islands where the appropriate

officials had been talked to and paid to ignore what we were doing. We had an arrangement through the flight control personnel whereby they could file legitimate outgoing and incoming flight plans for our aircraft.

We rarely found it necessary to bribe officials in the United States. We did, however, manage to have one airstrip built with what we are fairly certain was county equipment. We also ran several surreptitious trips into a public strip in the early morning hours. We managed this by having a key made to the lock on the gate and flying in Titans which were able to leave in a matter of 10 minutes.

The year 1977 was a fairly trouble-free year for The Company. We ran three or four DC-4 loads, one Aero Star load and I believe two load Star loads.

On the other hand, 1978 was not a good year. We had a pilot and crew captured in Colombia, losing a fully loaded DC-7. It cost us \$150,000 to get our people back. Another DC-7 ran out of fuel over the United States and had to land at the closest strip and be abandoned along with 25,000 pounds of product.

We also lost a Titan and its load as our crew chief hired a law enforcement officer as an unloader.

During 1978, we brought a boatload with 35,000 pounds of marihuana into Texas. Though we successfully unloaded the boat, our trucks and many of our people were arrested en route to the warehouse. The Company, therefore, had substantial expenses in bail and attorneys' fees.

In 1979, The Company, as an organization, was experiencing extreme pressure from law enforcement. Most of our top people had been arrested and the organization was virtually out of cash from losses incurred during 1978 and 1979.

On one trip, we arranged to have our plane loaded at the Santa Marta Colombia Airport by the Colombian Army. The army delivered the marihuana in its trucks to our aircraft, threw an armed perimeter around the aircraft, loaded us up and we took off. We did not use this method again as it cost us \$25 a pound extra in order to do this.

To the best of my knowledge, The Company, as an organization, ran 37 trips to Colombia, 18 of which were in DC-class aircraft. We sold approximately 200,000 pounds of marihuana in this country at a wholesale price of \$300 per pound for total gross sales of \$60 million.

The marihuana cost us between \$50 and \$70 per pound in Colombia, giving us a gross profit of \$48 million over a period of 2 to 3 years. All of our expenses came out of this \$48 million. I estimate that I made between \$1 million and \$1½ million during the approximate 1½ years I was involved with The Company. As of this date, virtually all of that \$1½ million has gone for attorney fees, et cetera. I have nothing left.

Chairman ROTH. It is the Chair's intent to have each of the witnesses read their summary statement. We will then open the matter to questions from the panel.

Mr. Dickman?

TESTIMONY OF CHARLES DICKMAN, THE COMPANY

Mr. DICKMAN. Mr. Chairman, Senators, my name is Charles Dickman. I was associated with a major narcotics group known as The Company from 1976 through 1978. My preliminary duty with The

Company was to fly large four-engine type aircraft. I also advised The Company as to what type of planes could be used for given landing strips and load requirements.

I would be briefed for each trip by the president of The Company and other key people. The briefings covered flight plans, review of charts, dates, and times of the trip, who would be flying with me, and the compensation to be paid to me and the crew.

The crew and I would pick up the plane at the staging area which was normally in one of several Caribbean islands. We occasionally picked up the planes at strips in the United States. The planes were maintained by a flying squad of mechanics who were on call as needed. On the DC-6 and DC-7 craft, I had a copilot and an engineer and loader-mechanic. On the DC-3 and DC-4 craft, I had a copilot and a loader.

We would fly directly from the staging area to Colombia. We would always fly visual and without flight plans.

We had to rely on the Colombians as to whether or not the Colombian strip would handle the type of plane we were flying. As a result, we sometimes had a hard time finding the right strip. On one occasion we buried the nosegear of a DC-7 into the strip over the wheels and on another, the landing gear was too wide for the strip almost causing disaster at that time.

The Colombians were supposed to have fuel and the marihuana with an appropriate ground crew at the strip when we landed.

On one occasion it was over a day before the Colombians showed up with the fuel and the marihuana. In the meantime we were arrested twice and released twice by the Colombian military and the Colombian police.

The Colombian suppliers arranged for our release both times, always assuring us that the fuel and marihuana were on their way. On take-off we nearly collided with a pickup truck just after liftoff. It was my first trip and it was very close to being my last trip anywhere.

I always left the Colombian strip and set a course directly for Great Inagua in the Caribbean. I would turn at Great Inagua and fly at under 10,000 feet, head for a point on the Florida coast between Fort Pierce and Vero Beach. This was always at night. I would take the craft down about 300 feet above the water until I passed the coastline and would then circle over Lake Okeechobee to assure myself that I was not being followed and would ascend over the Okeechobee airport. From that point I would head directly for the designated landing strip in the United States.

I always personally checked out The Company's prime and alternate landing strips in the United States. The alternate was always in a different State and was to be used if the primary strip was unsecure or socked in. We would only go there if the primary wasn't secure or was socked in by weather.

To my knowledge, I was never picked up on radar during any of my 11 trips—always in a DC class aircraft—and was never intercepted by military aircraft.

Once on the ground, The Company's landing crew took over. They would immediately unload the aircraft, vacuum it and refuel it. I would then take off and fly to a designated staging area usually sev-

eral hundred miles away, or back to the island. From there I would return to my home by commercial aircraft.

These trips normally meant that I was working 24 to 30 hours straight with no sleep. Pushing the crew and the plane to the outer extremes of their tolerances made these trips quite interesting, as well as hazardous. On most trips we ran into mechanical or technical problems. On one trip we had to tear up the floor of the plane to get to the fuel cables so as to reach enough fuel to get to our destination. On that trip, we had one tank completely contaminated with water.

On the trip where we buried the nose gear, we ran out of fuel on our way back and had to abandon the DC-7 and its load at a small strip in the United States. On yet another trip, weather forced us to overfly Cuba, and we were lucky not to be intercepted by Cuban Mig fighters. These problems were always compounded by the fear of getting caught. I was arrested along with my crew one other time in Colombia and we were thrown into jail in Colombia where we stayed for a week, until The Company managed to send money and bust us out of jail just hours before we were to be sent to Bogota.

During my stay with The Company, I earned a tremendous amount of money. But I was seldom paid the total amount promised as I was not paid until the marihuana was sold and I therefore lost out on loads that were captured or abandoned.

Eventually I left The Company as its operations seemed to be getting quite loose. At the time The Company had over 150 employees, some of whom were being too flashy with their money and other things.

Several loads had been intercepted and I had made enough money to set myself up in a legitimate business. I was working on this business full time when I was eventually arrested.

This short prepared statement in no way portrays my true feeling about this most dangerous business and it is my hope that the questions asked by this subcommittee will help paint a true and better picture of the pitfalls and misconceptions of easy money associated with the smuggling of marihuana.

Chairman ROTH. Mr. Medina?

TESTIMONY OF MR. MEDINA, THE COMPANY

Mr. MEDINA. Mr. Chairman, Senators. This is my statement. My name is Mr. Medina.

From approximately August 1977 to November 1978, I was associated with a major narcotic trafficking operation known as The Company. During that time, I acted as a Colombian connection for obtaining marihuana to be delivered by The Company to the United States. During my association with The Company I was paid approximately \$300,000.

I had a contact in Colombia who had contacts with three men who could supply all the marihuana The Company could use. Orders were placed with me by the president of The Company. I would call in the orders collect to my Colombian connection from a pay phone in Florida, telling him the time and date we wanted to make the pickup.

The Colombians would then contact the army colonel in the area and other key military people to obtain clearance for a shipment of

marihuana to be made for the given time and place in the Guajira Peninsula. The colonels we dealt with were on a fixed retainer and were paid an additional certain amount for each load we shipped out of Colombia.

Once we obtained clearance, the Colombians would send us appropriate maps and details. Shortly before the scheduled trip, the Colombians would visit the colonels and other important military people to make the appropriate payoffs.

On one of my many trips to Colombia, I went with our Colombian contacts on a marihuana gathering trip. Our contact had about 40 men working for him, had his own fleet of trucks, grew some of his own marihuana and also handled cocaine and quaaludes. On this particular trip, we left his farm and drove from farm to farm in the Colombian mountains inspecting and selecting marihuana. Once our order was filled, we took it to a farm/warehouse in the Guajira where it was graded and put into bails. The marihuana would be trucked to the landing strips just before the plane was scheduled to arrive.

It is my experience that bribery is very common in the Guajira Peninsula of Colombia. I have personally been present when the colonels in the area were bribed and have had the bribery system explained to me by the Colombian suppliers.

I was told by two marihuana suppliers about a \$1 million bribe paid to a Colombian general who was bringing too much pressure against smugglers. These two men were among 50 suppliers who invited the general to dinner and offered him the bribe. The general accepted the bribe and asked for a transfer to Bogota.

I was also involved in bribes. The Company had to pay to get one of its pilots and some crew members out of jail in Colombia. The pilot and crew were captured by a special task force of DEA assisted Colombians out of Bogota. The colonel for the area did not know anything about the task force.

The pilot and crew were captured on the ground and taken to a jail in a nearby town.

The Company found out about it when I was called in Miami by our Colombian contact. I was immediately polygraphed by The Company's polygraph operator as they thought I had informed on them. After I passed the test they asked me to call my Colombian contact to see what could be done. My contact said \$125,000 would allow us to break them out of jail. I carried the money on a commercial flight to Colombia and gave it to our contact. He paid \$30,000 to the local judge to insure that the prisoners were not removed to Bogota. He also paid the local colonel and the chief of police. The power company was also paid to turn off the power on the night of the break. The Colombians also required money with which to pay their men and themselves.

On the appointed night, the Colombians walked into the jail in army uniforms and walked the pilot and crew out. The guards at the jail were paid to be elsewhere. The break went off without complications and the pilot and crew were taken to the mountains where they hid for 1 month before being returned to the United States on a Company plane.

The Colombian press speculated that the break was a CIA operation. The Colombians have many ways of getting their drug money out

of the country. Many of them give the money to commercial pilots who smuggle it into Colombia by bribing Colombian customs officials. Others use legitimate United States and Colombian companies that normally deal in large amounts of currency. The Colombians pay the companies or employees in the companies to funnel their money into Colombia through the companies' bank accounts. Many Colombians simply take their money out on commercial, charter, or private aircraft. It is my experience that it is not difficult to take large amounts of currency out of the United States undetected.

Chairman ROTH. We will use the 10-minute rule and questions will be asked in the order that the Senators joined the panel.

Mr. Dickman, you said in your statement that to your knowledge you were never picked up on radar during any of your 11 trips, all in a DC class aircraft and you were never intercepted by military aircraft. How could you consistently fly into the United States undetected in such large aircraft?

Mr. DICKMAN. We felt like we knew where the cracks in the radar were. We took chances. We mapped out the areas where we were coming in beforehand by small aircraft and by maps that had the designated radar stations on them. We would come in low over the water and most radar sites are line of sight. By that I mean if you are standing on the ground and you are looking out, anything over the horizon you can't see. Anything over the horizon the radar stations cannot pick up. So by flying dangerously low over the water, we were able to come in under and away from the radar stations.

That is basically how it was handled. I think any further comment on it probably should be held in closed session.

Chairman ROTH. I take it from your testimony that air smuggling is hazardous for pilots. Would you describe what some of the hazards are?

Mr. DICKMAN. It is my feeling that there are too many uneducated and novice pilots flying in this business. The fact that the airplanes are pushed to their extreme limits, the necessity to fly them overweight and overgross makes a twin engine airplane very dangerous. The fact is that if you lose an engine, you are going to crash.

The range is usually far enough that you are flying to the extreme limits with fuel running very low. People run out of gas. Pilots get bad gas in Colombia. I don't know just how many get blown up through bad insulation on the gas tanks in the fuselage or run out of gas short of the destination and falling into the sea.

This makes it extremely dangerous.

Chairman ROTH. Mr. Jackson, I believe you indicated in your testimony that many of those recruited by The Company were business and family men. Do you think they appreciated the risk involved in this kind of operation? What steps, what can be done to discourage people of that background from getting involved?

Mr. JACKSON. I would say, first of all, anyone in the business did not initially realize the risks involved.

Chairman ROTH. Why is that?

Mr. JACKSON. They had read the newspaper. The newspapers publish the fact that 10 percent of the people get caught. That means 90 percent of them get away. They publish the fact of how much money is made in gross figures without any of the expenses involved. A man

thinks he can make \$60 million, has 90-percent chance of getting away with it. With a bad economy, he is going to take a shot, especially when morally he sees nothing wrong with the marihuana. As far as what you could do, publish the true facts. Show the sentences that people are getting. Show that there is more of a chance of getting caught than these people believe and take the moral aspects of it. I have heard that there is more and more medical knowledge coming out that marihuana is bad. I personally have heard just as many reports that it is good. I would say you need to educate people to the fact—if it is a fact—that it is bad for you, that it is worse than cigarettes, worse than alcohol. If that is all true, then publicize it.

Chairman ROTH. The Company, of which you were a member, was a pretty sophisticated, well-structured organization. Are you familiar, are there many other organizations of this type that any of you gentlemen are aware of? Is this a fairly typical organization?

Mr. JACKSON. I would say that in comparison, we were far from being sophisticated. There are many more people out there that are much more sophisticated than we were. After all, you caught us. You haven't caught them.

Chairman ROTH. But are there many of these kinds of "Companies?" Is there common talk about this being one of many?

Mr. JACKSON. Probably several hundred, Senator.

Chairman ROTH. You say several hundred?

Mr. JACKSON. Yes, I did.

Chairman ROTH. One of you, I believe you, Mr. Jackson, again, explained or talked about phony identification. Explain how you obtained them.

Mr. JACKSON. Phony identification in the United States is very easy to obtain. You simply go to a large public library in any large city, go through the old copies of the newspapers, find someone who died approximately the same year that you were born. By "died", I mean within 1 or 2 months of his birth. Next, you send off for the death certificate. Once you have the death certificate, you have the information you need to receive the birth certificate. Upon receipt of the birth certificate, you are well on your way to having a total ID. We would go to one of our people in Arizona who made us drivers' licenses for any given State with a picture on it. We took the driver's license and the birth certificate to any regional passport office on Friday morning, with a ticket to London for that afternoon. We would tell them it was an emergency trip, submit the identification we had and by the afternoon we would have a legitimate U.S. passport. When you have the passport, you can get any other piece of identification you want.

Chairman ROTH. How did you learn these procedures or methods? Is there some general source where you can just develop it internally?

Mr. JACKSON. It was developed internally, most of the people who worked in The Company were college graduates, had gone to military school and/or college, or were trained by the U.S. Government in Vietnam. It is pretty common knowledge. Anybody who wants to find out, through a minimum of 2 hours worth of research, can turn it up.

Chairman ROTH. Why were false I.D.'s so useful in your operation?

Mr. JACKSON. They were good for us because we could travel in and out of the country at will. There would be no record of us going from

one country to another, or our returning here. There would be no record other than the record of the person who, after all, was already dead. If that particular person became what we considered hot, we would burn him up in an ashtray and would become someone new tomorrow.

Chairman ROTH. It is my understanding, Mr. Dickman, that there are a number of private air strips in the Guajira Peninsula. How would you know which one to land on?

Mr. DICKMAN. Usually we were told by degrees on meridians and parallels where to go if we hadn't been there before. There are many, many strips down there. When we get down into the area, we would call our ground people on the radio. We had two-way radio contact and they would verify that we were either over the strip or we were west of the strip, etc.

We would then fly over the strip, look it over one time, make one turn and go in and land, if we thought it was capable of handling the airplane. Of course, we pretty much knew that it would because we would generally have knowledge that other aircraft of our type had been in there before.

There are a tremendous amount of strips on the Guajira. For somebody going down that doesn't know the area or is not familiar with it, especially at night, it could be very dangerous. The Indians who usually meet us sometimes had very old muskets, rifles, sometimes spears and sometimes bows and arrows. If you got on the wrong strip, you were never sure of what they were going to do. But usually we knew in advance where we were going and knew the area quite well after we were there one time.

Chairman ROTH. We have two photos of these types of strips. I would ask that they be put up and whether you recognize them—do you recognize that?

Mr. DICKMAN. Yes, sir. That is a very nice strip they have down there. We operated out of there, I think, about twice; maybe three times.

Chairman ROTH. Is that commonly used for drug traffic?

Mr. DICKMAN. That is all it is used for.

Chairman ROTH. Do you want to put up the other picture? Do you recognize that airstrip?

Mr. DICKMAN. I'm not sure, unless it is just south of Rio Hacha. I am not quite as familiar with this one as with the other one. Now that I look at it I do recognize it. I think it is a dusting strip, not necessarily a smuggling strip, that is located, I believe, west of Rio Hacha. I never used it.

Chairman ROTH. You testified earlier that as far as you knew that your many flights were never detected. Do you believe that if we used the most modern radar technology, techniques, if we used the military, including the Air Force and Navy, that it would be possible for planes like you flew, the DC-7, which is a fairly substantial plane, to go undetected, or do you think it would become almost impossible to break through without detection?

Mr. DICKMAN. I think that with the help of the modern technology and modern radar, without too much trouble, they would all be detected. How many of them would be intercepted is probably another thing.

Chairman ROTH. My time is up.

Senator Nunn?

Senator NUNN. I have to go.

[At this point, Senator Nunn withdrew from the hearing room.]

Chairman ROTH. Senator Chiles?

Senator CHILES. It is your feeling, then, Mr. Dickman, that with military surveillance or using some of the military equipment that we now have, that you virtually could detect all of the planes coming in?

Mr. DICKMAN. I think the AWACS airplane has the capability of doing most anything it wants to do, including—

Senator CHILES. With its lookdown capability, there is no window that you can come in by getting 300 feet over the deck, is there?

Mr. DICKMAN. You would be safer at 300 feet, but you would still be able to pick up trains and cars running on the ground. This is what I understand. I have no firsthand knowledge of it, only what I read in Aviation Week, an aircraft magazine.

Senator CHILES. During the time that you were flying, did you ever have any radio communication? Did anybody ask you who you were, or ask you to identify yourself?

Mr. DICKMAN. Not as such. If we had a question about the weather on our way back, we sometimes contacted the Weather Bureau en-route over Florida and checked on our weather and destination. If we thought it was inclement or bad, we would go to the alternate at that time.

Senator CHILES. When you were checking on that weather, how would you disguise who you were, and did anybody ever ask you whether you had filed a flight plan?

Mr. DICKMAN. No. It is not a normal thing to ask. Sometimes they asked where we were headed and we always had an answer picked out for them. We would tell them, if we were a DC-7, for instance, that we were some other fast turboprop airplane in case they had us on radar contact. That would be within the speed of either airplane. It was not really a hard thing to do, but generally we kept radio silence and only on very special occasions when we thought we would be having weather problems did we check in with anyone.

Senator CHILES. Mr. Jackson, when someone was recruited in The Company, what agreement, if any, was made to cover legal fees and bail if the recruit was arrested? Would The Company pay attorneys fees for arrested employees? Was that part of the contract?

Mr. JACKSON. To the best of our ability to respond, we would pay all the legal fees and all bail bonds.

Senator CHILES. Did The Company pay for and hire the lawyers, or was that up to the employee?

Mr. JACKSON. No. The Company, in most cases, hired the attorney, but in many cases, the employee would choose his own attorney and we would pay the bill.

Senator CHILES. Did The Company then try to maintain a reputation of taking care of the employees?

Mr. JACKSON. Until the time of my arrest, we took care of all of our employees.

Senator CHILES. You said The Company was eventually going broke. Was that because of the hits that you had taken in the smuggling?

Mr. JACKSON. Because of marihuana that we lost, but mostly it was because of the exorbitant legal fees charged by attorneys for drug defense.

Senator CHILES. So the lawyers would get more of the money?

Mr. JACKSON. In my opinion, the only people who make money in the smuggling business are the attorneys. [Laughter.]

Senator CHILES. When you get out, are you going to law school?

Mr. JACKSON. I took prelaw when I was in college. I probably went into the wrong profession.

Senator CHILES. You said there are other companies still operating. Do you think they are still operating because they are more sophisticated than The Company was?

Mr. JACKSON. In many cases, I would say they are more sophisticated. Anyone—in my opinion, anyone who stays in the drug business long enough will be apprehended mainly because people aren't used to handling large amounts of money. You have so much money when you walk into a department store, you can buy everything, including the store. You lose total respect for money. It changes people. It changes them in ways that you probably wouldn't believe. So they start out very sophisticated, they then get to the point where they break all of their own rules. Most drug smugglers catch themselves.

Senator CHILES. So, because of that tremendous money, you get careless and you do things—

Mr. JACKSON. You develop a syndrome where you think you can get away with anything. This, in turn, causes you to make mistakes. You break your own rules.

Senator CHILES. You were dealing with marihuana, not with cocaine?

Mr. JACKSON. The only drug that we dealt with was marihuana. We did not consider marihuana to be a drug. We did not deal in cocaine, quaaludes, or any type of hard drugs.

Senator CHILES. Then the people that were in The Company had a feeling that this was something that was all right?

Mr. JACKSON. I did, and to be very honest with you, I do today—I see nothing wrong with marihuana, no more so than cigarettes or alcohol.

Senator CHILES. What about the effects the drug occasions—the bribery, everything else?

Mr. JACKSON. Unfortunately, since marihuana is illegal, that is what you have to do to go about your business. We didn't have to do much bribery here in the United States. We had very, very little of it, if any, and with very few exceptions, we never came in contact with the bribery end of it. It was done in Colombia.

Senator CHILES. Did you notice, from 1977, when you had a bumper year, that the law enforcement people were getting better and more sophisticated?

Mr. JACKSON. No, sir; we were caught through our own mistakes.

Senator CHILES. You didn't feel they were getting better?

Mr. JACKSON. We made 37 trips and law enforcement never caught us except the one time when one of our crew chiefs lied to the organization and said he had polygraphed the gentleman that he hired.

That gentleman turned out to be an undercover agent. In fact, he did not polygraph him.

They caught one of our people, other members of our crew on the ground. Otherwise, they never caught us per se smuggling marihuana.

Senator CHILES. You say that you paid legal fees. Did you also put up bail, and did any of your employees ever jump bail?

Mr. JACKSON. We left it up to the employee. We would post bond if he wanted to stay to fight the case.

We would, of course, pay the attorneys to fight it all the way to the Supreme Court if necessary. If he wanted to leave, we also allowed him to leave.

Senator CHILES. You let him jump?

Mr. JACKSON. Upon getting him out of jail, we polygraphed him; supplied him with a totally new identity. So it was up to him at that point as to whether he wanted to leave or not. Most of them stayed.

Senator CHILES. Could you elaborate on how you got the money without having to worry about the currency laws? You said you broke it down into less than \$10,000. Normally you would think somebody would notice a pattern of transactions, even though you are dealing with less than \$10,000.

Mr. JACKSON. There is no pattern. I could take a quarter of a million dollars today, in a period of 4 hours, walk around the city of Washington, D.C., clean it up into anywhere between \$5,000 and \$8,000 cashiers checks. Remember, we were operating in towns, most often people knew us, we would simply send people around to buy cashiers checks. It is a common practice. You have to understand in the United States, today, a \$100 bill is just like a \$20 bill. Nobody notices the difference.

Senator CHILES. Even though you would go into these banks routinely with \$6,000 or \$8,000, no one in the bank seemed to notice that there was anything out of the ordinary?

Mr. JACKSON. We never had a problem.

Senator CHILES. You never had any problem?

Mr. JACKSON. Never.

Senator CHILES. Mr. Medina, did it become any more difficult as the years went by, into the last year, to bribe people in Colombia such as the military? Did you notice any change?

Mr. MEDINA. There were times when officials out of Bogota would come to different places in the Guaiira Peninsula. At those times we would have to cease operations as they would not take any bribes at that time.

Senator CHILES. The Colombians have now organized a Federal National Police Force. Was that organized after your operation?

Mr. MEDINA. It was organized after my operation.

Senator CHILES. So you weren't involved with them?

Mr. MEDINA. Not at that time.

Senator CHILES. Primarily the military and the local authorities that you were dealing with in the peninsula?

Mr. MEDINA. In the peninsula at that time it was only the military and just a little bit of police. They didn't have nothing else at that time.

Senator CHILES. My time has expired, Mr. Chairman.

Chairman ROTH. Thank you, Senator Chiles.

Senator Cohen?

Senator COHEN. Thank you, Mr. Chairman.

Mr. Dickman. I have listened to your testimony.

I was going to ask you whether or not your company had developed any advances in stealth technology. It occurred to me that considering the magnitude of drugs brought into the country, illegally, I am not being too cynical to suggest that sometime in the future, with the kind of \$50 or \$60 billion industry that does in fact exist, there will be attempts made to develop and take advantage of advances in deceptive aircraft in the future. So a possible long-term solution to the drug smuggling problem would be to put AWACS or EC-2, Hawk Eyes up in the air.

Let me just ask you a couple of questions.

You suggested that the dangers in flying are greater than the risk of being caught. It seems to me the evidence, with the exception of your case, is quite to the contrary. This subcommittee has been holding hearings now for 2 years and the evidence is that the dangers of being caught are quite minimal.

We had hearings about the drug traffic in Florida last year. There is a \$7 billion drug industry in the State of Florida alone. Last year, 1980, I believe, DEA confiscated about \$25 million worth of drugs. If you were a betting man, who do you feel is going to win—the drug enforcement agents or the drug smugglers? What would you consider to be the future of that industry in Florida considering the enforcement agents collected such a small percentage of the smuggled goods?

Mr. DICKMAN. I think that as long as there is demand, you will always have a supplier. I feel, however, that the ability of the DEA to stop air traffic and to catch the pilots that fly the airplanes is far greater than you realize. The long distance between Florida and Colombia usually necessitates a landing going outbounds with an aircraft, that is probably suspect as soon as it hits the ground in Florida. The number probably had its picture taken, checked by radar on its way out to see where it goes. It is my opinion that there are very few airplanes that go out and come back and do it successfully for any length of time. Everybody that I know that has been in this business for a period of over 2 years is either in custody or is running, as we are.

Senator COHEN. Let me go back over the risk issue. How much did you expect to make per flight?

Mr. DICKMAN. It all depended on the load. The pilots were usually paid \$20 to \$30 a pound for a Colombian trip.

Senator COHEN. How much does that translate into?

Mr. DICKMAN. Say you have 2,000 pounds at \$30 per pound, \$60,000 for a small airplane.

Senator COHEN. So how much of a risk do you think it really is given the fact that The Company can promise a pilot such as yourself upward of \$60,000? I suggest Mr. Jackson might testify upward of \$100,000 per flight. Assuming that you are cut, there must be hundreds, if not thousands, of other people standing in line to make those flights. So it seems to me that if they can offer you \$60,000 a flight, that is pretty good money tax-free.

Mr. DICKMAN. That is excellent money, and that is one of the problems that you are facing today, and one of the problems that my people, the pilots are facing today, too.

Senator COHEN. Let me ask you, what is the respective sentences that each of you received?

Mr. JACKSON. I have a 20-year sentence with the State of Georgia. I have received a total of 8 from the Federal Government.

Senator COHEN. Mr. Dickman?

Mr. DICKMAN. Ten years, first offense.

Mr. MEDINA. Twenty years.

Senator COHEN. That is a lot stiffer than some of the ones we have heard before, and that goes all the way from drug smuggling to chop shops which is also a major industry in this country.

We found a consistent pattern of conduct: No. 1, there was little risk of being caught; No. 2, there was little risk of being prosecuted; and No. 3, even if you were prosecuted, chances are little of being incarcerated and even if you were put in jail for a significant length of time your families were well cared for during the course of that incarceration. We are talking about the major companies. Yours is small by comparison to some of them.

It is easy to land boats on the coast of Florida. It is virtually impossible to detect the number of boats—large or small—coming into that State.

If you take all of these factors, and consider that of the \$7 billion coming into the State of Florida, only \$25 million has been apprehended, possibly our enforcement practices are not working.

It seems to me that we are not sending a very strong message forth to the people of this country that there are great dangers and great risks involved in drug trafficking.

Was the danger and risk a consideration for you? You had a full-time job, did you not, before you started this?

Mr. DICKMAN. Yes, I did.

Let me state that I think these figures as far as aircraft are concerned are very erroneous. The people that I know and the companies that I know are all having problems in this area. As you said, I think a great deterrent to this problem would be to let the pilots know that they will be incarcerated, not granted probation, but like in my case, be given 10 years. Let them know of the risk involved. Why haven't the FAA or other Government agencies printed these risks as they do for light aircraft, for weather, ice, and so forth?

I think this would be a great deterrent, Senator. I strongly recommend it. It is one reason I am here.

Senator COHEN. Mandatory sentences, no probation?

Mr. DICKMAN. I don't go along with that. [Laughter.]

Senator COHEN. With what?

Mr. DICKMAN. Mandatory sentences, no probation.

Senator COHEN. Why not?

Mr. DICKMAN. Because you have a first offender here. You have a situation here that you have never had in the history of man, of a small group being able to go out and make this big money. They hear it on 60 Minutes. The publicity is so great. You can get into this business; all you have to do is be able to fly an airplane, fly from here to Colombia and back. Easy; there is no problem. That is not the way it is, Senator.

Senator COHEN. What I am suggesting to you is this: What if the message came out that there was, in fact, greater dangers and risks

associated with drug smuggling along the lines of a 20-year mandatory sentence, no probation. Do you think this would serve as a deterrent?

Mr. DICKMAN. I think it would be a deterrent if he thought he was getting caught. My solution is to say, yes, we are catching them. We are not catching 10 percent as erroneously laid out by the DEA as far I am concerned but we are catching 80 to 90 percent.

Certainly \$60,000 or \$50,000 is not any money at all if you cannot spend it. It may buy a lot of commissary, but even commissary is not that great inside. No. I am saying for the——

Senator COHEN. You think it should be a much higher rate of apprehension, smaller sentences? What do you say?

Mr. DICKMAN. I feel this way: The pilots are getting into this because of the publicity involved, the high money, low risk. You cannot blame them.

Like I said, never before in the history of man has anything been quite so touchable, quite so readily at hand.

Senator COHEN. Let me just suggest to you one thing.

In the State of Florida, you have a State that is virtually addicted to the influx of drugs and whose economy is virtually dependent upon the influx of drug money. You have got a situation in some parts of Florida in which there is anarchy on the streets. You have got cocaine cowboys armed with MAC-10 machine guns who are gunning down people at a rate that is alarming.

It seems to me we have got to send a much stronger message if we are really going to deal with this problem. Possibly the greater risk of apprehension, as I have suggested, will serve as a deterrent.

Mr. DICKMAN. I have to agree with that wholeheartedly. I feel that these first offenders really don't know what they are getting into. Get the message out to them. Get a true message out to them that says yes, you will be caught. Yes, you will do hard time. Yes, you will not get probation as I didn't get.

I think that should be a deterrent. I think probably education in this business is your only deterrent to this business.

Senator COHEN. My time is up, Mr. Chairman.

[At this point, Senator Chiles withdrew from the hearing room.]

Chairman ROTH. I would like to ask Mr. Jackson and Mr. Medina, in that order, what recommendations they might have if they suddenly became law officials. What steps could be taken that would help curb the drug traffic?

Do you have any recommendations, Mr. Jackson?

Mr. JACKSON. Senator, as far as the cocaine, hard drugs, I really don't know. I can only talk about marihuana, the only drug that I was in contact with, used and believed in. As I have stated to several people that I have talked to in the Government, I do not feel that you will ever be able to stop the flow of marihuana into this country. Primarily because, No. 1, in a very few years, the No. 1 crop will be grown here in the United States. Better, stronger, the best marihuana in the world will be grown right here in the United States.

As long as you have 30 to 40 million people smoking marihuana, as long as you have 30 to 40 million people who don't feel it is any worse than a beer, a glass of whiskey, or cigarettes they are going to smoke it.

As long as they are smoking it, as long as there is a demand, there will be a supplier. You can put your AWACS planes up in the air and drop paraquat on Colombia, for that matter if you wanted to, you could spray the entire United States with paraquat. They will simply go where the product is, bring it here anyway. Here again—

Chairman ROTH. Let me underscore my basic question.

Certainly a serious question is the demand, the market. If we can do something about that, then, undoubtedly, the source will dry up. But that is not the thrust of my question. The thrust of my question is, What steps do you think could be taken to make our law enforcement in this area more effective?

Is there anything beyond what has been said this morning?

Mr. JACKSON. I think more cooperation between the agents working on it, sharing knowledge, possibly putting an AWACS up will help control the boats and planes since they can spot them all.

Chairman ROTH. Why did your company, so-called "Company," use planes instead of ships?

As I gather from the testimony, the planes are a very risky business, at least for the pilots.

Mr. JACKSON. Right, but the chances of getting caught in an airplane are a lot less than they are in a boat plus it is a quicker trip. If we went tonight, by tomorrow night we are back. No way we failed. It was just a quicker way of doing things.

Chairman ROTH. Mr. Medina, going back to my earlier question, what recommendations would you make to make our law enforcement efforts more effective?

Mr. MEDINA. My recommendation, Mr. Roth, would be to have more radar planes, watch the lanes where these airplanes are coming in, through the Caribbean Islands and also have a constant watch on the different airports. Check on the incoming airplanes, especially the private airplanes and the different airports that don't have any tours. That is the only thing I can see that might slow it down a little bit.

Chairman ROTH. In other words, you are agreeing with the earlier statement that if we use more modern technology, radar, equipment, that we could be much more effective in balking these flights?

Mr. MEDINA. Yes. I agree with that. Also we need more manpower on the ground to give surveillance.

Chairman ROTH. Mr. Medina, I understand that you lived in Barranquilla, Colombia in 1960. You have testified that you visited Colombia many times since then.

What changes have you noticed in that city?

Mr. MEDINA. Since 1960, when I visited Colombia, there has been a tremendous amount of progress. They have a lot of different buildings, condominium buildings and offices, and you can see there has been progress due to the influx of money coming from the United States due to the trafficking of drugs. That is one of the main reasons which they have acquired all this new wealth.

Chairman ROTH. Were you ever searched for currency as you left the United States?

Mr. MEDINA. I never was searched for currency when I left the United States.

Chairman ROTH. Is it common for couriers to carry currency to Colombia from, say for example, Miami?

Mr. MEDINA. It is very common for anybody to carry any large amount of money within yourself, your pockets, or you can put it in your bags, or your attaché cases and go right through inspection.

Chairman ROTH. Were passengers ever reminded about the requirement that they file a report when they carried more than \$5,000 in or out of the United States?

Mr. MEDINA. Only on the inbound flights they were reminded about that. There was never advanced warning of any report that they have to do.

Chairman ROTH. Mr. Jackson, did The Company have any extravagant expenditures?

Mr. JACKSON. Yes. We threw a birthday party once that cost us approximately \$150,000. We hired cheerleaders from one of the major football teams to serve drinks, birthday presents; we bought our own airplanes, Mercedes Benz, Rolex watches, we lived very well.

Chairman ROTH. Did you ever repurchase any of your seized assets?

Mr. JACKSON. We would. Particularly our airplanes. We would fly our airplanes without the records or logs on board. The theory behind this was if the airplane was seized, it would eventually be sold at auction. It was worth nothing to anyone else but us because on a large four-engine aircraft, old round engine aircraft, without the books and records, the repair manuals that were on-board, it would be really worth nothing to anyone else because if they bought it, they would have to go to the FAA and get it recertified. This could cost them with a large airplane up to \$100,000.

In one instance we bought the DC-7 back that we had abandoned in Georgia for approximately \$25,000. Resold it, and tried to get our money back out of it. In most instances we did.

Chairman ROTH. Mr. Dickman, if it is so hazardous, why do pilots get involved? Is it solely a question of money or do they really know the risks? Is it hard to quit once you get started?

Mr. DICKMAN. Yes, sir. On both answers, getting into the business is really quite easy. The money is not the only reason for getting in the business, especially with the old pros that fly schedules and so forth, flying in itself is a very, very boring job.

The gentlemen that are 35, 50 years old, sometimes flying, get fed up with it, want excitement. They do it mainly because they can beat the system, for the thrills. For that, they feel like they are doing more than just sitting behind a console and driving through the air. I think it can best be described as this is the big thing, this is the rosiest. It is an exciting thing to sit up there and watch for the enemy or DEA aircraft to think that perhaps you are outsmarting them, coming into radar, the monetary values. It certainly is not boring.

If you don't scare yourself off on the first trip, which many of them do, then you are probably hooked with the money, with the excitement, the ability to buy anything you want, to go anywhere you want, any type of equipment you want.

It is hard to walk away from the table when you are rolling 7's. It feels like you can go on and on and there is no end to it. Once you get into the business, it is extremely hard to get out because of the law enforcement also. You have made two or three trips maybe. You had your picture taken, you feel, at one of the airports, either in Florida, or Texas, or even down South no people are asking questions.

You begin to stay away from your home. In some cases, you have to leave your family or your girlfriends. It is not an easy job after you are in it for awhile. The excitement goes out, now you are in it for the money, you had your problems, you cannot quit. You have lawyer fees to look at. It is expensive to run.

Like I said, it is also very dangerous. This business has bred a new business called steal an airplane and make a trip. That in itself has become big business as you probably know.

I feel the business is not the same business it was 5 or 6 years ago. We had a lot of trust in the business 5 or 6 years ago. You know, there are too many ripoffs, there are too many snitches in the business. There are too many hard times and hard fines. It is just not what it used to be. I wouldn't go back into it again for \$1 million.

Chairman ROTH. I see we have a vote. So we will call this hearing to an end.

It is unfortunate that we cannot better get out the story of the downside of the kind of activity you gentlemen were involved in.

I would ask the marshals now to remove the three witnesses.

The subcommittee is in recess.

[Whereupon, at 12:25 p.m., the subcommittee was recessed, to reconvene at the call of the Chair.]

[Member present at the time of recess: Senator Roth.]

INTERNATIONAL NARCOTICS TRAFFICKING

THURSDAY, NOVEMBER 12, 1981

U.S. SENATE,
PERMANENT SUBCOMMITTEE ON INVESTIGATIONS
OF THE COMMITTEE ON GOVERNMENTAL AFFAIRS,
Washington, D.C.

The subcommittee met at 10:08 a.m., pursuant to recess, in room 3302, Dirksen Senate Office Building, under authority of Senate Resolution 361, dated March 5, 1981, Hon. William V. Roth, Jr. (chairman) presiding.

Members of the subcommittee present: William V. Roth, Jr., Republican, Delaware; William S. Cohen, Republican, Maine; Warren B. Rudman, Republican, New Hampshire; Lawton Chiles, Democrat, Florida; and Sam Nunn, Democrat, Georgia.

Members of the professional staff present: S. Cass Weiland, chief counsel; Michael Eberhardt, deputy chief counsel; Marty Steinberg, chief counsel to the minority; Eleanore Hill, assistant counsel to the minority; and Katherine Bidden, chief clerk.

[Members of the Senate present at commencement of hearing: Senators Roth, Rudman, and Nunn.]

Chairman ROTH. The subcommittee will be in order.

This morning the Permanent Subcommittee on Investigations will continue its comprehensive hearings exploring drug trafficking and the country's response to this continuing problem.

Our focus today will be on Southeast Asia and the bumper crop of heroin that region is producing this year.

Later in the day, we will receive testimony from representatives of the Coast Guard concerning its important role in interdicting drug traffickers.

Our first witness will be staff counsel, Eleanore Hill, who will report on the staff visit to Southeast Asia. She will be followed by John O'Neill of DEA. We also have with us this morning Dennis Morton, the Chief of the Western Section, Office of Intelligence of the DEA and Lt. Richard W. Wright of the Organized Crime Intelligence Division of the Los Angeles Police Department.

Some of the testimony this morning will relate to money washing through Hong Kong financial institutions. In that regard, I would like to submit for the record as an exhibit a recent article on the subject from the Far Eastern Economic Review.

Without objection, it will be received.

[The document referred to was marked "Exhibit No. 2," for reference and follows:]

CRIME: CHINESE LAUNDRY BLUES

(By Mary Lee)

HONGKONG.—The time-honoured phrase that money is the root of all evil can well be applied to Hongkong: an unquantifiable amount of the money with which the territory is awash is not only "hot" but downright dirty, according to the police, who have found that frenetic financial activities include the laundering of funds from drug trafficking.

The mud was stirred by United States Senator Sam Hayakawa on a fact-finding tour of Asia. "The monetary discussions in connection with shipping of drugs," he told a press conference, "are negotiated through Hongkong banks. One way of tracking such traffic is simply having legal rights to inspect large sums of money."

This illegal Chinese laundry is not a new business: it led the British to acquire Hongkong in 1841. British merchants engaged in the opium trade sold drugs from the Subcontinent to China through Hongkong. By the time the profits arrived back in Britain, they had been re-channelled into the silk and tea trade.

Drug trafficking has not been legal for decades, but the profits are still huge. Narcotics Commissioner Peter Lee said that up to HK \$450 million (US \$75 million) is spent on the streets by local addicts each year—and it all goes to criminals. This, however, is only part of the drug money which is floating around in Hongkong.

Money—regardless of its source—can easily be moved through Hongkong's financial institutions and 88,000 registered companies to make it untraceable to the narcotics trade. The same could be said of Singapore, where there are also no foreign-exchange controls. As one Hongkong Narcotics Bureau officer said: "Hongkong is a financial centre and a free port—there must be money coming through as a result of trafficking from the Golden Triangle [the border region of Thailand, Burma and Laos]."

How to break the financial structure of illegal drug trafficking is going to be one of the most discussed problems of the 1980s, said Assistant Secretary for Security (narcotics division) C. M. Leung. Narcotics Bureau officers add that the absence of a central banking system in Hongkong and the laissez-faire character of all business here makes it impossible to trace money used in criminal acts and to calculate the real assets of criminals. All too often, a narcotics officer said, the money comes back laundered to be invested in legitimate businesses.

"Once the money is re-invested, it would take enormous manpower and financial expertise to separate the amount used in drug trafficking from the rest of the company's assets and earnings," the officer added.

Sequestering all of a convicted trafficker's assets is equally difficult, since the government may end up jeopardizing legitimate businesses and the jobs these provide. Moreover, the assets cannot be liquidated until all claims from innocent partners have been settled. The government could thus find itself liable to heavy claims for damages and compensation.

"We cannot operate like the Independent Commission Against Corruption [ICAC]," Leung said. ICAC officers can ask the courts to freeze a civil servant's assets and, by going through his official earnings, show how much of that is "unexplained" and presumed obtained through corrupt acts. A narcotics officer added: "We can only apply for a warrant to examine a suspected trafficker's bank account, but to trace it to specific transactions is like looking for the needle in the proverbial haystack."

Section 56 of the Dangerous Drugs Ordinance (DDO) empowers Hongkong courts to confiscate any funds or property used in or obtained through drug trafficking, regardless of whether anyone has been convicted of the offence. "But you really need a case, a conviction, in order to show that the assets have been laundered," the Narcotics Bureau officer said.

One case which illustrates the difficulty of sequestering drug funds is that involving the Ma brothers' syndicate, which police believe made hundreds of millions of dollars between the mid-1960s and mid-1970s. The Ma brothers, Sik-yu and Sik-chun, had various businesses (Ma Sik-chun was the former publisher of the mass-circulation *Oriental Daily News*. The Mas fled to Taiwan before they could be brought to trial (Review, Oct. 6, 1978). Any assets they may still have in

Hongkong cannot be touched by the authorities. Another more complicated case, laundering, is that involving trafficker Christopher Martin Johnstone, who was found murdered in England in October 1979.)

The Hongkong authorities are fully aware of how money is laundered by Southeast Asian Chinese. One method is to disguise drug funds as profits of a legitimate business. Property transactions can also be used to hide the source or direction of funds. A recent investigation by the bureau showed that a number of trading and investment companies, set up by families, remitted drug money from Hongkong to other Southeast Asian capitals through banks, gold traders and occasionally money couriers. "Windfalls" can also be attributed to winnings at horse races, casinos or lotteries.

Even if the elaborate laundering process is traced, little can be done without cooperation of Southeast Asian countries, the authorities say, since drug syndicates often have international connections. The Hongkong authorities are extremely reluctant to discuss this aspect of fighting the drug trade, maintaining that publicising obvious shortcomings in other countries' efforts does more harm than good.

An American banker in Hongkong said there was no way financial institutions like his could check the source of funds from a client whose name had surfaced in connection with an international trafficker but who was operating a legitimate business in Hongkong.

In contrast, the U.S. has a useful instrument to thwart transfers of illegal funds: foreign-exchange controls. U.S. federal law requires customs declaration of transfers of more than U.S. \$5,000. "This is a deterrent," a Drug Enforcement Agency (DEA) official said. Another weapon, similar to, but more effective than, Section 56 of Hongkong's DDO is the Racketeer Influenced and Corrupt Organisations (Rico) Statute which allows seizure of all assets connected with drug trafficking.

The U.S. Customs, the Internal Revenue Service and the DEA have joined forces in "Operation Greenback," which checks for laundering of illegal drug profits. On August 20, Operation Greenback seized U.S. \$8.2 million in cash from a bank and an office in Miami used by three Colombian officials suspected of drug trafficking. The Colombians have not yet been caught but the seizure has dealt a serious blow to drug rings attempting to move large amounts of currency through financial institutions in south Florida, federal agents said.

Meanwhile, the Hongkong Government is "looking at the Rico Statute," sources say, to see if it can be adapted for use locally. Sceptics feel, however, that as financial penalties already contained in the DDO are not meted out fully, there seems little point in adding to them. The maximum fine that can be imposed against a convicted trafficker is HK \$5 million. So far the highest fine (against the wife of drug kingpin Ng Sik-ho) has been HK \$1 million (Ng and his wife are serving 30 years in jail). Leung, however, added that the maximum fine may soon be raised to HK \$10 million.

It is possible that the 50th general assembly of the international law-enforcement body Interpol in Nice in November will direct its attention to the laundering facilities in Hongkong. Delegates are likely to be told that even if the law were amended so that assets of convicted traffickers (including those held by proxies) would be confiscated unless it were proved that they were legally obtained, the financial and commercial structure of the economy makes the policing of drug funds a herculean task.

Narcotics Bureau officers maintain gloomily that unless there is an international equivalent of Operation Greenback, no major dents will be made in narcotics financing. Under these circumstances, they say, recent impressive seizures of drugs here amount to no more than trying to run up a long down escalator.

Chairman ROTH. Our first witness is Miss Hill.

Would you please rise and raise your right hand?

Do you swear that the testimony you give before this subcommittee will be the truth, the whole truth, and nothing but the truth, so help you God?

Miss HILL. I do.

Chairman ROTH. Please be seated.

Please proceed.

TESTIMONY OF ELEANORE J. HILL, ASSISTANT COUNSEL TO THE MINORITY, PERMANENT SUBCOMMITTEE ON INVESTIGATIONS

Miss HILL. Thank you, Mr. Chairman.

I have a prepared statement which I understand will be a part of the record, and I would summarize portions of it.¹

Chairman ROTH. Without objection.

Miss HILL. Over the last year, the minority staff of the Senate Permanent Subcommittee on Investigations has conducted an extensive inquiry on the trafficking of narcotics into the United States from Southeast Asia.

Our emphasis on the Southeast Asian region is in direct response to those trends and factors which, by all indications, will largely shape and determine the course of international heroin trafficking in the 1980's.

The area known as the Golden Triangle, encompassing Burma, Thailand, and Laos, has routinely produced an annual opium crop of approximately 500 tons. Serious droughts in both 1978 and 1979 severely diminished the area's crop to somewhere between 160 and 170 tons, and 225 and 250 tons for each of those years.

Forecasts for international heroin trafficking in the 1980's however, reflect law enforcement's belief that opium production will once again focus on the Golden Triangle.

Senator NUNN. Would you give us the page number you are on if you are on the regular statement, so we can follow?

Miss HILL. I started on page 1, and I will read portions of it—

Senator NUNN. When you go to the next page, like page 3, would you say what page you are on, so we can follow it?

Miss HILL. The drought which plagued the region in the late 1970's has apparently ended, with the 1980-1981 growing season witnessing the return of a normal rainy season. Stimulated by good weather and drought-induced high opium prices, opium farmers in the region have reportedly now seeded up to four times the growing areas devoted to the crop last year. With continuing prospects for good weather, law enforcement authorities now believe that the 1981 Southeast Asia opium crop could well exceed 600 tons.

Page 3: With that fact in mind, subcommittee staff sought an understanding of the narcotics problem based on indepth interviews with domestic as well as international sources.

Senator Nunn, as ranking minority member, as well as minority chief counsel Marty Steinberg, myself, and chief minority investigator Jack Key, personally visited the Southeast Asian region, including Japan, Korea, Thailand, Burma, Malaysia, Singapore, Indonesia, and Hong Kong, discussing international narcotics enforcement with local government officials as well as representatives of both the U.S. Drug Enforcement Administration and the State Department. In addition to the international aspects of the investigation, the staff explored the influx of Southeast Asian narcotics within the context of American law enforcement, including direct contact with authorities in both Hawaii and California.

At this stage I would like to summarize as to each country.

¹ See page 393 for the prepared statement of Eleanore J. Hill.

Page 5, Japan: Japan itself does not currently have a major domestic heroin problem. By contrast, in the 1950's and 1960, the country did experience a serious problem with domestic heroin usage and addiction. Recognizing the problem, the Japanese took steps to eliminate it and, in fact, did so. However, today, Japanese authorities acknowledge that a serious problem does exist in the trafficking and domestic usage of methamphetamines. In 1980, Japanese law enforcement reported seizures totaling 250 pounds of methamphetamines. The Japanese methamphetamine trade, while not directly influencing the United States on a major scale, may well be providing valuable trafficking experience to a group which is widely recognized as having the greatest future potential for developing major heroin trafficking operations into the United States. Designated the Yakuza or Borykudan, the group is the Japanese equivalent of traditional American organized crime syndicates.

Page 7: Although Yakuza drug activity in Japan presently centers on the methamphetamine trade, there are growing indications that they have engaged in heroin trafficking in several instances.

Of even more immediate concern to American law enforcement has been the increasing presence and influence of the Yakuza in the United States.

Law enforcement authorities now believe that Japanese organized crime is successfully filtering large amounts of Yakuza money into legitimate businesses in the United States, in Honolulu and elsewhere.

Page 8: Numerous law enforcement authorities expressed to the subcommittee staff their belief that it is only a matter of time before the Yakuza groups become seriously involved in the smuggling of heroin into the United States from Southeast Asia.

Given their expertise and control of an established network for trafficking in methamphetamines, the heroin business presents a golden opportunity for future profit for the Yakuza.

Page 10, Thailand: Essentially a domestic producer of opium, poppy cultivation in Thailand today centers on what are commonly referred to as the "hill tribe villages" scattered throughout northern Thailand. Of 900 such villages in northern Thailand, at least 500 produce opium. Thai authorities estimate there are now approximately 400,000 people in the hill areas who have no other source of income besides opium.

Page 15: Undoubtedly, the most serious hindrance to successful crop substitution in Thailand has been the continual lack of support from the Thai law enforcement community. The single most important factor in effective crop substitution is consistency.

For the last 2 years in a row, there have been official Government announcements that opium crops in Thailand will be destroyed. In reality, nothing has happened.

Page 16: Official Thai Government policy rejects the widespread spraying of herbicides on the opium crop for a number of reasons. The Thais do not feel that spraying is a viable alternative inasmuch as the opium is routinely interspersed with a variety of other important crops. Moreover, the Thai people abide by Buddhist religious principles which strongly discourage the destruction of any form of life, including plant species.

Last, Thai authorities repeatedly expressed to the subcommittee staff their refusal to engage in a policy of spraying when, in fact, the United States itself does not do so.

Page 17: On an international level, opium grown and processed in makeshift heroin refineries in the Burmese hill country is continually funneled through Thailand by expert traffickers not the least of which are the "opium war lords" of northern Thailand. These individuals are the leaders of identifiable insurgent groups which have historically divorced themselves from the central governments in both countries.

Thailand has traditionally justified its past refusal to move against these groups as necessary to preserve an effective buffer zone against the revolutionary and Communist-backed forces.

Page 19: There is now outstanding a Thai warrant for the arrest of Chang Chi-fu, leader of the Shan United Army and principal opium war lord in Thailand. That warrant has, however, been pending since July 10, 1980.

The Thai Government did undertake one operation against Chang Chi-fu and the Shan United Army without success.

The details of the operation were apparently leaked to Shan United Army forces. That episode underscores the extent of official corruption in Thailand, a problem which was repeatedly voiced to subcommittee staff.

One Thai law enforcement official told the staff that of 300 men under his direct command, he felt that he could trust only 8 of them with sensitive law enforcement information.

Page 21: One further problem in the narcotics area has stemmed from the historical lack of cooperation and mistrust between the Thais and the Burmese. There exists today an absolute lack of any joint effort by the two countries to attack the heroin problem which is centered in and around their mutual border.

Page 23: Regarding the Shan United Army, Thai officials repeatedly told the subcommittee staff that if the United States sincerely desires Thai military action against the Shan United Army, there must be an accompanying agreement by the United States to back the Thais in that effort and in any resulting attacks on Thai domestic security.

Page 24: Moreover, Thai authorities repeatedly told the subcommittee staff that they simply do not believe that the United States is serious about narcotics, given recent DEA budget cuts. Equally frustrating and equally incomprehensible to Southeast Asian authorities in Thailand and elsewhere are bail, parole and sentencing policies in the United States. Thai authorities see judicial leniency to American drug offenders as further proof that the United States has little or no concern for narcotics enforcement. Talk of the proposed FBI-DEA merger has also reached Southeast Asia. Government and law enforcement officials in those countries see that merger not as a routine budget measure, but rather as a certain downgrade or elimination of DEA. Those factors, coupled with the budget-induced recall of DEA's Bangkok-based Southeast Asian regional director to Washington, have resulted in a Southeast Asian belief that the United States is not seriously concerned about the war against drugs.

Thai authorities told the subcommittee staff that they currently believe that they can no longer rely on the word of locally stationed

DEA personnel because "They are going back to Washington very soon."

[At this point Senator Chiles entered the hearing room.]

Miss HILL. Burma, page 26: Burma is the major opium producer in the Golden Triangle, standing at approximately 600 metric tons.

A significant portion of the mountainous areas that are on the northern and eastern border of Burma, are outside the control of the Burmese Central Government. Known as the Shan State, this is the area where the majority of opium is, in fact, produced. Since the revolution of 1962, various private armies have been in a constant state of insurgency against the central government of General Ne Win. The most serious threat of these insurgencies comes from the Burmese Communist Party, referred to as BCP, which controls the majority of the poppy-growing areas in the Shan State.

In the past, the BCP has received considerable support from the People's Republic of China. However, this support has been steadily declining during the past several years. As a result, the BCP is playing an even more active role in opium smuggling in order to finance its current activities.

The Burmese Government has resisted suggestions that herbicidal spraying be used in the opium-growing areas. Burmese Government officials did visit Mexico in order to personally examine spraying efforts in that country. They returned essentially unconvinced.

Burmese are fearful that spraying would harm not only opium but other important crops as well, particularly given the interspersed planting patterns employed by Burmese farmers. Moreover, like the Thais, the Burmese adhere to Buddhist tenets which prohibit the destruction of any form of life, whether it be animal or plant.

Burmese officials, nevertheless, told the subcommittee staff that they remained willing, at least, to listen to American suggestions for spraying.

Page 30: The Shan United Army is, as in Thailand, the most important narcotics organization in Burma. This 3,500-man organization was outlawed by the Burmese Government in 1971. Burma's officials are wary of the Thais since the Shan United Army's headquarters is, in fact, only 10 kilometers south of the Burmese border in Thailand. They cannot understand how Chang Chi-fu can freely move in and out of Thailand and not be arrested on the outstanding Thai arrest warrant.

Burmese officials told the subcommittee staff that if Thailand was serious about controlling the narcotics trafficking problem, Thai authorities would promptly arrest Chang Chi-fu.

Page 33: Since 1975, the United States has supported Burmese narcotics control efforts by providing helicopters and fixed-wing aircraft, communications equipment and associated training and equipment-maintenance support. American Embassy personnel in Rangoon urged subcommittee staff that the United States provide Burma with financial assistance so that the nation can buy several C-130 aircraft for use in narcotics enforcement.

Officials also recommended that the United States consider some sort of aid designed to assist the building of an effective road system into the opium-growing portions of the country. There can be no long-term solution to the narcotics problem without some effective system of access to those producing areas.

Malaysia, page 36: Malaysia, while not an opium producer, suffers the heroin trade in two respects: As a conduit for trafficking chemicals into Thailand and heroin out of Thailand and as the home for a large addict population. While the Muslim Malays dominate Malaysian government, an active Chinese minority, in fact, operates the country's economic and business life. By analogy, the Malay youth constitute a great majority of the addict population estimated to be as large as 400,000, while the Chinese employ their business expertise to dominate the heroin trafficking trade through Malaysia.

Page 38: In the northern area of the country, the Thai-Malaysian border is a recognized avenue for the importation of drugs, particularly heroin and morphine. On the Thai side of the border, there is little, if any, continuous governmental presence.

The area, in fact, is heavily populated with Communist and Muslim terrorist groups.

On the Malaysian side of the border, by contrast, the Malaysian Government has constructed 25½ miles of 12½ foot high barbed wire fence along the border to deter the smuggling of both drugs and guns.

Page 40: Malaysia itself serves as the principal channel for the importation of acetic anhydride into Thailand for use in producing heroin. Acetic anhydride may be legally imported into Malaysia by anyone who possesses a government-issued class A chemical permit.

The exportation of acetic anhydride from Malaysia is presently free of governmental control and restriction. Malaysian authorities justify their refusal to restrict exportation of the substance on the fact that the chemical is routinely used for a large number of legitimate commercial purposes in Malaysia, including photography and textile bleaching.

Page 43: As in Thailand, the subcommittee staff was told time and again by Malaysian authorities that the sincerity of American narcotics efforts is in doubt given our lenient treatment of drug offenders, light sentencing and easy parole terms. This was in stark contrast to the Malaysian policy of strict enforcement of all criminal laws.

Hong Kong: Hong Kong has long been considered the financial and economic marketing center of the East. As drug trafficking has boomed financially, Hong Kong has been suggested as a mushrooming financial hub for the narcotics trade.

Page 46: Ninety-nine percent of drugs entering Hong Kong come via Thailand. Reflecting the presence of a bumper opium crop, Hong Kong this year experienced an increase in the flow of drugs into the colony. From January through June of 1981, Hong Kong authorities had made seizures of 123 kilos of narcotics.

Page 47: Hong Kong has, in many areas, proven to be a leader in the employment of new legal and operational law enforcement techniques in Southeast Asia. In contrast to Thailand and Malaysia, the police in Hong Kong have successfully used conspiracy law against syndicates operating in the colony within the past few years.

As a result, they have secured convictions in a number of cases without the actual seizure of drugs, a rarity in Southeast Asian narcotics enforcement. Equally praiseworthy have been the efforts of Hong Kong authorities in the tracing of narcotics profits through various financial institutions.

Aside from the legitimate banking system, Hong Kong provides another avenue for the laundering of narcotics money, the Chinese

underground banking system. Authorities have established that 15 out of the top 20 narcotics traffickers in Singapore are clients of a single underground organization for the laundering of money out of Hong Kong.

The great majority of money filtered through this system is destined for Thailand.

Page 50: In the transfer of narcotics money, Hong Kong serves as a sort of corporate headquarters for Southeast Asia. Decisions as to the transfer of money are made in Hong Kong and its financial network serves as the actual conduit for the money into other countries.

Page 51: In 1959, Hong Kong was publicly reported to have a quarter of a million domestic addicts, the highest per capita addict population in the world. In response to that announcement, Hong Kong has now developed probably the most comprehensive drug education and rehabilitation program in all of Southeast Asia, including a highly successful system of voluntary registration, treatment, and preventive education.

That concludes my remarks on the countries.

I would like to move on to our conclusions as a result of this investigation.

In closing, we would suggest that in shaping congressional action in this area, the subcommittee should consider the following points, and I am beginning on page 57:

No. 1, political and law enforcement interests have at times competed, if not conflicted, in the area of international narcotics. The United States cannot divorce domestic drug concerns from foreign policy considerations and hope to succeed in the war against international narcotics trafficking. There must be a unified and comprehensive American position as to both politics and enforcement in dealing with each of the producing and trafficking nations.

The United States should, as part of its diplomatic policy, make it abundantly clear that it will deal substantially different with those countries who are unwilling to assist us in international narcotics enforcement.

Two: As part of that unified stance, the United States should take measures to insure a singular purpose and the close coordination of efforts by American agencies abroad vested with narcotics responsibility.

The questions of narcotics enforcement and intelligence abroad are currently handled by as many as three separate American agencies stationed in a single foreign nation: The State Department, the Drug Enforcement Administration and the Central Intelligence Agency.

As a result, there have been instances where our narcotics efforts have suffered as a result of lack of coordination and/or duplication of effort among agencies.

Three: There is a widespread belief among foreign governments in producing and trafficking nations that the U.S. Government and the American people are not sincerely committed to the war against drugs. That attitude has, to a great degree, resulted from a belief that the American criminal justice system is characterized by unreasonably lenient bail, sentencing and parole policies toward narcotics offenders.

Four: The belief that the United States is unconcerned about drugs has been bolstered by recent budget-induced cuts in the presence of American narcotics aid and personnel abroad. Moreover, foreign of-

officials view proposals to merge DEA with the FBI as conclusive proof that American efforts against drugs are on the decline.

Unless and until foreign governments again recognize an American commitment in this area, international narcotics enforcement will suffer.

Five: There are two other recurring concerns which lead foreign officials to doubt the sincerity of American narcotics efforts. Foreign officials have strongly criticized American efforts to secure leniency for American drug offenders imprisoned overseas as well as the failure of the American military to become actively involved in narcotics enforcement.

Presently Senator Nunn and other Senators have introduced legislation in both of those areas, bail and sentencing as well as posse comitatus.

Six: The international narcotics trade prospers through the laundering and transfer of narcotics profits via international financial channels. Joint international investigations of such transfers, if successful, can, in fact, significantly decrease current economic incentives for narcotics trafficking. The United States should attempt to negotiate mutual assistance, extradition, and tax treaties with producing and trafficking and financial nations in an effort to encourage and facilitate further financial tracing of narcotics profits and more effective narcotics efforts.

Seven: Burma, as the major opium-producing nation in Southeast Asia, has now indicated a sincere determination to attack the opium problem in the context of extremely limited resources. The United States should consider (1) securing some type of concessional financing by which the Burmese can obtain C-130 aircraft for use against opium production; and, (2) the commitment of American aid, vis-a-vis financing and/or technical advice and assistance to Burma for the development of roads into the opium-growing areas.

Eight: A major hindrance to narcotics enforcement in Southeast Asia has been the lack of cooperation between Thailand and Burma.

The United States should make every effort to impress upon those governments the importance of their joint and coordinated efforts in the war against heroin trafficking.

Nine: Many of the legislative and law enforcement techniques which have proven so successful against narcotics in the United States have yet to be extensively employed in Southeast Asia. The State Department and DEA should pursue efforts to make available to Southeast Asian nations information and training in legislative and operational techniques employed in American narcotics enforcement.

Ten: The relatively free trade of acetic anhydride and other precursor chemicals used in the production of illegal drugs undoubtedly contributes to the success of international narcotics trafficking. The State Department should seek international agreements with those affected countries for restraints in the production and distribution of acetic anhydride and other precursor chemicals.

Eleven: The United States should attempt to assist the producer nations in finding a safe and effective method of drug eradication which is geared to that nation's specific problems.

Twelve: In the context of the recent glut of Southeast Asian heroin and the potentially vast American market for that heroin, the increas-

ing presence of and financial investment by the Japanese organized crime group, the Yakuza, in the United States is particularly alarming. That group now has perhaps the single greatest potential for developing major heroin networks into the United States from Southeast Asia.

American law enforcement should work to develop a greater awareness of that group in an effort to monitor and prevent the possibility of future heroin trafficking by the Yakuza into the United States.

Thirteen: In the face of a large population of heroin addicts, the Hong Kong Government has devoted considerable effort to the development of a comprehensive and effective program of voluntary addict registration, treatment and preventive drug education.

Their program has been exemplary in this area. The United States, in its efforts to solve the problem of narcotics demand within this country, should closely consider the efforts and the experience of the Hong Kong program.

Mr. Chairman, that concludes my statement.

Thank you.

Chairman ROTH. Do you have any questions?

Senator NUNN. I want to thank Eleanore for her very comprehensive statement, I know that she and Jack Key have worked on it for a number of months starting early this year and made extensive travels in this year.

I think it is a very, very comprehensive statement that will be of immense benefit to this subcommittee and other committees in considering solutions.

I have one question, and that is on the last, No. 13, recommendation 13 about registration, treatment, and preventive drug education. Is this what we would call compulsory rehabilitation? When they find an addict in Hong Kong, are they compelled to undergo treatment?

Miss HILL. Senator, it is a voluntary registration program and once they register, then they go through the treatment program. But the registration is not compulsory to begin with.

In other words, the addict can or cannot register with the program. Once they register, Hong Kong has a treatment program with methadone. They also have a registry of addicts which follows the addicts with profiles and keeps statistics on the average age and what the addict population is like, their progress and that sort of thing. It helps both ways. It helps the government and the authorities in keeping a handle on what the addict problem is in the country and what the target groups are and people most likely to use heroin in the country, and also it helps the addict. It is not compulsory initially. Once they enter the program, they are supposed to follow ahead with the rehabilitation.

Senator NUNN. What if they find someone who has not registered but is involved in a crime or for some other reason comes to the attention of the authorities, do they then compel rehabilitation or is it strictly a voluntary act?

Miss HILL. Registration is still voluntary.

Senator NUNN. Let's assume an addict comes to the attention of the authorities, has not registered, doesn't intend to, and doesn't register, do they do anything about that addict?

Miss HILL. My understanding is that that would happen, if in a particular instance, given the judge or criminal case, it would be com-

pelled as part of the probation or sentence, but the addict program is separate from the law enforcement aspect of it.

Senator NUNN. Do you think these countries have compulsory rehabilitation?

Miss HILL. Yes, your honor—excuse me.

Senator NUNN. That's all right, I like that.

Miss HILL. I am used to the courtroom.

Hong Kong does not have that. I believe in Burma they have compulsory rehabilitation and also have it in Malaysia.

Senator NUNN. Does it work anywhere else in the world—I have heard varying reports on that—or did you get into that enough to make a judgment?

Miss HILL. The Hong Kong program has been very successful. They believe they have significantly reduced the addict population in the country. The Malaysians are very proud of their program. They have devoted a considerable amount of resources to their program, particularly because they had such a large addict population and it was a political problem in the country, also.

In Malaysia, it is compulsory. They have taken it to such degree that they have sort of coordinated their education and rehabilitation program with their prison system in that they have separate prisons for youthful offenders on drug offenses where only young offenders in drug-related crimes are housed in one prison, and the prison not only serves the punishment purpose of the criminal system, but it also has rehabilitation efforts within the center.

Senator NUNN. Do they incarcerate noncriminal addicts?

Miss HILL. In Burma, I believe—I don't believe they incarcerate them, no, Senator, to my knowledge.

Senator NUNN. I would like for you to followup on this and determine exactly what is done in each country. I had heard there was compulsory rehabilitation in Japan for quite a while.

Miss HILL. I believe in Japan they might have done that. Japan originally had a very bad heroin problem and they employed the full forces of the Japanese narcotics authorities in eliminating it in the fifties and sixties and, in fact, did so.

My understanding of the program was that it was a double thing. It was not only the enforcement efforts, so far as interdiction and that type of thing, but it was also a very compulsory rehabilitation treatment program and that type of thing and they did, in fact, succeed in Japan.

Senator NUNN. If you could supplement for the record information on the countries that have undertaken comprehensive treatment programs, whether they are compulsory or not, and give us a rundown on their success rates, if any, compare that to what we do in this country. I am not looking for an extensive document, but rather just a summary.

Miss HILL. We can do that, Senator. We have some materials that the Hong Kong people did provide us, booklets and brochures which outline the entire program. They spent a considerable amount of time and effort on their program.

Senator NUNN. Also there was a study in this country in the last year that indicated the number of crimes committed by a select number of addicts in this country over a 10- or 11-year period. I would like

for you to submit that for the record, too. It comes to mind it was something like 250 addicts that committed something like 500,000 crimes over an 11-year period.

I would like to get the exact study, who made it, and so forth, and put it in the record at this point.

Thank you, Mr. Chairman.

[The information to be furnished follows:]

HEROIN ADDICTION AND STREET CRIME

(By James A. Inciardi)

The relationship between heroin use and street crime has been studied for the better part of this century, but the findings have been inconclusive. Research in this area has been limited to analyses of criminality in terms of arrest data, and samples have been drawn only from officially known populations of drug users. The present study focuses on a sample of 356 active heroin from Miami, Florida, and data have been collected describing their officially known and self-reported criminal activity. The data indicate that, while active heroin users are heavily involved in street crime, any relationship between drug use and crime is much more complex than has been generally believed. The findings of the research suggest that the wrong questions may have been asked in previous studies of the drugs/crime nexus.

The relationship between heroin use and street crime represents an issue that has long been studied, argued, and reexamined—yet few definitive conclusions are apparent today. For more than six decades, researchers and opinion makers have addressed the subject, asking such questions as: Do heroin use and addiction cause crime? If so, what ought to be done to manage the problem? Much of the research on this has attempted to determine the sequence of heroin use and criminal activity. Does addiction per se lead the user into a life of crime, or do the demands of the addict's life-style force him into criminal behavior? Or, alternatively, is heroin use simply an additional pattern of deviant activity manifested by an already criminal population. The catalog of research has been impressive, at least in terms of sheer quantity.¹

The findings that have emerged, however, have led to a series of peculiar and contradictory perspectives. Some researchers have found that the criminal histories of their sample cases considerably preceded any evidence of drug use; thus, their conclusion has been that the heroin user is indeed a criminal, and should be treated as such. Others have found in their data that the sequence is in the reverse direction, and have offered us an "enslavement theory" of addiction. Within this perspective, it is suggested that the monopolistic controls over the heroin black market have forced the otherwise law-abiding user into a life of crime in order to support his habit. The answer to the "problem" is simple: Legalize heroin, and the need for crime is removed. And still a third group finds conflicting data: Some members of the samples were drug users first, other members were criminals first, and still others embraced both drug use and crime simultaneously. The conclusion here is that heroin use and crime may not be related at all, but instead result from some third, unknown variable, or some complex set of factors that pervade the user's operating social milieu and greater environment.

Yet any conclusions, hypotheses, and theories from these efforts become meaningless when one considers the awesome biases and deficiencies in the information that has been generated. Data-gathering enterprises on criminal activity have usually restricted themselves to the heroin users' arrest histories, and there can be little argument as to the inadequacy of official statistics as measures of the incidence and prevalence of criminal behavior. Those studies that have gone beyond arrest figures to prove self-reported criminal activity invariably have been limited to small samples of either incarcerated heroin users or users placed

¹ For annotated bibliographies and analyses of these studies, see Research Triangle Institute, *Drug Use and Crime* (Springfield, Va.: National Technical Information Service, 1976); Gregory A. Austin and Daniel J. Lettieri, *Drugs and Crime: The Relationship of Drug Use and Concurrent Criminal Behavior* (Rockville, Md.: National Institute on Drug Abuse, 1976); S. WW. Greenberg and Freda Adler, "Crime and Addiction: An Empirical Analysis of the Literature, 1920-1973," *Contemporary Drug Problems*, vol. 3 (1974), pp. 221-70; and James A. Inciardi, "The Villification of Euphoria: Some Perspectives on an Illusive Issue," *Addictive Diseases*, vol. 1 (1974), pp. 241-67.

in treatment programs. And the few efforts that have been made to locate active heroin users have generally examined their samples' drug-taking behaviors to the exclusion of their drug-seeking behaviors.

In an effort to generate a preliminary and more realistic data base descriptive of the criminal activities of active heroin users, the present study focused during a twelve-month period ending in 1978 on the street community as an information source, using active cases in Miami, Florida.²

METHOD

The peculiar life-style, illegal drug-taking and drug-seeking activities, and mobility characteristics of active drug users precludes any examination of this group through standard survey methodology. A sample based on a restricted quota draw was rejected in favor of one derived through the use of a socio-metrically oriented model.

In the field site, the author had established extensive contacts within the sub-cultural drug scene. These represented "starting points" for interviewing. During or after each interview, at a time when the rapport between interviewer and respondent was deemed to be at its highest level, each respondent was requested to identify other current users with whom he or she was acquainted. These persons, in turn, were located and interviewed, and the process was repeated until the social network surrounding each respondent was exhausted. This method, as described, restricted the pool of users interviewed to those who were currently active in the given subcultural knit in the street community and who were "at risk." In addition, it eliminated former users as well as those who were only peripheral to the mainstream of the subcultural half world.

This selection plan does not guarantee a totally unbiased sample. However, the use of several starting points within the same locale eliminated the difficulty of drawing all respondents from one social network. Confidentiality was guaranteed to the respondents, interviewing was done in an anonymous fashion, and each respondent was paid a fee for participating.

This sampling technique resulted in an initial study population of 356 heroin users (see Table 1) who were active in the free community at the time of the interview. Not unlike other populations of drug users, most of the sample cases were males (67 percent), and the majority of both the males and females were unemployed whites, clustered in the eighteen- to thirty-four-year-old age group (see Table 1). Males and females did, however, evidence many pronounced differences in their criminal career patterns.

TABLE 1.—SELECTED CHARACTERISTICS OF 356 ACTIVE HEROIN USERS

Characteristics	Males (n=239)	Females (n=117)
Age:		
17 and under.....	0.8	3.4
18 to 24.....	19.2	34.2
25 to 34.....	64.0	51.3
35 to 49.....	14.2	9.4
50 and over.....	.8	1.7
Median (years).....	27.9	26.9
Ethnic background:		
White.....	52.3	55.6
Black.....	33.5	24.8
Hispanic.....	14.2	16.2
Other.....		3.4
Years of school (median).....	11.8	11.7
Employment status:		
Currently employed.....	49.3	41.9
Unemployment.....	48.5	53.8
Not in labor force.....	2.2	4.3
Marital status:		
Never married.....	45.6	46.2
Married.....	25.9	13.7
Divorced/separated.....	26.4	36.8
Widowed.....	1.7	2.6
No data.....	.4	.9

² These data were generated by DHEW grant No. 1-R01-DA-0-1827-02, from the Division of Research, National Institute on Drug Abuse.

DRUG USE PATTERNS

The heroin users sampled in this study had long histories of multiple drug involvement, following clear sequential patterns of onset and progression. Both male and females began the use of drugs with alcohol. Their first experiences with alcohol intoxication occurred at median ages of 13.3 and 13.9 years, respectively, with 39.9 percent of the males and 21.4 percent of the females having such an experience before age 12. Furthermore, as indicated in Table 2, progression into the other major drugs followed identical sequential patterns for both sexes. For example, based on median ages of onset, alcohol use was followed by initial drug abuse experimentation at 15.2 years of age, followed by marijuana use, barbiturate use, heroin use, and cocaine use:

TABLE 2.—DRUG USE HISTORIES

Drug use characteristics	Males (n=239)	Females (n=117)
Age of first alcohol use (median).....	12.8	13.8
Age of first alcohol high (median).....	13.3	13.9
Ever used alcohol (percent).....	95.8	98.3
Age of first drug (excluding alcohol) use (median).....	15.2	15.2
Age of first marihuana use (median).....	15.5	15.4
Ever used marihuana (percent).....	99.2	99.1
Age of first barbiturate use (median).....	17.5	17.0
Ever used barbiturates (percent).....	84.9	88.0
Age of first heroin use (median).....	18.7	18.2
Age of first cocaine use (median).....	19.7	18.7
Ever used cocaine (percent).....	92.9	92.3
Median number of drugs ever used ¹	10.3	10.5
Median number of drugs "currently" being used ²	5.0	5.6
Ever treated for drug use (percent).....	56.9	56.4
Currently in treatment (percent).....	.4	.9

¹ Includes alcohol, heroin, other narcotics, sedatives, stimulants, antidepressants, hallucinogens, analgesics, and solvents/inhalants.

² "Current" use refers to any intake during the 90 days before the interview.

Substance	Median onset age	
	Males	Females
Alcohol use.....	12.8	13.8
Alcohol intoxication.....	13.3	13.9
First drug abuse.....	15.2	15.2
Marihuana use.....	15.5	15.4
Barbiturate use.....	17.5	17.0
Heroin use.....	18.7	18.2
Cocaine use.....	19.7	18.7

Curiously, while the females began their careers of substance use one year later than the males, their progression was more rapid and the extent of their drug involvement seemed to be greater. A median of 5.9 years separated the males' initial alcohol experimentation from their first use of heroin at age 18.7. With females, the onset of heroin use was at age 18.2, only 4.4 years after the first use of alcohol. Furthermore, as is shown in Table 2, the females were using a slightly wider variety of drugs than were the males.

CRIMINAL HISTORIES

Early involvement in criminal activity was characteristic of the great majority of the sampled heroin users. As shown in Table 3, 99.6 percent of the males and 98.3 percent of the females reported having ever committed a crime, with the median age of the first criminal act preceding the sixteenth year. The first crimes committed were generally crimes against property, although the specific kind of property crime varied between males and females.

As shown in Table 3, burglary was cited most often by males as the first crime (25.1 percent), followed by shoplifting (20.1 percent), other larcenies (11.7 percent), and drug sales (10.0 percent). In contrast, 38.5 percent of the females reported shoplifting as their first offense, followed by prostitution (18.8 percent) and drug sales (12.8 percent). It might also be noted here that the proportion

reporting vehicle theft as the first crime was ten times higher among males than among females; the percentage of violent crime (robbery and assault) was also higher among the male group. For example, while 15.4 percent of the males specified robbery or assault as the first criminal offense, only 6.0 percent of the females indicated one or the other as the first offense.

TABLE 3.—CRIMINAL HISTORIES

Criminal characteristics	Males (n=239)	Females (n=117)
Ever committed offense (percent).....	99.6	98.3
Age of first crime (median).....	15.1	15.9
First crime committed (percent):		
Robbery.....	7.9	3.4
Assault.....	7.5	2.6
Burglary.....	25.1	5.1
Vehicle theft.....	9.2	0.9
Shoplifting.....	20.1	38.5
Other theft/larceny.....	11.7	6.9
Prostitution.....		18.8
Drug sales.....	10.0	12.8
Other/no data.....	8.1	9.3
Have arrest history (percent).....	93.7	83.8
Age at first arrest (median).....	17.2	18.3
Total arrest (median).....	3.5	2.6
Ever incarcerated (percent).....	81.2	62.4

Most of the heroin users studied here had arrest histories, but these typically began more than two years after the initiation of criminal activity (Table 3). Some 93.7 percent of the males reported having been arrested at least once, with the first arrest occurring at a median age of 17.2 years. Slightly fewer females (83.8 percent) had arrest histories, with the initiation into criminal justice processing beginning at a median age of 18.3 years. The data also indicate that the males had more frequent contacts with the criminal justice system (Table 3). The median number of arrests for the males was 3.5, with 81.2 percent having histories of incarceration. In contrast, the females reported a median of 2.6 arrests, with 62.4 percent having been incarcerated. Such differences might be explained by the younger age at which the males initiated their criminal activity and arrest histories, or by the slightly younger age of the female group. However, the expanded arrest figures below, reflecting the nature of the various arrests, may suggest the somewhat more serious, and hence more visible, nature of the males' criminal involvement. For example—

Nature of arrest	Median number of arrests	
	Males	Females
Crimes against property.....	1.6	0.5
Crimes against persons.....	.3	.2
Drug law violations.....	1.4	.8
Public order crimes.....	.2	1.1

While the male arrest data reflect a greater involvement in crimes against the person, property, or drug laws, the females were more often arrested for the less serious crimes against the public order, primarily prostitution. This would account for the higher rate of incarceration among the male group.

PATTERNS OF DRUG USE SUPPORT

As indicated below, the heroin users reported a wide variety of sources of support for both their general economic needs and their drug use. For example—

[In percent]

Source of income	Males	Females
Family, friends.....	12.5	31.6
Legal employment.....	49.4	43.6
Public assistance.....	20.0	18.8
Criminal activity.....	97.4	94.9

While more than 90 percent of both groups relied upon criminal activity as a means of income, most had a second source of funds. However, some 98.7 percent of the males and 96.6 percent of the females reported some form of illegal activity during the twelve months before the interview, and more than 80 percent of this criminality was for drug use support (80.5 percent for males, 87.7 percent for females).

CURRENT CRIMINALITY ACTIVITY

The data on current criminal activity clearly demonstrate not only that most of the heroin users were committing crimes, but also that they were doing so extensively and for the purpose of drug use support. Initially, some 98.7 percent of the males reported committing crimes during the twelve-month period prior to interviewer contact, with a median of 80.5 percent of such criminality undertaken for the purpose of supporting a drug habit.

As indicated in Table 4, the 239 male heroin users reported committing 80,644 criminal acts, averaging some 337 offenses per user. While this might be viewed as an astronomical sum, one must consider the relative proportions for each crime category. The violent crimes of robbery and assault, although reaching the considerable figure of almost 3,500, nevertheless represent only 4.3 percent of the total. Similarly, property crimes, while including some 17,846 thefts of various types, account for less than 25 percent of the total figure. On the other hand, a clear majority of the crimes by male heroin users were crimes without victims: Almost 60 percent of the criminal behavior reported here was drug sales, prostitution, gambling, and alcohol offenses, with an additional 8.1 percent of criminal activity involving the buying, selling, or receiving of stolen goods—a secondary level of criminality resulting, in most instances, from the users' initial involvement in property crimes.

TABLE 4.—CRIMINAL ACTIVITY DURING PAST 12 MO, 239 ACTIVE MALE HEROIN USERS

Crime	Total offenses	Percentage of sample offenses	Percentage of sample involved	Percentage of offenses resulting in arrest
Robbery.....	3,328	4.1	46.9	0.3(n=11)
Assault.....	170	<.2	20.9	.65(n=1)
Burglary.....	4,093	5.1	69.0	.75(n=30)
Vehicle theft.....	398	.5	22.6	.55(n=2)
Theft from vehicle.....	877	1.1	29.3	.75(n=6)
Shoplifting.....	9,685	12.0	59.4	.25(n=15)
Pickpocketing.....	11	<.1	.8	
Prostitute theft.....	62	<.1	1.3	1.65(n=1)
Other theft.....	1,009	1.3	35.1	.55(n=5)
Forgery/counterfeiting.....	1,711	2.1	40.2	.45(n=6)
Con games.....	1,267	1.6	30.1	
Stolen goods.....	6,527	8.1	59.4	<.15(n=3)
Prostitution.....	2	<.1	.4	
Procuring.....	2,819	3.5	30.5	<.15(n=1)
Drug sales.....	40,897	51.0	91.6	<.25(n=93)
Arson.....	65	<.1	2.9	
Vandalism.....	58	<.1	8.8	1.75(n=1)
Fraud.....	185	.2	12.1	1.15(n=2)
Gambling.....	6,306	7.8	38.5	<.15(n=3)
Extortion.....	648	.8	10.0	
Loan sharking.....	463	.5	13.0	
Alcohol offenses.....	58	<.1	6.3	10.35(n=6)
All other.....	5	<.1	2.1	60.05(n=3)
Total.....	80,644	100.0	100.0	.2(n=189)
Mean number of offenses per subject.....	337			

These comments are not intended to minimize the amount of serious crime among heroin users. Rather, they emphasize that such criminality is more often victimless crime than predatory crime. On the other hand, these data also indicate that male heroin users have diverse criminal careers. Almost all (91.6 percent) were involved in the sale of drugs; almost half (46.9 percent) also engaged in robberies, 59.4 percent also engaged in shoplifting, and more than two-thirds (69.0 percent) were also burglars. It might also be added here that 42.7 percent of these subjects used weapons during the commission of all or some of their crimes, the usual weapon being a handgun.

Strikingly, the incidence of arrest among these 239 male heroin users was extremely low. Of the 80,644 reported crimes, only .2 percent ($n=189$) resulted

in arrest. More specifically, consider the following ratios of crimes committed to ensuing arrests:

Crimes against persons.....	293 : 1
Crimes against property.....	273 : 1
Drug sales.....	440 : 1
Forgery/counterfeiting.....	285 : 1

In sum, considering all crime categories, one arrest occurred for every 427 crimes committed, with the highest proportion of arrests following alcohol offenses, fraud, vandalism, and prostitutes' theft from clients; the lowest levels of arrest were in cases of extortion, loan sharking, prostitution and procuring, pickpocketing, con games, arson, and dealing in stolen goods.

The level of criminal involvement among the female heroin users was also high, but with a different pattern (see Table 5).

TABLE 5.—CRIMINAL ACTIVITY DURING PAST 12 MO, 117 ACTIVE FEMALE HEROIN USERS

Crime	Total offenses	Percentage of total offenses	Percentage of sample involved	Percentage of offenses resulting in arrest
Robbery.....	573	1.5	17.1	0.5(n=3)
Assault.....	26	<.1	7.7	11.5(n=3)
Burglary.....	185	.5	20.5	1.1(n=2)
Vehicle theft.....	5	<.1	1.7	.....
Theft from vehicle.....	182	.5	18.8	.5(n=1)
Shoplifting.....	5,171	13.8	70.1	.3(n=13)
Pickpocketing.....	162	.4	4.3	.....
Prostitute theft.....	1,345	3.6	51.3	.....
Other theft.....	182	.5	20.5	.5(n=1)
Forgery/counterfeiting.....	888	2.4	29.9	.3(n=3)
Con games.....	251	.7	17.1	.....
Stolen goods.....	1,006	2.7	36.8	<.1(n=4)
Prostitution.....	14,307	38.2	72.6	.3(n=37)
Procuring.....	1,153	3.1	23.1	.....
Drug sales.....	11,289	30.1	81.2	.2(n=23)
Arson.....	88	.2	3.4	.....
Vandalism.....	3	<.1	1.7	.....
Fraud.....	34	<.1	6.0	.....
Gambling.....	574	1.5	22.2	.....
Extortion.....	41	.1	4.3	.....
Loan sharking.....	1	<.1	.9	.....
Alcohol offenses.....	22	<.1	6.8	22.7(n=5)
All other.....	2	<.1	1.7	100.0(n=2)
Total.....	37,490	100.0	100.0	.3(n=97)
Mean number of offenses per subject.....	320	.....	.....	.....

Some 96.6 percent of the females reported the commission of crimes during the twelve months preceding the interview, with a median of 87.7 percent of the criminal activity engaged in to support a drug habit. The 117 female heroin users admitted responsibility for 37,490 crimes, with prostitution and drug sales accounting for more than two-thirds (68.3 percent) of the total. Like the males, the female group manifested considerable diversity in their offense behavior, with 81.2 percent admitting drug sales, 72.6 percent engaging in prostitution, 70.1 percent reporting shoplifting, and 51.3 percent indicating prostitute theft. Fewer females participated in crimes of violence, and, while many engaged in burglars and other types of theft, such larceny was notably less frequent than among males. Females, however, tended to be arrested more frequently than males during this twelve-month study period, with a ratio of 1 arrest for every 387 crimes committed. The highest rates of arrest involved assaults and alcohol; most arrests were for prostitution and drug sales; no arrests resulted from 1,345 cases of prostitution theft; and the ratio of shoplifting crimes to arrests was 398:1 for the more than 5,000 cases.

Finally, fewer females used weapons during all or part of their offenses (18.8 percent), with the most common weapon being a knife rather than a gun.

DISCUSSION

These data suggest a number of considerations and implications relevant to the relationship between heroin use and crime, while at the same time indicating several areas for further research.

First, the data document a high incidence and diversity of criminal involvement among both male and female heroin users. The 356 persons studied here reported involvement in a total of 118,134 criminal offenses during a twelve-month period most of these offenses committed for the purpose of supporting the economic needs of a drug-using career. Furthermore, while most of the criminal offenses were what are often referred to as victimless crimes, the 356 respondents were nevertheless responsible for some 27,464 instances of what the Federal Bureau of Investigation designates as index, or serious, crimes.³ Numerous differences are apparent between males and females in this regard, with the males manifesting a greater involvement in predatory crime, especially violent predatory crime; however, the data also demonstrate that heroin users of both sexes manifest considerable participation in many different levels of criminal activity.

Second, it is evident in these data that arrest rates among heroin users are low. The 118,134 criminal events reported here resulted in a total of only 286 arrests, or a ratio of 1 arrest for every 413 crimes committed; with respect to more serious index crimes, there was a ratio of 1 arrest for every 292 crimes. This low level of arrest is also apparent in the overall arrest histories of the subjects studied. Among the males, whose careers in crime spanned a median of 12.8 years, the median number of arrests was 3.5. Similarly, the median career in crime among the female heroin users was 11.0 years, and the median number of arrests was only 2.5.

Third, the data described here provide some information pertinent to the question about drug use and crime; namely, is crime a pre- or post-drug-use phenomenon? What the data suggest is that the question phrased in these terms is an oversimplification of a very complex phenomenon. By examining the median ages of initiation into various stages of substance abuse and criminal careers, the complexity becomes evident. For example—

	Males	Females
First alcohol use.....	12.8	13.8
First alcohol intoxication.....	13.3	13.9
First criminal activity.....	15.1	15.9
First drug abuse.....	15.2	15.2
First marijuana use.....	15.5	15.4
First arrest.....	17.2	18.3
First barbiturate use.....	17.5	17.0
First heroin use.....	18.7	18.2
First continuous heroin use.....	19.2	18.4

Among the males, there seem to be a clear progression from alcohol to crime, to drug abuse, to arrest, and then to heroin use. But upon closer inspection, the pattern is not altogether clear. At one level, for example, criminal activity can be viewed as predating one's drug-using career, since the median point of the first crime is slightly below that of first drug abuse, and is considerably before the onset of heroin use. But, at the same time, if alcohol intoxication at a median age of 13.3 years were to be considered substance abuse, then crime is nearly a phenomenon that succeeds substance abuse. Among the females, the description is even more complex. In the population of female heroin users, criminal activity occurred after both alcohol and drug abuse and other marijuana use, but before involvement with the more debilitating barbiturates and heroin.

In summary, these preliminary data suggest that an alternative perspective for research on the link between drugs and crime may be in order. Although the findings here are descriptive of only one population, which can be unique, they suggest that the pursuit of some simple cause-and-effect relationship may be futile. It is clear that heroin users are involved extensively in crime, and that their involvement is largely for the purpose of supporting the desired level of drug intake. It is also clear that users' initiation into substance abuse and criminal activity occurs at a relatively early age. But there are several things that are not clear. Do substance abusers, for example, alter the nature, extent, and diversity of their criminal behaviors at the onset of marijuana use, at the onset of heroin use, or after their initial criminal justice processing? Do adolescent predatory criminals alter the nature and extent of their criminal involvement at various

³ The FBI index crimes, include homicide, forcible rape, aggravated assault, robbery, burglary, larceny-theft, and motor vehicle theft.

stages of drug abuse? Does drug abuse involve a shifting from primarily predatory crime to victimless crime? Does drug taking result in an increase or decrease in criminal activity? And finally, does a drug-taking career fix the criminal careers of adolescents who might otherwise shift into more law-abiding pursuits as they approach young adulthood? These questions can be answered only by turning away from existing notions about the drug/crime nexus, generating a more comprehensive data base, pinpointing the locations where drug use and crime are highest, and circumscribing total criminal involvement in all stages of drug-using and non-drug-using adolescent careers.

THE CRIMINALITY OF HEROIN ADDICTS WHEN ADDICTED AND WHEN OFF OPIATES

(By J. C. Ball, L. Rosen, J. A. Flueck and D. N. Nurco)

[Tables appear at end of article]

ABSTRACT

This study of 243 male opiate addicts has two broad objectives: (1) to ascertain the frequency and types of offenses committed by addicts during an 11 year period, while at risk, or "on the street"; (2) to compare criminality during addiction periods with criminality during periods of regular opiates.

It was found that these 243 addicts committed more than 473,738 offenses during their years at risk. The extent of their criminality was measured by the number of Crime Days accumulated. A crime day is a 24 hour period during which one or more crimes is committed (not including drug use or drug possession). The mean number of crime-days-per-year at risk per addict was 178.

With respect to criminal careers, it was found that 156 of the addicts were primarily engaged in theft, 45 were drug dealers and 36 were involved in assorted other crimes. For each of these groups, the extent of their criminality was markedly affected by their addiction status. Their average crime-days per year at risk when addicted was 248.0; when off regular opiates, it was 40.8. Thus, there was a six-fold increase in their frequency of crime when addicted.

A stepwise regression analysis revealed that criminality was correlated with demographic variables, but the dominant influence upon the extent of their crime was the amount of time addicted. In conclusion, the research significance and policy implications of these findings are reviewed.

INTRODUCTION

Overview of the research problem

There is rather general agreement among criminologists that an increase in criminality commonly occurs following the onset of heroin addiction in the United States (Chein et al., 1964; O'Donnell, 1966 and 1969; Bail and Snarr, 1969; Nash, 1973; Weissman et al., 1974; McGlothlin et al., 1978). Despite this overall consensus however, the dynamics of the relationship between opiate addiction and crime continues to be a matter of controversy. Among the questions which remain unresolved, three seem especially crucial: (1) What is the temporal sequence of events regarding the onset of heroin addiction and the commencement of criminal behavior? (2) What are the types and frequencies of crimes committed by heroin addicts? (3) What impact does post-onset periods of abstinence or subsequent periods of addiction have upon criminality?

Although answers to these questions will not solve the social problem of heroin addiction in the United States which currently involves 550,000 individuals (Federal Strategy, 1979), the answers could provide a means of unraveling one difficult aspect of the problem—that involving criminal behavior. An answer to the first of these three questions is derived from a critical review of pertinent scientific reports. Answers to the second and third questions are provided by an analysis of the present research findings.

The issue of sequence reviewed

The issue of the temporal sequence of drug abuse and criminal behavior has been a topic of scientific concern for over 50 years. The reason for this interest has been primarily etiological—to determine which of these factors was the determining (or causal) one.

Most of the early investigators found little criminality before the onset of opiate addiction (Klob, 1925; Terry and Pellens, 1928; Pescor, 1943). Later studies, however, have shown a high probability of criminality preceding heroin addiction (Robbins and Murphy, 1967; Jacoby et al., 1973; Chambers, 1974). Thus, Jacoby reports that 71 percent of heroin users in Philadelphia had a delinquency record prior to onset of their opiate use compared to 35 percent of all boys in the same city-wide age cohort who also had such records.

This difference in the sequence of events between the early and later studies suggest that there is no invariant relationship between heroin addiction and crime. Instead, it seems that the relationship is contingent upon the particular historical period and population of heroin addicts selected. Thus, if heroin is being introduced into a non-criminal or low-criminal population (e.g., medical professionals or middle-class adults) it would be highly unlikely to find criminality preceding heroin use. Conversely, higher levels of preexisting criminality among heroin addicts would be expected within a population with a high endemic crime rate (e.g., youthful lower class males in metropolitan slums). Support for this demographic and historical interpretation of the sequence issue is found in numerous studies of addict populations in which the sequence of onset of opiate use and the commencement of criminality differ. (See Ball and Chambers, 1970.)

It seems reasonable to conclude, therefore, that the issue of the sequence of unique events (first heroin use or a first act of delinquency) may be less significant than determining the continuing influences which sustain criminality and opiate addiction over a period of years or decades. This contention is supported by the fact that an initial onset experience of substance use (opiates, marihuana, alcohol, tobacco, etc.) often does not lead to continued use and dependence and, furthermore, that most citizens engage in one or more acts of delinquency during adolescence without becoming enmeshed in a criminal lifestyle.

Further conceptual impediments to crime-drug research

Before turning to consider the frequency and type of crimes committed by addicts and the impact of heroin addiction upon these crime rates, it is pertinent to comment upon several conceptual and methodological problems which confront researchers in this area.

Although there has been a notable increase in criminological research pertaining to heroin addiction in recent years which has produced a significant knowledge base, there still are unresolved conceptual problems which tend to obscure the fundamental scientific issues and, therefore, hamper the formulation of testable hypotheses and relevant research on this topic. Among the more pressing conceptual problems, four seem most apparent. These are (1) inappropriate use of a unitary factor causal model, (2) failure to distinguish between onset of deviance and its continuance as separate issues, (3) lack of cross-cultural and historical perspective, and (4) general neglect of abstinence periods in studying this relationship. Each of these conceptual issues will be discussed.

A pervasive conceptual problem which has seriously impeded the advancement of research with regard to the crime-drug relationship is use of a unitary causal model which posits that there is a single causal factor which will explain this relationship. Commonly, the researcher holds that heroin use "leads to" crime; or that crime "leads to" heroin use; or that both drug addiction and crime are caused by a single third factor. The belief that there is a single caused factor which will explain both crime and drug abuse appears to be a misapplication of the infectious disease model which seeks to identify a specific causal agent. But the concept of a single invariant causal agent is an inappropriate, and hence, fallacious, explanation for most human behavior. It is no longer meaningful to talk of the cause of crime, or the cause of drug use. There are various reasons why individuals engage in crime or become drug addicts.

A second conceptual problem involves the failure to distinguish between the onset of heroin use and the reasons for continuation of use over the years. These two phenomena are quite different. Thus the circumstances and influences which contributed to first use of heroin are quite different from those which support long-term addition to heroin. And so it is with criminal behavior: a first illegal act is quite different from a criminal career.

A third conceptual problem has far-reaching implications, although it involves rather straightforward findings from cross-cultural and historical research. This involves the fact that crime and opiate use exist independently of one another.

Consequently, it is apparent that heroin use does not always promote criminal behavior, nor crime always promote drug use. Rather, a cross-cultural and historical perspective substantiates the proposition that there may, or may not be, a relationship between opiate use and crime within a specified population and culture. (Ball, 1977).

A last conceptual point is that periods of abstinence from opiate addiction have been largely ignored in research, although the contrast between periods of addiction and abstinence (or lesser use) with respect to criminal behavior could significantly further our knowledge of this relationship. This omission may be due to a lingering notion that heroin addicts are seldom if ever off drugs except when incarcerated (which is untrue); or it may be that this research neglect is due to the difficulty of obtaining detailed data pertaining to periods of abstinence and addiction.

By way of recapitulation, it may be said that various conceptual problems have tended to hinder the formulation of specific research questions which could be investigated and resolved. The emphasis upon searching for universal relationships and developing grandiose casual theories has impended middle-range theories based upon verifiable empirical generalizations.

Measurement issues in crime-drug research

By and large, the most striking methodological weakness in contemporary research pertaining to the crime-heroin relationship is the lack of adequate measures of criminality. The measurement problems are easy to identify, but difficult to resolve.

Two measurement issues are of particular significance in the present context. First, it has been recognized that official records of crime are an inadequate measure of actual criminal behavior within most offender populations. This tends to be especially the case among persistent offenders. Thus, recent studies have reported that less than one percent of property offenses committed by drug abusers result in arrest. (Inciardi and Chambers, 1972; McGlothin et al., 1978). In addition to grossly underestimating the amount of crimes committed by opiate addicts, official records may also fail to provide a representative sample of the types of crimes committed.

Secondly, there is need for a measure of criminality which will enable analysis of actual crime-rates over an offender's career or lifetime. Thus, we would like to be able to measure criminal behavior on a yearly basis in order to surmount the middle-class bias of regarding crime as a unique or infrequent event. If addicts are committing hundreds of crimes a year per subject (as is the case in this study) it is not only inaccurate to depict this as being reflected by one or two arrests, but it is a gross distortion of a social reality. The research need, then, is to obtain a valid and meaningful measure of criminal behavior which will facilitate the computation of yearly rates.

In stating that there are special measurement needs in studying populations who are heavily involved in criminal behavior, it is pertinent to note that most criminological research and most studies pertaining to drug users are concerned with a few officially recorded crimes or a few minor acts of delinquency. As a consequence of this dominant focus upon populations with a low frequency of criminality, measurement problems encountered when studying populations with a high frequency of criminal events (e.g., 200 or more crimes per year) have been neglected. For example, high monthly or yearly offense rates may prove difficult to interpret and use in comparative analysis because of the confounding effect of these few high values upon sample statistics. Thus, if a few individuals commit a thousand or more offenses per year, this fact can easily distort other sample statistics unless appropriate measures are employed.

Indeed, it was precisely this problem which prompted the formulation of our crime-day measure, which will be discussed below.

Statement and development of the research problem

As noted previously, this study was planned to provide answers to two rather specific research questions: What are the types and frequencies of crimes committed by heroin addicts? What impact does post-onset periods of abstinence or subsequent periods of addiction have upon criminality?

In pursuing answers to these seemingly straight-forward research questions, we soon found ourselves involved in reviewing hundreds of interview schedules, devising new coding procedures and otherwise enmeshed in the complexities of

criminological data analysis. Among the problems which we encountered were the following:

1. How should we handle multiple offenses committed on the same day? (If we count each act of theft—as in department store “boosting”—as a separate event, the large number obtained will not provide a meaningful basis for comparison.)

2. How can we, or should we, differentiate among various types of felony offenses? (That is, given the extent of criminality in this sample, how can we classify their offenses in a meaningful way?)

3. How can drug offenses, “drug related” offenses and other offenses be differentiated? (At the onset, it was decided to delete drug use and possession offenses, but what about drug sales and property offenses? How should these be analyzed?)

4. What time period should be used in computing crime rates? (Monthly, yearly, or for their addiction career?)

5. Is it feasible to trace crime careers in terms of the predominant type of offense committed? (How can the addicts be classified according to their criminal way of life?)

6. How can periods of addiction and periods of regular opiate use be analyzed with respect to crime rates? (With no accepted procedure for computing rates and with the difficulty of combining, or otherwise ordering, addiction and abstinence periods, how could meaningful comparisons be effected?)

The above is a simplified and organized list of some of the measurement problems which confronted us at the beginning of the data analysis. In retrospect, it is evident that the difficulties were primarily due to a single methodological problem. An appropriate and efficacious measure of criminality was not available. What was needed was a measure that would: provide a feasible means of explaining crime in this population, be scientifically and statistically valid, and yet be reasonably simple to use and understand.

A new measure of criminal behavior: Crime-days per year at risk

In the present paper, a new measure of criminal behavior is described and employed in an on-going research project. The new measure has been termed Crime-Days Per Year at Risk. A crime-day is a 24-hour period in which an individual commits one or more crimes. The number of crime-days per year at risk refers to the number of days per year that an individual has committed crimes from 0 to 365.

This new measure, Crime-Days Per Year at Risk, is found to have unique analytical power as it permits the calculation of uniform crime rates by years at risk and it is not confounded by multiple crimes committed on a given day. Furthermore, the term Crime-Days Per Year at Risk appears to be an effective procedure for explaining and understanding the extent of serious criminal behavior because it relates the number of crimes committed by individuals to a common frame of reference—times per year. The discovery of the average crime-days per year concept was made by the senior author while analyzing detailed life history data pertaining to heroin addicts as part of a follow-up study in Baltimore.

V. Definition of terms:

Crime-Day.—A crime-day is defined as a 24-hour period during which one or more crimes is committed by a given individual. Each day of the year, then, is either a crime-day or a non-crime day.

Heroin Addiction.—this term refers to the daily use of opiates. (Daily use or regular use, is defined as use during at least four days per week for a month, or longer, most were heroin users).

Average crime-days per year.—This measure is defined as the average number of Crime-Days Per Year at Risk for a given individual. The range is from 0 to 365. Thus, an individual with 1,489 crime-days during a seven year risk period has an average Crime-Days Per Year at Risk of 213. (Actual computation is by days at risk and number of crime-days).

Years at risk.—Years at Risk is the number of years an individual is “on the street” or not incarcerated. It is calculated on a cumulative basis by subtracting jail, prison, and hospital time from the years since onset of regular opiate use.

Principal type of crime.—This is the predominate type of crime engaged in by a given individual during his years at risk, as theft (boosting, burglary, etc.), con games, robbery, gambling, drug sales, etc. This principal type of criminal behavior is the most common offense committed from an actuarial viewpoint. It answers the question, what kind of crime does he usually commit? The crimes reported by

our sample reflect a broad range of criminal behavior and include: larceny (pick-pocketing, shoplifting, unauthorized use, burglary), robbery, fencing, assault, con games, pimping, soliciting, gambling, rape, abortions, forging, drug dealing, murder, and loan sharking. Mere possession or use of drugs is not classified as a crime in this analysis.

Criminal career.—This is a criminal behavior pattern which an individual has followed while at risk. The two main elements in determining the crime pattern are (a) type of crime and (b) frequency of crime. Examples of crime patterns are: daily theft, daily con games, weekly robbery, weekly forgery, infrequent assault, and so forth. In each case, the crime pattern, or career, is the most common, or usual, offense committed during the subject's years at risk and the frequency of commission. Thus, a pattern of daily theft during a four-year period indicates that the individual had as his common offense theft of property and that this was carried on most of the time was at risk. Since the crime pattern is derived for each person from his average-crime-days per year and the principal type of crime committed, the actual number and type of crimes is known in each case.

In order to obtain answers to the criminological questions advanced, the study was organized according to the following procedures: (1) A sample of 243 male opiate addicts was selected for study, (2) Periods of addiction and periods of abstinence from opiate dependence were enumerated, (3) The number of crime-days per year at risk was determined for the sample, (3) The addicts were classified by principal type of criminal career pursued from onset of regular opiate use to interview, (5) The extent of crimes committed were analyzed by criminal career types controlled for addiction and abstinence periods, (6) a correlation analysis of addiction, crime and demographic variable was undertaken, (7) a stepwise regression of addiction and abstinence periods was undertaken in order to determine the relationship of selected crime and demographic variables to each of these drug use statutes. In the remainder of the paper, these procedures will be described and the relevant research findings presented.

The sample and interview schedule

This paper is based on interview data obtained from 243 Baltimore opiate addicts (most were heroin addicts). The 243 male addicts were a random sample selected from a chronologically stratified list of 4,069 known opiate users arrested (or identified) by the Baltimore Police Department between 1952 and 1971. The sample was unselected for criminality, but stratified by race and chronological period. Of the 243 subjects, 109 were white and 134 were black. Analysis of race and cohort differences has been undertaken elsewhere (Nurco and DuPont, 1977).

The selection of the final sample of 243 was accomplished as follows: The initial sample drawn from the police files consisted of 349 individuals, but 57 of these had died by the time of followup interview, 2 were in mental hospitals (for psychosis), 6 were unlocated and 17 refused to participate in the study. Thus, 92 percent of the sample who were alive and not in mental institutions were interviewed (i.e., 267 of 290 subjects).

Of the 267 addicts who were interviewed, 14 claimed never to have been regular users of opiates, 3 used opiates regularly for only one or two months and the onset of one preceded everyone in the sample by 22 years; these 18 were excluded. In addition, a careful review of the remaining 249 cases revealed that 6 interviews had significant discrepancies between their self-reports and FBI records; these 6 were eliminated. (These six claimed no criminal behavior, but their arrest record listed two or more non-drug offenses). The remaining sample consisted of 243 cases. The sample procedure and characteristics of the base population are described more fully elsewhere (Nurco et al., 1975).

Although comprehensive penal, hospital and other institutional data was collected with respect to the addict sample, the main source of data for the present analysis was obtained through personal interviews. Each of the 143 addicts was interviewed between July 1973 and July 1974 by specially trained interviewers who were familiar with the Baltimore addict subculture. The interview lasted some three hours and the questions were focused upon six topics: drug use, criminal behavior, work, living arrangements, drug selling and sources of income.

The interview schedule consisted of six parts: (1) Life-time prevalence of drug use by specific drugs of abuse (7 pages, completion time about 30 minutes); (2) History of opiate use by addicted and abstinent periods during risk years (3 pages, 30 minutes to complete); (3) Preadiction criminality and circum-

stances of onset of opiate use (7 pages, 30 minutes); (4) Circumstances of first regular use of opiates (i.e., daily use for a month or longer) and each subsequent addiction period. This part includes information on criminality for each period of regular opiate use or abstinence (10 minutes for each addiction period, 7 pages each); (5) Marital history, parental background, juvenile delinquency, military service, treatment history, incarceration history, criminal history (16 pages, 60 minutes to complete); (6) Interviewer's rating of respondent's attitude, appearance and overt responsiveness (1 page, 5 minutes).

The validity of the interview data has been the subject of a separate study (Bonito et al., 1976). The findings of this study substantiate the conclusions from prior research concerning the validity of interview data obtained from opiate addicts; namely that valid data can be obtained if specially trained interviewers who are familiar with the local addict subculture are employed.

III. The research findings—addiction and abstinence periods for 243 males:

The mean age of the 243 males at the time of interview was 35.9 years and 93 percent of the sample was between 25 and 49 years of age. Since onset of opiate addiction usually had occurred when the subjects were between 15 and 10 years, most of the sample had a post-onset career of 10 or more years (198 had 10 or more years, 37 had 5–9, and 8 had 2–4 years).

Since a major focus of the lengthy interview was to obtain detailed chronological data pertaining to addiction status from onset of regular opiate use to time of interview, each subject was asked to describe in detail his addiction, abstinent, and incarceration periods. For the entire sample, there were 2,340 time periods, 1,122 were addiction periods, 488 were abstinent periods, 700 were jail or prison time periods, 52 were hospitalization periods and 78 periods were unclassified because of insufficient data. (These few unknown periods were omitted from further analysis). In the present paper, attention is directed toward the addiction and abstinent periods, as this was the time during which the subjects were at risk.

All subjects had one or more addiction periods. The average length of an addiction period was found to be two years, although longer period were common. Each subject was asked about his daily and weekly use of specific drugs during each period (dosage, multiple use, times used per day or week). In this manner, each subject's years, months and days at risk was classified as addicted to or abstinent from opiates.

The total amount of time that this Baltimore male sample spent addicted to opiate drugs since onset of regular opiate use was 61.6 percent of their risk years; they were off regular opiates 38.4 percent of their risk years. Since their average years at risk was 11.3, they were addicted to opiates almost two-thirds of the time, and abstinent somewhat over a third of the time (Figure 1). Two further points are pertinent about their abstinence periods. First, with regard to the abstinence from regular opiate use classification. This status included periods of occasional use of opiates as well as periods of frequent use of non-opiate drugs. Second, it is significant that 85 percent of the sample had such abstinence periods.

Lifetime criminality since onset of opiate addiction

Although periods of addiction or abstinence during the years at risk provided the chronological frame of reference for the interview, additional detailed data was obtained for each period concerning criminal behavior, employment, income, family life and other variables. With respect to criminality, each subject was asked about the number and type of crimes he committed on a weekly and daily basis for each addiction or abstinent period. These responses provided the basis for determining the number of crime-days, the principal type of crime and crime and criminal career pattern for each subject.

The total number of crime-days during the risk years for the 243 addicts is tabulated in Table 1. The range in crime-days within the sample was from 0 to 9,450. That is, from no crimes committed by six addicts to 9,450 crime-days accumulated by one addict during his risk years.

The total number of crime-days amassed by these 243 addicts during their years at risk was 473,738. This total is an underenumeration of the total number of crimes committed as multiple crimes during a crime-day were common. It is also pertinent to note that most of the crimes reported were for theft and that drug use or possession was not classified as a crime.

The mean number of crime-days per addict during their years at risk was 1,998.9. Thus, the majority of these addicts were deeply enmeshed in a criminal

way of life. There were, however, important differences in their patterns of criminal behavior as well as their frequency of committing crimes. In order to control for years at risk, crime-days were computed for each person by years at risk (Table 2). The mean number of crime-Days per year at risk for the sample was 178.5. Thus, the total amount of time that these Baltimore addicts spent engaged in daily criminal behavior since their onset of addiction was almost half of their risk years. To be exact, they were committing crimes on a daily basis during 47.7 percent of their years at risk (Figure 2).

Criminal careers of the 243 addicts

Each of the 243 addicts were classified as to the common criminal career which he had followed since onset of regular opiate use. These criminal career types were determined on the basis of the principal, or most common, type of crime committed, and secondly, on the frequency of commission—whether daily, weekly or less often. Six of the 243 addicts had committed no crimes during their risk period.

It was found that the 237 addicts who had committed crimes could be classified into nine types of criminal careers. These nine were: daily theft, daily drug sales, other daily crimes; weekly theft, weekly drug sales, weekly other crimes; infrequent theft, infrequent sales and infrequent other crimes (Table 5). Some two-thirds of the 237 addicts had theft as their principal type of crime. Of these 156 who were career thieves, 41 engaged in daily theft during their year at risk, 58 engaged in weekly theft and 57 in infrequent theft.

The selling of drugs was the second most favored type of crime committed by these addicts; 45 were principally engaged in selling drugs, or "dealing". Of the 45 dealers, 13 pursued this crime on a daily basis, 18 on a weekly basis and 14 an infrequent basis.

The remainder of the sample were engaged in committing other types of crimes on a daily, weekly or infrequent basis. Of these 36, only 7 were engaged in daily crime, 7 in weekly crime and 22 in infrequent crimes. Confidence games, forgery, gambling and procuring (pimping) were the principal types of crime committed by these 36 addicts.

The classification of the sample into nine criminal career types somewhat obscures the fact that many addicts engaged in more than one type of crime during their years at risk. This situation is especially notable with regard to the 61 addicts who were daily criminals. Thus, 55 of the 61 had engaged in theft during their years at risk and 43 had engaged in some dealing, although only 13 had this as their principal daily criminal activity. In addition to theft and dealing—the two most common types of crime—33 of the 61 had engaged in other crimes, such as forgery, gambling, confidence games, robbery and pimping. The complete list of all crimes reported by these daily criminals during their years on the street is: theft (this includes shoplifting; "cracking shorts", burglary and other forms of stealing), dealing, forgery, gambling, confidence games (flim-flam, etc.), pimping, assault, mugging, robbery, armed robbery, and abortionist. Lastly, although most of the 61 criminals engaged in more than one type of crime during their years on the street, there still was a marked tendency to focus upon one main, or principal type of crime—(especially theft or dealing). Furthermore, 11 of these 61 males confined themselves exclusively to one type of crime during their years at risk (8 only committed theft, one only sold drugs, one was a confidence man and one a gambler).

The impact of addiction upon criminal careers

The extent of criminality among all nine career types was affected by their addiction status. Thus, there was an overall sixfold increase in the number of crime-days per year at risk during addiction as contrasted with the abstinent periods (Table 5). Rather surprisingly, the proportionate increase in crime-days per year at risk when addicted vs. when abstinent was most marked among the criminals who engage in weekly or monthly offenses. Thus, for 5 or these 6 career type (weekly theft, weekly dealing and the three infrequent types) the extent of criminality increased more than ten times the non-addicted rate. The greatest increase was for the 22 subjects who committed other crimes on a monthly basis—from 2.3 crime-days per year to 108.2 crime days per year.

Although the extent of criminality within this addict sample was notably increased when the subjects were addicted to opiate drugs, the non-addicted crime rate was still quite high. As might be expected, the highest crime rates when not

addicted were found among the three criminal career types who had the highest crime rate when addicted (daily theft, daily sales and daily other crimes). In these three career types, the addicts committed crimes from one to three days per week when not addicted (for these three groups, the rates per year at risk were 109.7, 88.3 and 151.0). In considering the rates of criminality for the nine career types when abstinent from opiates, it seems significant that these nine rates vary more (from 2.3 to 151.0) than do the rates when these same subjects are addicted. In a sense then, one effect of opiate addiction is to raise the number of crimes committed to a threshold, or support, level, and this occurs for all nine career types. Thus, when addicted, 7 of the 9 career types commit more than 260 crimes per year and none of the nine career groups fall below 100 crime-days per year at risk.

Correlation of addiction, crime and demographic variables

In order to investigate the relationship of specific addiction, crime and demographic variables, a correlation analysis of ten variables was undertaken. These ten were: (1) Total number of crime-days accumulated during years at risk (Total CD); (2) Total number of crime-days accumulated while addicted during years at risk (CD-H); (3) Total number of crime-days accumulated while not addicted during years at risk (CD-Off); (4) Total number of days addicted during years at risk (H-days); (5) Total number of days not addicted during years at risk (off-days); (6) Total number of officially recorded arrests during years at risk (Arrests); (7) Crime committed after age 17, but prior to onset of addiction; by self-report. Coded as a dichotomy: 1. Yes, 2. No. (Prior Crime); (8) Race; 1. White, 2. Black; (9) Age at onset of opiate addiction (Onset Age); and (10) Age at time of interview (Age at interview, or Age).

The correlation matrix of Table 4 provides an initial delineation of the relationship among these three sets of variables (i.e., addiction, crime and demographic). The first column, total crime-days (variable 1), indicates the overall relationship of criminality to addiction and other variables, but the interpretation of several of these Column 1 correlations is ambiguous due to the distinct effect of addiction vs. non-addiction status. This uniqueness of the two addiction statuses is evident in a comparison of column 2 with column 3. Thus, total crime-days when addicted (variable 2) is significantly correlated with all seven variables: H-days, off-days, arrests, prior crime, race, onset age and age at interview, but not significantly correlated with total crime-days-off (variable 3). Furthermore, total crime-days-off is not significantly correlated with any of these same seven variables. (4 through 10) Also underscoring the distinctiveness of the two periods is the absence of correlation between them (i.e., R of minus 0.056 between variables 2 and 3) which indicate that the frequency of crime committed during addiction and off-periods are independent of one another. Thus, the amount of crime committed during addiction periods does not predict the amount of crime committed while off opiates; consequently, a "heroin day" is a very different kind of day from an "off-day" insofar as crime is concerned.

With respect to criminal history and demographic variables, these are both correlated with total crime-days and crime days-H, but as noted not with crime-days off. Specifically, the total number of arrests since onset of addiction is positively correlated with variables 1 and 2. The correlation of arrests with crime-days-H is (.3073). Variable 7, prior crime, is also positively associated with CD-H, but this measure of early criminality poses difficulties with respect to interpretation because it is affected by early onset and prior juvenile delinquency; nonetheless, it is included in the present analysis as it does measure prior criminality to some extent.

Race (black) is positively correlated with crime-days-H, but again, not with crime-days off. Age at onset of opiate addiction (Variable 9, Table 4) is negatively correlated with crime-days-H and crime-days-off, although the latter correlation ($-.1221$) is not significant. The finding that early age at onset of addiction is correlated with a higher frequency of later criminality is a consistent finding of this study. The moderate positive correlation of age at interview with crime-days-H (.2130) indicates that age (and time at risk) have some relationship to crime-days, but that this issue requires further analysis.

In considering time at risk, or "street" time, it might appear that the high positive correlation between H-days and crime-days-H (.7914) is to be expected because both of these measures are affected by the amount of time at risk. But considerably more is operating here than time at risk. For if time at risk were the

principal influence, then, the two correlations (off-days and CD-off; and H-days with CD-H) would be about equal in value. But the marked difference between these two correlations (.1567 vs. .7914) indicates that other influences are operating during the addiction periods as contrasted with the off periods. Furthermore, a partial correlational analysis controlling for age at interview revealed that the relationship between crime and number of days for both the on and off periods was similar to the zero-order values. Thus, for the on periods, a partial value of .7907 was obtained (compared with a zero order value of .7914) and, for the off periods, a partial value of .1817 (compared with .1567). These results indicate that age and time at risk are not the principal influences which determine the number of crime-days accumulated by these 237 addicts.

Stepwise regression analysis of addiction and abstinence periods

Thus far, it has been found that: (1) The frequency of crime is strongly related to the amount of addiction time, and (2) That the addiction and non-addiction (or abstinence) periods are quite distinct experiential periods which require separate analysis. In order to investigate these two major findings with greater precision and analytic power, a stepwise regression analysis of the addiction and abstinence period was undertaken for the 237 male addicts. In this analysis, relevant variables from the correlation matrix are employed.

The stepwise regression analysis of crime-days accumulated while these 237 addicts were addicted yields results which are quite striking (Table 5). Thus, there is strong positive correlation between the number of days addicted and the number of crime-days (.7914). This single variable (H-days) accounts for 63 percent of the variance in criminality during the addiction periods. Two of the remaining variables account for a small additional proportion of the variance; these are age at interview and number of arrests, both positively correlated with crime-days-H.

The stepwise regression analysis of crime-days accumulated during off-periods reveals results which are quite different from those of the addiction periods. With respect to criminality during the off-periods (as measured by crime-days off), only two of the seven variables are significantly correlated (Table 5). The first of these off-days, is only weakly correlated with crime-days-off (+.1567). The second variable to enter, age at onset, is negatively correlated with CD-off indicating the consistent relationship between early age of addiction onset and criminality previously noted. The remaining five variables are not significantly correlated with crime-days while off. Of special interest is the lack of correlation between crime-days-off and H-days. Thus, the amount of crime committed by these heroin addicts while they were not addicted is independent of the amount of their addiction time. This analysis of criminality while not addicted to heroin reveals then, only small variance accounted for by the variables studied. In this sense, the findings are similar to those of most criminological research which shows modest correlations between crime and independent variables.

Stepwise regression analysis of criminality for the three career groups

Inasmuch as the frequency of crime was found to be related to the criminal careers of these 237 addicts, it was deemed necessary to undertake a separate stepwise regression analysis for each of the three major offender groups: those primarily engaged in theft of property, those who were drug sellers and those engaged in other types of crimes (Table 6-8).

Perusal of the three tables reveals that the number of days that the subjects were addicted is the single most important influence upon their criminality during the addiction periods. In this regard, the strongest effect was for the dealers and the weakest effect for the other crimes group. The remaining variables added little to the explained variance for the theft and dealer groups, but were more important for the other crime group. The total variance explained in all three groups was high, (i.e., 67.7 percent, 73.7 percent, and 61.4 percent).

The three offender groups were also quite similar with respect to criminality during the off-periods, in that substantially less of the variances was accounted for by the variables studied. Thus, for the 156 offenders engaged in theft, the 45 dealers and the 36 involved in other crimes, only from 10 to 25 percent of the variance was accounted for during the off-periods.

To recapitulate, these findings suggest that the theft group and the dealers are fairly similar in that their criminality is primarily affected by their drug

addiction. During the abstinence period, however, their frequency of crime is not highly explicable by the set of variables investigated in this study. But when daily heroin use takes hold, they turn to crime (by theft or dealing) to acquire sufficient resources to support their daily habit.

The "other" group emerges as a somewhat unique group. Although the impact of daily heroin use is strong, it does not seem to have the same overwhelming effect as it does with the other two groups. Consequently, these 36 individuals have a frequency of criminality that is somewhat more predictable during the non-addiction periods as indicated by the relatively high R of .5034. While addiction seems to be a factor that definitely increases their crime, at the same time, other factors continue to be of consequence in both the addiction and abstinence periods.

Review and interpretation of the research findings

In reviewing the research findings of this study, attention will first be directed toward the significance of addiction and non-addiction periods. Then, the frequency, magnitude and persistence of offenses committed by these 243 addicts will be considered along with the types of crimes committed during their years at risk. Next, the correlation and stepwise regression analysis will be reviewed. This will be followed by an appraisal of the new measure of criminality utilized in this research—crime days per year at risk. Lastly, the broader implications of this study with respect to the control of crime committed by opiate addicts in the United States will be addressed.

It was found that these 243 addicts spent two-thirds of their time addicted to opiates and one-third not addicted. The time under study was their years at risk, or "street" time, and this averaged 11 years per addict from onset of addiction to time of interview. The fact that addiction was not a continuous state of drug dependency seemed significant. For it indicated that there were considerable periods during which changes in the addict's lifestyle might occur, and in fact, it was found that these periods of abstention (or lesser use) did have important consequences. In particular, it was found that criminality decreased markedly during the months or years that these addicts were not dependent upon heroin and other opiates. The decrease was striking—an 84 percent decline in the crime rate.

One of the major findings of this study was that heroin addicts commit a staggering amount of crime and that this continues fairly much on a daily basis for years and decades. Before turning to an analysis of differences in crime-rates by addiction status and other factors, it is meaningful to note the overall amount of crime which these 237 males have committed.

The research findings presented in Table 1 show that the average addict has committed one or more crimes during some 2,000 days. Taken together, these 237 male opiate addicts have been responsible for committing more than 500,000 crimes during an eleven year risk period. The exact figure is 473,738 crime-days, but this does not include multiple offenses committed on a given day, so the figure of 500,000 crimes is an underestimate. In this regard, it should be noted that theft was the principal type of crime committed and that drug use or possession were not themselves, classified as crimes.

This high frequency of criminality among opiate addicts is similar to that which has been reported by other investigators. Thus, Inciardi and Chambers (1972: 59) found that 26 addicts on the street were responsible on a daily basis for 22 major crimes." In a recent larger study, Inciardi found that 239 active male heroin users committed 80,644 offenses during a 12-month period (Inciardi, 1979). These latter results from addicts in Miami are remarkably similar to the present findings from Baltimore, both with respect to frequency and types of crime committed.

In the present study, it was found that the addicts could conveniently be classified into three major offender types—theft, drug sales and other crimes—on the basis of the crimes which they usually engaged in during their years at risk. This classification proved to be feasible after the concept and measure of crime-days was developed and it was found that criminal careers for most of the addicts were relatively stable. Thus, 156 addicts were found to be primarily engaged in theft, 45 in drug sales and 36 in other types of crime.

The measure of average crime-days per year at risk was introduced and

employed to determine the frequency of offenses per year for each of the 237 addicts during all of their years at risk. It was found that the mean number of crime-days per year for the 237 addicts was 178.5. But, many addicts had more, or fewer, crime-days for each year at risk. Indeed, the distribution presented in Table 2 indicates that 9.5 percent of the addicts were engaged in crime virtually every day of their lives since they began regular opiate use. Conversely, there were 6 addicts who reported that they had not been engaged in crime at all during their years at risk. But most of the addicts were consistently engaged in a rather high level of crime during their years at risk; two thirds had from 100 to 365 crime-days per year for all of their years at risk.

A second major finding of the study was that addiction status had a marked influence upon criminality among these males. Thus, it was found that the number of offenses increased sixfold when these subjects were addicted. And, significantly, this increase occurred for all nine offender types (Table 3). Thus, when abstinent, the average crime-days per year varied from 2.3 to 151.0, with an average of 40.8. By contrast, when addicted the rate was always over 100 crime-days per year and commonly over 250 crime-days per year at risk.

These research findings pertaining to the impact of addiction upon criminality were surprising and unexpected. Thus, we did not expect this marked increase, given the known involvement of this population in crime. Or, conversely, one might say that we were unprepared for the decrease which occurred when addiction ceased.

These findings concerning markedly different crime-rates when addicted and when off regular opiates led to correlational analysis of these data. In this analysis, it was observed that the amount of crime committed during addiction periods was largely a function of opiate use, specifically of the time spent addicted. But unexpectedly, it was also found that the amount of crime committed when addicted was unrelated to that committed when off opiates. Thus, it may be held that this analysis provides an explanation for high crime rates during addiction, but provides a much less adequate account of criminality during the non-addiction periods. Although comparatively infrequent, criminality during these off periods deserves further investigation.

The stepwise regression analysis revealed that the impact of addiction upon criminality is pervasive and long-lasting. Thus, addiction was the principal force which increased criminality, regardless of the type of crime pursued. And this relationship between opiate addiction and criminality was not a transitory phenomenon, but an enduring relationship which obtained during an 11 year risk period.

Before turning to discuss the implications of this study, it is pertinent to comment upon the usefulness of the crime-days measure. In this study of subjects with an extensive history of criminality (which involved the computation of offense rates over a decade and more), the introduction of crime-days and crime-days per year at risk was exceedingly efficacious. Indeed, it seems reasonable to conclude that this study could hardly have been completed without the use of a crime-days measure (or a similar measure). For it was found that this measure—crime-days per year at risk—made it possible to compute meaningful and valid rates. It was not only that the rates were appropriate for the data on hand, but the concept of a crime-day proved to have a meaning which facilitated analysis and interpretation of the complex criminal history material.

Extensive criminality among addicts—Implications

The findings of this study concerning the extensive criminality of contemporary opiate addicts in the United States supports similar findings from other research. It is now evident that addicts are responsible for committing an inordinate amount of crime, that many of these offenses are serious in nature and that their criminality is rather firmly enmeshed in their lifestyle and therefore, that it is persistent and recurring.

But, this study adds one new ingredient to the picture. For our research findings indicate that it is opiate use itself which is the principal cause of high crime-rates among addicts. Once addiction ceases, crime rates drop markedly. And this notable decrease in criminality (an overall 84 percent decline) occurs for all types of offenders throughout the risk years. It is apparent, then, that a major means of reducing the amount of crime committed by opiate addicts is within sight. If we can control addiction, it is evident that we will reduce criminality appreciably.

But how can we impact opiate addiction? Three lines of attack come to mind. First, it is imperative that programmatic and research priorities be established which will further this specific objective—to impact addiction among persistent offender groups. These two aspects—programs and related research—must be a core component of any major national effort. For research without implementation can hardly be effective. And action programs not based upon relevant scientific knowledge are doomed to failure. Indeed, they cannot succeed for logical reasons, as only research can establish success or failure. Therefore, a first priority is to recognize that a major coordinated effort is required which will focus upon this single task.

Second, three or four well designed experimental programs need to be established to reach or impact specific offender populations. These experimental programs should make use of relevant knowledge concerning ongoing programs—such as TASC, methadone maintenance, family therapy and intensive probation efforts—yet be based upon new concepts and new research findings. In this last regard, it is imperative that these new programs be targeted to reach a specific offender population (as contrasted with programs which attempt to serve everyone without regard to need or likelihood of success), and employ means which have either a demonstrated association with the reduction of addiction or a well developed rationale for effecting this objective.

Finally, it may not be taken amiss if it be suggested that it is time to get on with the task at hand, and not be sidetracked by irrelevant ideological, scholastic or methodological arguments. Thus, while it is true that drug abuse may be difficult to define, that alcohol abuse is also a major social problem, that penalties for marihuana use are inconsistent, and that, in fact, there are many unresolved problems and difficulties in conducting research (especially if one seeks perfection and closure). Still, it is also true that existing knowledge and methodology is sufficient to address the problem at hand. We know that criminality is rampant among heroin addicts. We know that addiction markedly increases this criminality. And, we know that addiction can be impacted through treatment and control measures.

TABLE 1.—TOTAL CRIME-DAYS AMASSED BY 243 MALE ADDICTS DURING YEARS AT RISK

Crime-days	Number of addicts	Percent of addicts
(none).....	6	2.5
1 to 99.....	20	8.2
100 to 499.....	31	12.8
500 to 999.....	31	12.8
1,000 to 1,999.....	54	22.2
2,000 to 2,999.....	46	18.9
3,000 to 3,999.....	27	11.1
4,000 to 4,999.....	12	4.9
5,000 to 5,999.....	10	4.1
6,000 to 9,450.....	6	2.5
Total.....	243	100.0

Note: Total crime-days since onset of addiction: 437,738.9. Mean crime-days per addict: 1,998.9.

TABLE 2.—CRIME-DAYS PER YEAR AT RISK FOR 243 MALE ADDICTS

Crime-days per year at risk	Number of addicts	Percent of addicts
No crime-days.....	6	2.5
Less than 1 per year.....	11	4.5
1 to 49.....	35	14.4
50 to 99.....	26	10.7
100 to 149.....	31	12.8
150 to 199.....	32	13.2
200 to 249.....	25	10.3
250 to 299.....	26	10.7
300 to 349.....	28	11.5
350 to 365.....	23	9.5
Total.....	243	100.0

Note: Mean crime-days per year at risk: 178.5.

TABLE 3.—CRIME-DAYS PER YEAR AT RISK BY TYPE OF CRIMINAL CAREER AND ADDICTION STATUS

Crime career type	Number of addicts	Crime-days per year at risk	Crime-days per year at risk	
			Added	Abstinent
1. Theft, daily	41	330.3	347.3	109.7
2. State of drugs, daily	13	328.0	353.2	88.3
3. Other crimes, daily	7	319.4	341.4	151.0
4. Weekly theft	58	189.6	280.9	23.3
5. Weekly sale of drugs	18	181.1	284.0	27.6
6. Weekly, other crimes	7	201.9	297.0	70.1
7. Infrequent theft	57	72.4	140.7	7.4
8. Infrequent sale	14	102.4	260.9	10.5
9. Infrequent, other crimes	22	46.8	108.2	2.3
No crime	6			
Total	243	178.5	248.0	40.8

TABLE 4.—CORRELATION MATRIX FOR 10 VARIABLES, FOR 327 MALE ADDICTS

Variable	Total Cd	CD-H	CD-off	H-days	Off-days	Arrests	Prior	Race	Onset	Age
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
1. Total crime-days	(1)									
2. Crime-days-heroin	1.9510	(1)								
3. Crime-days-off	1.3038	-0.0056	(1)							
4. Heroin days	1.7303	1.7914	-0.0768	(1)						
5. Off days	1.1958	1.2563	1.576	-0.2200	(1)					
6. Total arrests	1.3191	1.3073	0.852	1.2999	-0.1488	(1)				
7. Prior crime	1.1493	1.1795	-0.0706	1.2875	0.0171	-0.0348	(1)			
8. Race (black)	1.2585	1.2712	-0.0003	1.2793	1.2105	0.0969	0.0966	(1)		
9. Onset age	1.2564	1.2295	-0.1221	1.1954	0.0518	-0.1362	-0.0160	0.0596	(1)	
10. Age at interview	1.1859	1.2130	-0.0551	1.4124	1.2978	1.2464	1.1278	1.2023	0.5101	(1)

¹ Values When P<0.01.

TABLE 5.—STEPWISE REGRESSION ANALYSIS OF CRIMINALITY FOR ADDICTION AND ABSTINENCE PERIODS AMONG 237 ADDICTS

Variable	Prob. to enter	R ²	R ² change	Multiple R
A. Dependent variable: Crime days heroin:				
1. Days H	0.7914	<0.001	0.6264	0.7914
2. Age at interview .....	.2130	.002	.6419	.8012
3. Arrests .....	.3073	.019	.6503	.8084
4. Race .....	.2712	.904	.6545	.8050
5. Prior crime .....	.7196	.329	.6659	.8099
6. Age at onset	-.2295	.495	.6566	.8103
7. Days off	-.2563	.717	.6568	.8105
B. Dependent variable: Crime days off:				
1. Days off .....	.1567	.016	.0246	.1567
2. Age at onset	-.1221	.043	.0416	.2039
3. Arrests .....	.0852	.144	.0503	.2243
4. Age at interview	-.0551	.129	.0597	.2444
5. Race .....	.0003	.295	.0642	.2533
6. Prior crime	-.0706	.364	.0675	.2599
7. Days H	-.0768	.627	.0685	.2617

TABLE 6.—STEPWISE REGRESSION OF CRIMINALITY FOR 45 ADDICTS ENGAGED IN DRUG SALES (DEALING)

Variable	Prob. to enter	R ²	R ² change	Multiple R
A. Dependent variable: Crime days heroin:				
1. Days H	0.8414	+0.001	0.7080	0.8414
2. Prior crime .....	.1252	.185	.7201	.8186
3. Onset age	-.1244	.230	.7299	.8543
4. Days off	-.1734	.440	.7339	.8567
5. Arrests .....	.1523	.667	.7352	.8574
6. Age at interview .....	.4073	.709	.7362	.8580
7. Race .....	.3633	.694	.7373	.8587
Variable	Prob. to enter or remove	R ²	R ² change	Multiple R
B. Dependent variable: Crime days off:				
1. Arrests	0.3251	0.029	0.1057	0.3251
2. Age at interview	-.0699	.353	.1241	.3522
3. Onset age	-.1724	.682	.1277	.3573
4. Days H	-.0938	.530	.1364	.3692
5. Age removed	-.0699	.979	.1363	.3692
6. Race .....	.0550	.442	.1492	.3862

Chairman ROTH. Thank you.

Senator Rudman.

Senator RUDMAN. Miss Hill, let me just compliment you a very complete report which I think is an excellent foundation for the subcommittee in terms of the areas both legislative and otherwise that we will have to pursue.

Miss HILL. Thank you, Senator.

Senator RUDMAN. I have two very brief questions.

First, from reading your statement, and reading the specific things you speak about concerning foreign governments, and also I think what may be between the lines, would it be a fair statement to say that there is a perception amongst most of the foreign governments that you visited with that the United States does not do what it really ought to be doing in terms of the problem that we have here in this country?

Miss HILL. Yes, Senator. I would say almost every government agency that we visited over there, the narcotics enforcement officials in each of those countries, they simply, as I stated previously, did not believe that Americans are really sincere about narcotics efforts. Part of it is that they feel our criminal justice system in this country is overly lenient with drug offenders and narcotics offenses in this country. They are saying, If you cannot handle the job strictly in your own country, how can you expect us to do it?

Senator RUDMAN. Do they also feel some of the efforts, which would be minimal in nature in terms of the amounts of money involved to aid them in stamping out these products at their source, have been less than adequate and less than cooperative in many ways?

Miss HILL. I think one thing should be said, that everywhere we went our impression at least was that in most of these countries the narcotics effort that had started over the years had been largely supported and encouraged by American efforts and that it was certainly a good thing that the Americans had been there. Had it not been for efforts by DEA and the State Department, there probably would not have been the amount of interest in the problem that there is today.

A lot of these countries have now begun to get to the point where they have a significant interest in the problem on their own because of domestic addict and usage problems. But they have recently experienced a lot of cuts in funding, as far as our aid on DEA, crop substitution, and that sort of thing. The money is obviously the most visible to them. When the money and presence of American enforcement people in those countries is cut back on, they see that as another indication that we really are not serious about drugs and they feel incapable themselves of eradicating the problem without continued American support.

Senator RUDMAN. And finally, I am particularly interested in what you had to say and other information that has been forthcoming in the past year or two about the particular problem in Thailand.

It would seem that with the amount of military force that they have, that had they decided to do it, some of these problems could be irradiated within their own control.

What do you find is the hindrance to that happening? Are there substantial internal political problems that are preventing the ties from moving vigorously against these illegal producers?

Miss HILL. I take it you are referring to Chang Chi-fu and the Shan United Army. We were told when we were in Thailand that only recently has the Thai Government really changed its attitude toward Chang Chi-fu. For many years—we had mixed information on this—for many years, we heard from some sources, the Thais actually were hesitant to move against those groups because they saw them as a sort of political buffer. A lot of these groups, Shan United Army included, have their origins out of what used to be mainland China before the Communist revolution.

Some of the founders are very strong anti-Chinese.

Now, the group itself has now taken all sorts of stragglers and separatist movements into it. They are sort of a conglomeration of different political interests. Traditionally, the Thai Government treated them as a buier group against Communist infiltration and against the separatist movement and that sort of thing. It was like a political buffer.

Now, all the authorities we talked to, American, Thai, and Burmese, have recognized that for all practical purposes these groups are not really political groups. They are, in fact, criminal groups and they are thriving on the narcotics trade. They have lost the political aura that they had, if they had it, at any point in time. The Thai Government now officially, for the record, has stated that its attitude is that these are not a buffer, that they have never treated these groups as a buffer and that they are criminal and will pursue efforts to eliminate them.

My understanding is that they have recently made further efforts against them. We are now uncertain where Chang Chi-fu is located, whether he is in Burma or Thailand.

We flew over Ban Hin Taek when we visited Thailand, which is his headquarters. For that area of the country, it is a tremendous establishment. It has hospitals; it has new housing developments. It is a city and it is controlled by the Shan United Army. Its economy is based on narcotics profits and it sits in Northern Thailand. To this day, I am sure, it is still sitting there.

Senator RUDMAN. Thank you very much.

Senator NUNN. One other question before we dismiss this witness. Isn't it true there is considerable strain in the political relationship between the Burma Government and the Thai Government?

Miss HILL. Yes, Senator. That is one of the major problems in the area because the heroin problem is centered around the border between Burma and Thailand.

The refineries where they produce the heroin are so makeshift that they can even be moved—if they are attacked on the Burmese side, they can pick up and 2 months later they are on the Thai side, and vice versa.

Until there is some continuous cooperation between the two countries, the problem is almost an impossible one to solve. To date there have been improvements in the relationship between Burma and Thailand but there are still no joint efforts, as such, against the heroin trade.

Senator CHILES. What kind of support did you find on the part of our Ambassadors in the two countries trying to bring together this kind of a joint effort?

Miss HILL. Senator, we spoke to Ambassador Abramowitz in Thailand and Ambassador Byrne in Rangoon in Burma, and both are certainly aware of the problem. They have tried to encourage efforts between the Thais and the Burmese. My understanding is they have had some joint meetings the last 2 years. However, it is not a recent problem. It is a problem that is based on a long history and tradition of mistrust between the two countries to the point where my understanding is that in Burma, Burmese officials are not even allowed, as part of the Government policy, to stop at Bangkok Airport. If they are traveling through Southeast Asia, they are supposed to go around Thailand and not go through the country of Thailand simply for political reasons. So it is a real problem. It is improving and the United States has, on both sides, in Burma and in Thailand, to my understanding, tried to encourage and improve relations between the two countries; but it is still a long way off from the ideal.

Senator CHILES. Can you give us any kind of feeling, given the principal problems we see the United States—or the principal objectives the United States has, in regard to its relations with Burma and in regard to its relation with Thailand, where would drugs fit in that list of principal objectives?

Miss HILL. I would think in Burma it should be at the very forefront because Burma is a unique situation. Burma, as I see it, is a major opium producer in the area.

Senator CHILES. It should be, but do you know where it is?

Miss HILL. My understanding is that in Burma it is one of the major interests. However, it is a fact that there is no DEA office recognized in Burma.

Senator CHILES. Is that because the Burmese do not want it?

Miss HILL. The Burmese do not want it. So our efforts as far as narcotics—I think it is a major concern of the Embassy there, but we have not been able to pursue it to the same degree as in other countries because the Burmese have a very strict neutrality policy.

Our understanding is they do not want American law enforcement or law enforcement of any kind.

Senator CHILES. The Embassy itself, the mission——

Miss HILL. It is one of their top priorities.

Of course, in Bangkok there are a number of other priorities also—with border problems, that sort of thing—but it is one of the major interests of the Embassy.

I would say in both Embassies, it receives a considerable amount of attention.

Senator CHILES. Did you get any feeling for how our Ambassadors to Burma and Thailand—whether they were in constant contact with each other?

Miss HILL. I think they are in fairly good contact. We met with each of them and were impressed with what they told us and their interests and their knowledge of the problem and their contacts with the

officials, particularly Ambassador Byrne in Burma has established good rapport. We were fortunate in Burma, because Burmese officials actually took us to northern Burma in a plane and showed us the area themselves.

They were very cooperative and very open with us and we were very impressed with our visit.

Chairman ROTH. Miss Hill, I want to join my colleagues in complimenting you on a very comprehensive statement. I think not only do you have considerable information and data that is helpful, but I think a number of the recommendations are very excellent.

As I listen and study this matter, it does seem to me that there is a lack, for one reason or another, of the kind of international cooperation that is necessary if we are really going to stamp this out. I assume you agree with that.

Miss HILL. I would say particularly in Burma and Thailand, there is a real need for improved cooperation on narcotics between those two countries.

Chairman ROTH. I am going to be very interested in pursuing some kind of an international, regional conference. It would seem to me it might be valuable to have representatives from many of these countries. As you mentioned, Thailand and Burma will be very difficult to get to participate; you have got Hong Kong as the laundering source, Japan, Philippines. It seems to me it would be extremely worthwhile for there to be some kind of a Pacific Basin conference on this problem, not only have some knowledgeable law enforcement people there, but to try to get it sufficiently high in the Government so that some kind of a common approach can be agreed upon.

One of my concerns, as I listen to the testimony today and on other days and through some of my reading, is that everybody seems to look for a rationalization of why they are not doing more. Frankly, I think some of the criticisms abroad as to this country are well founded. In other words, our actions are used for a rationalization for their not doing more.

Do you think some kind of a conference on drugs—I think it would have to be done by region—but say a Pacific Basin conference in which we got some high government officials might be helpful in this area.

Miss HILL. Senator, I certainly think that would be helpful. Mr. O'Neil is going to testify, I think, after me this morning from DEA and he is going to talk about Southeast Asia. I believe he will cover what we were told about in our visit over there: That at least in the area of money laundering and financial transactions, DEA has worked with the countries and did in fact hold such a conference at the law enforcement level. As a result of that conference, they have encouraged efforts in financial transaction tracing and enforcement among the countries. So in that particular limited sphere, it has been very helpful.

Certainly I would think based on that perhaps there could be a greater move toward joint cooperation in the area, which there is a need for.

Senator NUNN. Mr. Chairman, let me just say on that point, I think it is an excellent suggestion. I have been pursuing that in terms of my conversations with some of the American Ambassadors and some of

the foreign officials. There is a general receptiveness to that now. Primarily what Eleanor has pointed out this morning, there is a growing problem within those countries. They no longer see it essentially as America's problem and doing America a favor.

One of the most dramatic statements we had on that subject was Ghazali Shafie who was the Home Minister, really that is the equivalent of our Justice Department, in Malaysia. He labeled the narcotics problem within Malaysia as the No. 1 national security problem. He thought it was more important than any of their border problems and any of the guerilla activity they had with the Communist Party there.

He has now become the Foreign Minister of Malaysia. I would think the suggestions you made should be pursued. I would enthusiastically join in that.

Chairman ROTH. I appreciate that. I frankly have been encouraging a greater Pacific Basin cooperation in a number of areas. I have, like you, been in discussion with a number of the top leaders of those countries, so I do intend to very actively pursue this and welcome your assistance.

Again, I appreciate your being here.

Miss HILL. Thank you, Senator.

[The following correspondence and related material was supplied for the record.]

U.S. SENATE,
COMMITTEE ON GOVERNMENTAL AFFAIRS,
Washington, D.C., October 19, 1981.

Hon. PROK AMARANAND,
Ambassador, Royal Thai Embassy,
2300 Kalorama Road NW., Washington, D.C.

DEAR MR. AMBASSADOR: The Senate Permanent Subcommittee on Investigations is currently completing a year long investigation of international narcotics trafficking. The Subcommittee is concerned both with the supply and demand aspects of narcotics trafficking. As part of our efforts to gather information about narcotics supply, staff members have traveled to a number of narcotics source countries, including Thailand. In these countries our staff has been able to speak to U.S. Embassy and Drug Enforcement Administration personnel as well as representatives of the host government. The Subcommittee's visit to Thailand in May was most informative and helpful.

The Subcommittee's investigation will culminate in a public hearing during portions of the weeks of November 9 and 16, 1981. Testimony from staff members who visited Thailand is likely. However, the Subcommittee is also interested in the possibility of receiving either public testimony from a representative of Thailand and/or a written statement which can be inserted in the hearing record.

The Subcommittee is most interested in receiving testimony pertaining to the following areas although these should not preclude other relevant topics:

The extent of narcotics trafficking and use in Thailand and foreseeable future trends;

The position of Thai government towards trafficking and use; and

Unilateral, bilateral (with the United States), and multilateral efforts being made to stem trafficking and use, such as law enforcement, education, and eradication efforts.

The Subcommittee looks forward to any input from the Thai government which would fit into the anticipated hearing schedule. Subcommittee staff is prepared to answer any questions you may have concerning the upcoming hearing and this letter. Assistant Minority Counsel Eleanor Hill and Chief Minority Investigator Jack Key may be contacted at 224-9157 for further assistance on these matters.

Sincerely,

SAM NUNN,
Ranking Minority Member.

ROYAL THAI EMBASSY,
Washington, D.C., December 2, 1981.

Mr. JACK KEY,
Russell Senate Office Building,
Washington, D.C.

DEAR MR. KEY: With reference to our telephone conversation, please find enclosed herewith a written statement from the office of the Narcotics Control Board of Thailand, requested by Senator Sam Nunn in his letter of 19 October 1981.

With best wishes,
Yours sincerely,

SUCHINDA YONGSUNTHON,
Minister-Counselor.

DRUGS SITUATION IN THAILAND

Though there was the decrease in opium production in the Golden Triangle which was due mainly to the condition of drought during the planting season at the end of 1978 and 1979, during the planting season in 1980-1981, the hill tribes had expanded the area of opium poppy cultivation up to about 35 percent or $\frac{1}{2}$ times more than the former season. The amount of opium was increased to about 500-600 tons causing prices of raw opium to fall down since early 1981. It is also expected that from the middle of the year till the end of this year, the price of raw opium will decrease more as a large amount of opium will get into the market by the time.

According to these facts, there is no doubt that there will be the high increase of drugs abusing within the country as well as the smuggling of drugs to other countries throughout the world. Heroin No. 4 is still the most common used and it was found spreading in all parts of the country, with opium spreading mostly in the North and Northeast. It was also found that Amphetamine are used everywhere and most seriously among labourers in every part of the country and pain-killing drugs are used by farmers. However, Bangkok is still the most serious place especially in the depressed and slum areas. In addition, it was found that a new type of drugs-volatile substances such as thinner, gasoline, kerosene, lacquer, insecticide, etc. became recently popular due to the fact that heroin was highly expensive and scarce during the past few years. These substances have the power to destroy nervous system and blood corpuscles. It is not possible to suppress them because they are not illicit substances, besides they are cheap and can be obtained legally anywhere in the market. The only way that can be done is through prevention.

DRUG TRADING

At the beginning of 1981, drug trading situation along the border in the North was very active as there was an increase in the amount of raw opium transported to the refineries along the Thai-Burmese border. At the same time, a large number of the chemicals essential for drug production was also smuggled from Thai territory to clandestine laboratories along the border in proportion to the increase of raw opium. It is estimated that in 1981 opium and its derivatives will certainly flow into market in great quantity, leading to the increase in frequencies of drugs and chemicals smuggling both at local and international levels.

After raw opium was transformed into various kinds of drugs, they will be smuggled to Bangkok and the South. Some of these drugs will be sold in the domestic market and some will be smuggled out to various countries particularly Europe with Paris as transit place and to the United States of America. The most popular method illicit smuggling is by air. Moreover, it was recently found that raw opium was also smuggled out to various countries in Asia.

POLICIES AND MEASURES ON NARCOTICS CONTROL

Thailand still has the strong determination to fight against narcotics problem. We have two main policies, i.e.:

1. The reduction of the demand for drugs which can be carried out through prevention education and information as well as treatment and rehabilitation for drug dependents.

2. The reduction of the supply for drugs which can be carried out through the control of narcotics cultivation and the development of the hilltribe community as well as narcotics law enforcement.

In addition, international cooperation is another important policy in fighting against narcotics problem. We have joined various treaties and conventions of which we are committed to every resolution and agreement. In terms of bilateral cooperation, we have now 13 liaison officers stationed in Thailand to cooperate with the Thai narcotics law enforcement officers which has led to the successful narcotics suppression operation both within and outside the country.

The Thai Government has always kept our narcotics law enforcement measures strenuous by setting up various measures i.e.

1. The interception of chemical trafficking

As for the fact that heroin or morphine cannot be produced at all without the essential chemicals so the following measures were set up to cut off chemical trafficking;

a. Long term imprisonment of 1-10 years as well as a fine of ten thousand to one hundred thousand Baht was set up to punish a person who produce, sell, import or have in possession the chemicals essential for narcotics producing such as acetic-anhydride and acetyl-chloride. Any person who possesses these chemicals in quantity of more than 10 kg. shall be assumed as having the purpose of selling and will receive the same kind of penalty as mentioned above.

b. Areas of Ether and Chloroform free zone was declared. This free zone areas cover eight provinces in the North and four provinces in the South.

2. The suppression of drugs producing sources

The Thai and Burmese Government have closely cooperated in destroying the heroin producing sources, most of which located along the border of the two countries. In 1980, several heroin refineries were destroyed which caused the refineries to move away and it would be difficult for them to fully operate again.

In case of Khun Sa or Chan Chi Fu, a big opium war lord, the Thai Government did not only raid and destroy his heroin refineries, but also issued a warrant to arrest him in July 1980, this warrant covers a span of 20 years and 500,000 Baht reward was also set up.

In terms of legislation, the Thai Government is now considering making an amendment on the present Narcotics Act in order to step up our suppression operation by considering using the conspiracy law and the seizure of property of the drug offenders.

Besides the above measures, we also try to improve the capability of our narcotics law enforcement officers by regularly organizing the training course for officers of every level. Thailand has been entrusted with the important responsibility which is to become narcotics law enforcement training centre of ASEAN. So far, the first training course was successfully carried out last year and the second one is scheduled to be held in this coming December.

Chairman ROTH. I call forward Mr. O'Neill. Do you swear the testimony you give before this subcommittee will be the truth, the whole truth and nothing but the truth, so help you God?

Mr. O'NEILL. I do.

Chairman ROTH. Please be seated.

It is my understanding you do not have a prepared statement. You do have some opening remarks you care to make.

TESTIMONY OF JOHN O'NEILL, REGIONAL DIRECTOR FOR SOUTHEAST ASIA, DRUG ENFORCEMENT ADMINISTRATION

Mr. O'NEILL. Thank you, Senator.

It is a pleasure for me to be here to share with you some of the information that DEA has gathered and some of the results we have accomplished and some of the things we are planning to do in South-east Asia. I am the acting regional director for our Far East region.

If possible, I would like to go up to a map here, Senator. It might be a little bit easier to understand as I give a brief overview of what has happened.

This is a map of the Thai-Burma border, the parts that are of particular interest to us. As you have heard, the majority of the opium grown in Southeast Asia is grown in Burma and grown in the Shan and Kachin states which border, on Red China. The central government of Burma does not have real, actual control of these states. They only control that area of the country east of the Salween River. These two states, the Kachin and Shan states, for the most part, are under the control of the Burmese Communist Party and it is in this area that the opium is grown.

Farmers sometimes are forced to grow opium and not grow other crops. They grow opium and sell it to the Burmese Communist Party.

In the past, the opium was put in large mule trains and then tracked down through these states into the area just along the Thai-Burma border. As a result of some of the helicopters given to the Burmese Government and other United States commodity assistance, the Burmese Government was able to attack these large mule trains, and we saw a shift in the way opium was moved from these producing states down to the border areas where the refineries are located.

[At this point, Senator Chiles withdrew from the hearing room.]

Mr. O'NEILL. What happened, mule trains used to be 600, 700 pack animals were guarded by up to 1,000 troops and moved through the area. When these large trains were spotted they were attacked by the Burmese Army. The traffickers changed their method of transporting opium. What they did was substitute soldiers as their pack animals, the carriers. Also, instead of bringing opium down to the border, they converted opium to morphine base in this northern area.

Basically, what they did by doing that was to reduce the bulk of the quantity that had to be transported from about 10—10 kilos of opium to about 1 kilo of morphine. So they reduced the size of the load tenfold but what they were also able to do then was use the different mountain trails moving through the areas and hide themselves from any aerial observation of the Burmese Government.

The opiates would move down through different camps and along the way it would be taxed by different types of insurgents or the different groups controlling the areas. The Burmese Communist Party controlled some of the areas but not all. As they would move from the Kachin into the Shan states, different areas that are controlled by different insurgent groups or different trafficking groups would tax these trains, a amount of baht or kyat, Burmese currency, per kilo of opium or kilo of morphine. The morphine would then move into this area along the Thai-Burma border. We know that there are about 15 fixed sites along the area.

As Miss Hill said, the labs are not very, very sophisticated. They are in three different locations. One over here in Lao Lo Chai which is very close to the Laos and Chinese border—at the Thai-Burma area. There are two major laboratories here and they are controlled by the Shan United Army.

It is estimated about 60 or 70 percent of all the finished narcotics that come out of this area of northern Thailand and Burma are produced in these two laboratories.

There are other laboratories right around here in an area called Doi Lang. There is about six or seven sites here. Some of these are controlled by the Shan United Army, Lahu Independence Army and independent traffickers. And then over on this side of the border in the Kyah state right near Mae Hong Son in Thailand, there are other laboratories. These are controlled by the Chinese irregular forces and independent traffickers. The independents also have laboratories in Lao Lo Chai and in Doi Lang. They pay a tax on the amount of opium or the amount of morphine or the amount of heroin that they produce and they pay it to whoever is in charge of that area.

Very quickly then—

Chairman ROTH. Would you yield? When you speak of a laboratory, exactly what do you mean? Is this a major installation or fly by night?

Mr. O'NEILL. It could be two types. It could be a very small laboratory. A small laboratory would consist of about four or five buildings—a kitchen, a sleeping area, and then the laboratory itself. It could be pots and pans, chemicals and raw material. A small laboratory would be guarded by upward of 60 to 100 armed men. They would have automatic weapons, grenade launchers, et cetera. They are usually located near water. As Miss Hill said, any time the Burmese would try to attack, the terrain they are in, the types of mountainous regions that they are in, favor the laboratory operators. They would find out that the Burmese are coming just by the noise or by other information; because the Burmese Army would have to hire local porters, the word would spread. They would pack up their pots and pans, move their morphine and their chemicals across the border into Thailand.

Senator NUNN. Why can't they attack by air?

Mr. O'NEILL. We have some photos here, Senator. It is a very, very bad situation. The Burmese have attacked by air, but they can't get the copters in close enough to where they can get their troops landed and out. If they do attack by air, they are attacking up to 400 or 500 armed men, sometimes, who are usually better armed. The army would have to repel out helicopters and it is not the best way to go.

They have attacked by air in April of this year. The Burmese Army attacked an installation and came from the south side, from the Thai border side. During the attack, 15 soldiers were killed in pitched battles that lasted about 3 days along this whole area. They captured up to 70 automatic weapons, handgrenade launchers and other types of sophisticated ordnance.

But these are pictures. The smallest village would give you an idea of what a village would look like and how difficult it would be to put helicopters into that area.

The picture of the largest city is actually a picture of Ban Hin Taek where Chang Chi-fu is believed to have resided.

Senator NUNN. That is a heavily protected city? Is it a heavily guarded city?

Mr. O'NEILL. His personal bodyguard is rumored to be anywhere from 250 to 300 men. That is just his personal bodyguard. The size of the Shan United Army is about 5,000 armed men.

The finished product, heroin, No. 4, heroin No. 3 or heroin base then moves down through a very rudimentary road system into Chiang Mai where DEA has an office. Then from Chiang Mai down into Bangkok

and then from Bangkok either south into Malaysia and Singapore, to Europe, stays there or comes to the United States or directly to Hong Kong for the United States, Australia, Canada.

[At this point, Senator Cohen entered the hearing room.]

Mr. O'NEILL. In past years, we estimated that the usual crop of opium in Southeast Asia was anywhere from 425 to 450 metric tons of opium. In 1978, there was a very severe drought in the growing areas and the crop was estimated to be between 160 to 170 tons. In the 1979 and 1980 years, there was an attempt on the part of the farmers to get more money as the price of opium had skyrocketed. They had overplanted opium in the regions, but there was another drought and the production we estimated to be between 225 and 250 metric tons during this 1979-80 growing season.

The farmers then staggered their planting. They overplanted, they cleared more land and during the 1980 to 1981 growing season we are estimating a low of about 600 metric tons to a high of 700 metric tons of opium available in that area. Now that opium was harvested between January and March. It has been moving in the system since. Now it is getting to the border where it is having an effect on prices.

Senator RUDMAN. I wonder if you might tell us what the value of that is there?

Mr. O'NEILL. At the border in 1979, at the end of a normal growing season, a kilogram of morphine would cost about \$4,100. In 1980, that same kilogram was about \$6,100. And this year, it is about \$3,100 per kilogram of morphine. Heroin No. 4, which is a very fine high purity product in 1979, was about \$4,600 per kilogram. In 1980, it was about \$7,700 and this year it is about \$4,500 to \$4,600 right now. We see that same price fall in Bangkok, Thailand. Heroin No. 4, during the 1979 era was about \$5,000 a kilogram. In the drought years, it went up to about \$10,700 to \$11,000 a kilogram. And now it is about \$6,000 to \$6,200 per kilogram.

Heroin No. 3, which is a drug of choice in Malaysia and Hong Kong was about \$2,700 in 1980. It went to about \$6,600—I am sorry, in 1979, the \$2,700 figure. In 1980, it went up to about \$6,600 and now it is down to about \$4,500. This is a price per kilogram. It is not lots or it is not large shipments. This would be the price per kilogram. The larger the shipment, the smaller the price, of course.

The same types of prices and the same type of free market economy existed during the drought years as exist now.

Productionwise, Burma is the leading producer in the area. Up to 600 metric tons of opium is produced in Burma. Laos, because of a lot of different factors; part of it being the Laos Democratic Peoples Republic moving of the Muong tribes, the hill tribes that had been involved in opium production in the past, has seen a reduction of opium in Laos. We estimate somewhere around 40 tons this year. We estimate about 60 tons of opium produced in Thailand. However, with the addict population in Bangkok and the rest of Thailand, Thailand becomes the net importer of opium and of opiates. There is an estimate that in Bangkok alone, there are about 400,000 opium addicts and between 400,000 to 600,000 addicts in Thailand.

The Thai addict would shoot heroin No. 4, injectable heroin, at very, very high purities. Certainly, we couldn't sustain those purities being used in Thailand in the United States.

As I said the main producer and controller of opium in the area is the Burmese Communist Party. Their main buyer is the Shan United Army or the SUA. It is estimated that the Shan United Army would control anywhere between 70 and 80 percent of all the finished product that comes out of that border area. We also have some laboratories that have been located in southwestern Thailand around the Malaysian border, in the provinces of Sandao and Satun, which are the western provinces of Thailand.

Just recently DEA was able to develop information. We gave it to our local police counterparts and they seized the laboratory in Sadao. We have information regarding two other laboratories in the area. One we don't have a fixed location on, but it is rumored that this laboratory is completely underground and has its own ventilating system. It is not air-conditioned. It is not that comfortable, I guess, but it is vented, it has its own electricity and its own power sources.

With the drought, we saw a significant change in the way heroin was trafficked in Southeast Asia. We in DEA, have had informants working under our direction and control now for many, many years. They were deeply and intimately involved in narcotics trafficking in Southeast Asia. When the drought came, they had no access to former partners and underlings; in terms of what they could and could not control and what they could and could not do in entering the traffic. Wherein past years they either had controlled laboratories or had controlled routes, now if they wanted to enter into the traffic, they would have to advance 100 percent of the money needed. To enter whatever portion of the traffic that they wanted to get into. They would have absolutely no control or say-so. As to how heroin was delivered or not delivered, and what have you, they had no control.

[At this point, Senator Chiles entered the hearing room.]

Mr. O'NEILL. At the same time, there were Westerners who for many years had been traveling to Bangkok, and recently up to Chiang Mai. They were finding it very, very difficult to either purchase narcotics or have narcotics delivered to them. In the past, in Bangkok, the traffickers would not try to cheat a Western customer. What they would do is simply cheat them by overcharging them. During the drought years, we saw Americans, Australians, French, Italians, and Germans in Bangkok being given heroin that was cut with diluents, which had been unknown before, or given packages of strychnine or other types of powder that sold as heroin, an absolutely unheard of occurrence in previous years.

In this year now, with the availability of opiates and particularly heroin, our informants are being deluged almost daily to enter into different types of activities. We are to the point now, where we only have time to select the good places and the traffickers we are particularly interested in. We are to the point now, that we are able to control those types of investigations.

In Bangkok, we see Westerners, we see Americans, we see Europeans being arrested every day. Seizures in Europe are up, seizures in the United States are up, of people that have gone to Southeast Asia and purchased heroin.

We see different routes being used now. There has been seizures of heroin made of people destined for Peking. It looked like it was going to be a different route, from Bangkok to Peking to Hong Kong. We

have had people arrested, or newspaper reports of people being arrested in Canton, in the early report with opium and just recently with heroin.

It looked like that heroin was going to enter into Hong Kong also.

The big problem for us in DEA, and I think the big problem for the United States, is that you can get on a plane in any place in the United States and 12 or 15 hours later be sitting in a hotel in Bangkok. The ticket would cost you \$1,200, \$1,500. You could buy an ounce or 2 ounces or 3 ounces of very high, very pure heroin in Bangkok for \$2,000. You can return to the United States and sell that 1 ounce of heroin for about \$11,000 to \$15,000. If you do that three or four times, we have a small time crook becoming a bigtime heroin trafficker.

Chairman ROTH. Is that pretty common? Do you have any guestimate as to how many small dealers there are?

Mr. O'NEILL. In total numbers, we don't, Senator. We knew in the past that there were a lot of people going over to Thailand particularly, doing that and using the mails to send it back. We have had a lot of instances, particularly in the west coast, working with Customs where mail parcels would be intercepted. Usually they were very, very small quantities, 1 ounce, 2 ounces, 3 ounces. Sometimes we would get larger quantities in artifacts. But we have had a lot of investigations where a man went over and started with 1 ounce or 2 ounces and later controlled 8 or 10, 12 couriers going over using pretty much the same route.

Those couriers, by the way, didn't stay in New York or Los Angeles or Seattle. We had them in Tucson, Ariz., we had them in Kansas City, we have had them in Detroit—all over the place. It is not just the big cities—Sacramento, also. They have been all over the place.

What is also happening, too, as the Americans go to Thailand and start talking about the prices and what they are willing to pay and not willing to pay, Thai entrepreneurs are looking at the United States as a quick ready fix for their financial problems and are coming here.

In Los Angeles, it is estimated there are about 250,000 illegal Thai citizens in that Los Angeles area, an absolute fertile ground for people interested in sustaining themselves to enter into the heroin business. We have had Thais going to Japan and coming into Mexico, then coming across into the United States.

The Border Patrol made an arrest of five Thais walking along the border dribbling a basketball trying to pretend to be basketball players, and then try to sneak into the United States as a Mexican basketball team.

In addition to these entrepreneurs, the small organizations, the small groups, we still have the large trafficking groups, the people that really control the heroin situation in Southeast Asia, targeting the United States.

In the early 1970's, it was the Chinese organizations in Southeast Asia, the Hong Kong and Singaporean organizations that created the heroin market in Europe. That led to the explosion in the epidemic of heroin abuse among Western Europeans. When the droughts came, the Chinese made a very definite decision to continue to supply the markets in Southeast Asia.

Second choice were the markets in Europe. Third choice were the American markets. There wasn't an awful lot left for the American

markets. When supply of Asian heroin wasn't there, heroin from Southwest Asia, the so-called "Golden Crescent"—I am talking about opium that was from Pakistan, Afghanistan and Iran—entered into the traffic in Western Europe. We have had indication and information now that the Chinese are going to try again to take over that European market.

If they cannot take over that European market and have an excess of heroin, then we feel that heroin will be destined for the American market.

In DEA, we have a rather large presence in Southeast Asia. In Thailand, we have three separate offices, one in Bangkok, one in Chiang Mai and one in Songkhla in Southern Thailand. In Bangkok, we have a special agent in charge, an assistant, a group supervisor and 15 agents stationed in the city. We also have three intelligence analysts stationed there.

In Chiang Mai in the north, we have a supervisor and three agents and in Songkhla in the south, we have a supervisor and two agents. Our program is basically intelligence oriented, gathering the intelligence on syndicates and organizations, the major movers and pushers in the area and getting that intelligence, sharing it with the Thais and then hopefully reacting with them to effect seizures and arrests.

We have been targeting groups, syndicates or organizations. We have been targeting the laboratory operators and also the chemical suppliers.

[At this point, Senator Cohen withdrew from the hearing room.]

Mr. O'NEILL. We found out that it takes approximately 22 pounds of chemicals and one pound of morphine to produce one pound of heroin.

Chairman ROTH. Could I interrupt? Because time is passing, I would ask that to the extent you could, summarize the highlights. I know the Senators have a number of questions they would like to ask you.

Mr. O'NEILL. Miss Hill brought up the operation that we had targeted, the financial investigations, an operation we call Operation School Boy. It was targeted against originally a Singaporean group of heroin traffickers who had controlled European heroin market called the Ah Kong. As an aside, the Ah Kong in Chinese means "The Company." This organization was a subject of worldwide police attention. There were seizures and arrests made in Spain, in Portugal, in the Netherlands, in the Federal Republic of Germany, in France, Southeast Asia, Bangkok, Kuala Lumpur, and in Hong Kong.

[At this point, Senator Rudman withdrew from the hearing room.]

Mr. O'NEILL. The leader of the group was a man by the name of Li Ming Siu, who was well known to all the police authorities all over the world. He was arrested in Bangkok, Thailand, and then extradited to Singapore where he was questioned. His personal effects, papers and other paraphernalia that he had, was made available to DEA. One of the things that he had was a number, written on a piece of paper.

Originally we thought it was a telephone number. One of the DEA agents had remembered the number for some reason, I am not exactly sure why, and identified that number as a bank account number in a commercial bank in Hong Kong.

We supplied to the Singaporeans—DEA supplied that account number to the Hong Kong police authorities with the information that had been taken from Li Ming Siu. The Hong Kong authorities were well aware of who he was and got a magistrates warrant authority to search the bank account. To our knowledge, this is the first time that had been done in Hong Kong.

When they searched the bank account, they found out that in this one account alone, within a 13-month period, that Li Ming Siu had deposited about HK\$60 million—Hong Kong dollars—in the account. And his only source of income and only source of revenue was heroin trafficking. Now that equates to over a little over US\$12 million—U.S. dollars. The disturbing thing to the Hong Kong authorities and disturbing thing to the bank officials was that the money was not staying in Hong Kong. It was being transferred right back out of Hong Kong, not staying any more than 1 day. It was going into a trading company and/or a gold shop in Bangkok.

There were other banks, other deposits from other banks in the account, and other commercial banks used, not only in Hong Kong but in Malaysia and in Singapore.

In Malaysia, the account was in a commercial bank up in Penang in the northern part of Malaysia, near the Thai border. In those accounts we had about \$1 million American being transferred, usually in Hong Kong or in Malaysian currencies. But we would have children or people who were not properly identified, giving fictitious addresses or fictitious business addresses, transferring the money into the account, sending it down to Hong Kong and then from Hong Kong going back up to Bangkok.

We have identified somewhere in the neighborhood of 60 or more accounts where this is being done. These are accounts that are in the commercial banking systems.

We had presumed that the Chinese traffickers would prefer to use the so-called underground banking system. It is older than the Western banking system; and it is more established. There is a mistrust on the part of Chinese businessmen, be they legal or illegal, to use Western institutions. The underground banking system has the advantage of being very efficient. The cost of a transfer is usually less than a Western bank and there is no paper trail.

Chairman ROTH. I am going to have to ask you, Does that pretty much conclude?

Mr. O'NEILL. Yes.

Chairman ROTH. Senator Nunn.

Senator NUNN. We have got some questions we would like to ask you. I am going to try to make them as briefly as possible. We are running behind and we have got several other witnesses this morning.

Mr. O'Neill, you have described in detail how narcotics racketeers have used the commercial banking system. We understand that financing in Southeast Asia is also characterized by an extensive underground banking system. I think that is what you were referring to there. Could you tell us briefly how that works?

Mr. O'NEILL. The way it would work: You would go to a known location, it can be a gold shop, a trading company, a laundry, restaurant, whatever—they take many different forms—and go to a person

there and tell them you have x amount of dollars. For instance, you are in the Netherlands and want to transport f.1 million [guilders], and you want that to go to Hong Kong. You would give the man in the Netherlands f.1 million [guilders]. Either you or your representative could go to Hong Kong the very next day and pick up either the million guilders less the commission, American dollars, Hong Kong dollars, Thai bhat whatever currency you would want.

Senator NUNN. What have been the recent efforts against the Shan Army by the Thai Government, if any?

Mr. O'NEILL. In July of 1980, the Thai Air Force bombed Ban Hin Taek, the headquarters of the Shan United Army. There has been an arrest warrant out for Chang Chi-fu, the head of the Shan United Army. There was also just recently a flyer made up, a wanted poster—I have a copy of it here, it is in Thai on the front, Chinese on the back, and a translation of it—spread throughout the nonborder areas. And in October of this year, while the Prime Minister of Thailand was in the United States, it is presumed that there was an attempt to capture Chang Chi-fu. A group of commandos of the Thai Army infiltrated Ban Hin Taek at night. There was some confusion at the time. Apparently there was a large caravan of Shan soldiers in Ban Tin Taek at the time. There was a fight, a firefight ensued.

[A copy of the "Wanted Poster" referred to follows:]



ประกาศสำนักงาน ป.ป.ส.

เรื่อง ให้สินบนรางวัลจับนายจางซีฟู หรือ ขุนสำ
จำนวนเงิน ๕๐๐,๐๐๐ บาท (ห้าแสนบาทถ้วน)



1. ชื่อ นายจางซีฟู หรือขุนสำ หรือจันท์
จางตระกูล หรือกวนชยอ
2. เกิด ปี พ.ศ. 2476 อายุ 48 ปี
3. สถานที่เกิด ดอยหม้อ เมืองดงยาน
รัฐฉาน ประเทศพม่า
4. เชื้อชาติ จีน (ฮ่อ) สัญชาติ พม่า
5. คำพิพจน์พรรณ รูปร่างสูงใหญ่ก่อนข้างอ้วน สูงประมาณ 180 เซนติเมตร ศีรษะโต
หลิมก่อนข้างเด็ก ผมหัน-รองทรง ใบหน้ารูปไข่ หน้าผากกว้าง
คิ้วบาง หางคิ้วต่ำ ระหว่างคิ้วยื่น ตาเล็กก่อนข้างยาว หนูกาง
จมูกโด่งเป็นสัน ปากกว้าง ริมฝีปากบาง คางมน แขนขาและมือ
เท่าผู้ใหญ่ ผิวคล้ำ
6. ข้อหา มีพฤติการณ์เป็นสำคัญในการผลิตและค้ายาเสพติด รวมทั้งการ
กระทำความผิดฐานยึดอำนาจการปกครองในบางส่วนของดินแดนของราช-
อาณาจักร มีอาวุธปืน เครื่องกระสุนปืนไว้ในครอบครองโดยไม่ได้อ
รับอนุญาต กระทำผิดฐานเป็นข่องโจร และหลบหนีเข้าเมือง ตาม
หมายจับกองบัญชาการตำรวจสอบสวนกลาง กรมตำรวจ ลงวันที่ 17
กรกฎาคม 2523
7. สถานที่ควรสืบ บ้านหินแตก และบ้านเมืองสอง ตำบลแม่คำ อำเภอแม่จัน จังหวัด
เชียงราย
8. สถานที่ลึกลับ เมื่อจับตัวได้แล้วนำส่งกองบัญชาการตำรวจสอบสวนกลาง กรมตำรวจ
และขอรับเงินสินบนรางวัลได้ที่ สำนักงาน ป.ป.ส. ศาลาสันติธรรม
ชั้น 2 ถนนราชดำเนินนอก กรุงเทพฯ 2 ภายในวันที่ 30 กันยายน
2525

ประกาศ ณ วันที่ 21 กรกฎาคม 2524



肅毒委員會辦事處公佈
懸賞通緝張奇傳或坤沙
獎金伍拾萬銖正

- 1 姓名：張奇傳，或坤沙，或莊 張塔軍
或光柯約。
- 2 出生日期：佛曆 2476 年，現年 48 歲
- 3 出生地點：緬甸 蟬省 丹陽市 堆磨村
- 4 國籍：緬甸籍 雲南人
- 5 面貌特徵：高大稍肥 高度約 180 生 頭尖髮稍禿 髮短 蛋形面 額
潤 眉薄 眉尾低 眉間有綹紋 眼細框稍長 兜風耳
高鼻 口潤 唇薄 顎圓 手臂腳腿大 皮膚赤色
- 6 罪名：有生產及販賣毒品行為的主犯 有觸犯擾奪政權行動的罪名
又保有非法鎗械彈藥 有賊黨組織行動及非法入境 依據警
察廳中央審訊局于佛曆 2523 年 7 月 17 日發出拘捕傳票
- 7 躲藏地區：昌萊府 夜莊縣 夜堪區 興德村及蒙宋村
- 8 聯絡地址：當捉得該主犯請引送警察廳中央審訊局及向曼谷五馬路訕滴
探大廈二樓肅毒委員會辦事處領取獎金 有効期至佛曆
2525 年 9 月 30 日止

肅毒委員會辦事處
佛曆 2524 年 7 月 21 日公佈

Garuda

ONCB Announcement

Subject: 500,000 Baht Reward for the Arrest of
Chang Si Fu aka Khun Sa

1. Name: Mr. Chang Si Fu aka Khun Sa aka Chan Changtrakun aka Kuan Khayor
2. Date of Birth: 1933, age: 48
3. Place of Birth: Doi Moh, Muang Tangyan, Chan State, Burma.
4. National Origin: Chinese (Haw)
Citizenship: Burmese
5. Physical Description: Tall and big built, plump, approx. 180 cm. height, big head, slightly balding, short-cut hair, oval face, wide forehead, thin eyebrows with wrinkles in between, small and long eyes, prick ears, pointed nose, wide mouth, thin lips, round chin, big limbs, big hands and feet, dark skin.
6. Charges: Being the principal in the production and trafficking of narcotic drug; illegally taking over the administration of a part of the Royal Kingdom; illegally possessing firearms and ammunition; continuing an organized group of criminals; and illegally immigrating into the country, per the arrest warrant, issued by the Central Investigation Bureau, Police Department, dated 17 July 1980.
7. Recommended Areas for Investigation: Ban Hintak and Ban Muangsong, T. Maekham, A. Maechan, Chiangrai Province.
8. Point of Contact: Upon being arrested, the subject should be turned over to the Central Investigation Bureau, Police Department. Request for the reward should be submitted to the ONCB, Santiatham Hall, 2nd floor, Rajdamnernnok Rd., Bangkok 2, within 30 September 1982.

Given on 21 July 1981.

ONCB
(Signature)

Mr. O'NEILL. Five commandos were killed, five more missing and they are presumed dead.

Senator NUNN. Where do you think he is located now?

Mr. O'NEILL. I have no idea, Senator. He is either in Thailand or Burma, or might have a foot in each country. We are not exactly sure where.

Senator NUNN. We haven't talked about the Chinese Government at all. What does the mainland government in China do with respect to both traffic within China and with regard to cooperation with the United States and other countries?

Mr. O'NEILL. In China, we have no indications that there is any trafficking in heroin or opium at all.

Senator NUNN. You mean they really have eliminated heroin traffic in China as far as you know?

Mr. O'NEILL. That is what they said. There was a delegation here about 2 years ago and that is what they told us. There have been seizures made in Canton of opium and of heroin, but the press information on that is that it was destined for Hong Kong and not for local consumption.

Senator NUNN. Is the Chinese Government cooperating at all with other governments, like our own?

Mr. O'NEILL. We haven't had any official meetings with them in Southeast Asia. We have sat down with them here in the United States. There was a delegation visiting about 2 years ago.

Senator NUNN. Are they receptive to international cooperation, or is it too early to tell, based on your conversations?

Mr. O'NEILL. I would only be reading teletypes on that. There are people from the State Department who probably would be a little better qualified to answer that.

Chairman ROTH. Could I ask a question? As I understand it, the Burmese Communist Party is a major source of the drugs?

Mr. O'NEILL. Yes, sir.

Chairman ROTH. Is there any reason to believe that the Chinese Communists might have any influence on them, that might be an avenue?

Mr. O'NEILL. In the Burmese press, it was reported that when Ne Win went to Peking, he asked that the People's Republic of China, the Government, stop supplying the Burmese Communist Party with arms and funds. It was reported again in the press that the head of the People's Republic of China, the Government, said that the Government had no influence over the conduct of the Chinese Communist Party—

Chairman ROTH. Over the Burmese—

Mr. O'NEILL. That the Chinese Government had no influence over the Chinese Communist Party. That was a party relationship and they could not influence that relationship.

Chairman ROTH. To make sure I understand you, you said the Chinese Government said it had no influence over the Chinese Communist Party, the relationship between that and the Burmese is party to party. That's a dodge they use in a number of areas, isn't it?

Mr. O'NEILL. That's correct.

Chairman ROTH. I didn't mean to interrupt.

Senator NUNN. That is fine. We really appreciate your testimony. You have been very helpful with our subcommittee. We appreciate the

job you and all the agents are doing in that part of the world. We know its a tough job.

I have one other question at this point. We may want to have some for the record. Have you begun to see the increased traffic that would be implied by the increased bumper crop you have had this year?

Mr. O'NEILL. We are seeing some increases in the United States, but we haven't seen that big jump that we might expect. Hopefully that is because we are doing our work in Southeast Asia.

Senator NUNN. Do you still expect it is going to come in the United States in increased numbers in the next year?

Mr. O'NEILL. DEA, in cooperation with the Thai authorities, this year have seized the equivalent of 1,000 pounds of heroin or opiates in Thailand, about 300 pounds of opiates in Hong Kong, and the traffickers are well aware that the Americans are behind this push. We will see what their reaction is.

Senator NUNN. Thank you very much, Mr. O'Neill. We appreciate your help.

Chairman ROTH. One further followup question. The possibility of this larger supply—could that mean that our users might get opium in a more pure form and this could cause a greater incidence of death and other serious effects?

Mr. O'NEILL. Heroin No. 4, which is the preferred, is a very white, flaky-powdery substance—the purest, range in excess of 90 percent. It is probably the best heroin made. When it would come to the United States, I would think that the traffickers here and the people that are responsible for distributing would cut it down to the levels that are currently being used. But more availability usually leads to more use and more use leads to more injuries.

Chairman ROTH. Thank you, Mr. O'Neill.

Mr. O'NEILL. Thank you, Senator.

Senator NUNN. Thank you very much.

Chairman ROTH. Our next witnesses are Dennis A. Morton of the DEA and Richard Wright of the Los Angeles Police Department. I understand they intend to use a film as part of their presentation.

Senator Nunn, I think you may have a comment.

Senator NUNN. Yes, Mr. Chairman. I want to thank both Mr. Morton and Lieutenant Wright for their cooperation with us. This film is being furnished to us in cooperation with the Los Angeles Police Department and NBC. We want to thank both of them for making it available. It is my understanding the film we are going to see was broadcast on January 14, 1979, as a segment to the NBC series "Weekend." And this particular segment is entitled "Criminal Gangs in Japan," which was produced by Bill Brown of NBC television.

Lieutenant Wright, can you introduce us to the film, and we are going to try to take a look at it. How long does it last?

Lieutenant WRIGHT. Seventeen minutes, Senator.

Chairman ROTH. Before we proceed, under our rules, witnesses must be sworn. So would you please rise.

Do you swear that the testimony you give before this subcommittee will be the truth, the whole truth, and nothing but the truth, so help you God?

Lieutenant WRIGHT. I do.

Mr. MORTON. I do.

Chairman ROTH. Thank you, please be seated.

**TESTIMONY OF DENNIS A. MORTON, CHIEF, WESTERN SECTION,
OFFICE OF INTELLIGENCE, DRUG ENFORCEMENT ADMINISTRATION,
AND LT. RICHARD W. WRIGHT, ORGANIZED CRIME INTELLIGENCE
DIVISION, LOS ANGELES POLICE DEPARTMENT**

Lieutenant WRIGHT. To my knowledge, this particular film is the only film available that has been filmed inside Japanese organized crime, commonly referred to as the "Yakuza." It does provide an accurate overview of Japanese organized crime and shows the problems facing law enforcement in Japan and what is becoming a growing problem here in the United States.

[Film presentation.]

[At this point, Senator Rudman entered the hearing room.]

Chairman ROTH. Gentlemen, do you have a prepared statement you want to give at this time?

Mr. MORTON. No, sir.

Senator NUNN. It is my understanding we cover most of this in questions we have got.

Chairman ROTH. Senator Nunn.

Senator NUNN. I will lead off.

Mr. Chairman, due to the fact many of the individual Yakuza members are generally referred to in this presentation, some of them are subject to ongoing criminal investigations, both DEA and L.A. police have requested we refrain from questions which would require them to disclose the identity of certain individuals or particular investigations. We would certainly respect that. Any questions we have that inadvertently would lead in that direction, you can let us know about it and we will refrain from doing that.

Mr. Morton, the Yakuza, as a criminal organization, is apparently not yet generally recognized or known by the American public at large. From your testimony this morning I assume this group is now showing increased interest in pursuing activities within the United States; is that correct?

Mr. MORTON. Yes, sir.

Senator NUNN. The potential for their criminal expansion in this country is a sobering fact, given Japanese past experience. Is American law enforcement on the Federal level aware of Yakuza and their potential impact on criminal activity in the United States?

Mr. MORTON. Senator, generally not. Because they are not aware, they haven't taken a lot of interest in it. Most of the interests we are aware of have taken place along the west coast where there is a large Japanese—both tourist and resident—population, and also in the Pacific Islands, particularly Hawaii.

Senator NUNN. How about in those areas, California and Hawaii, are local and State law enforcements aware of the problems?

Mr. MORTON. Increasingly so. I think DEA probably deserves credit; our activities in Hawaii have been transferred to California and our Western region which encompasses the five Western States. We have brought it to a lot of peoples' attention. Of course, the Los Angeles Police Department has had an effort in that area for some time.

Senator NUNN. What type crimes are Yakuza members mostly involved in here? Have they gotten heavily involved in drug traffic at this point?

Mr. MORTON. Senator, to the best of our knowledge, narcotics trafficking from Japan to the United States is not an official function of Japanese organized crime. There are instances of it, and we are aware of it. We have had several cases. But generally what we see is that they are starting to invest the money in legitimate businesses and also setting up businesses as fronts, and, of course, narcotics trafficking is part of it.

Senator NUNN. They are engaged in narcotics trafficking then?

Mr. MORTON. There are members of the Yakuza who do engage in narcotics trafficking. I am sure that the various Yakuza organizations do take their part of the cut, but it is not an official function as is pornography or gun smuggling.

Senator NUNN. What crimes are they now engaged in in the United States primarily?

Mr. MORTON. Sir, from a drug enforcement standpoint, we are aware of some narcotics traffic, and we also have come across some attempts to smuggle guns from the United States into Japan. Other than that, we have only seen indications of them possibly sending some representatives to some meetings of large American corporations.

I believe that is it.

Senator NUNN. Lieutenant Wright, what problems has the police department encountered in attempting to monitor Yakuza activity in the United States?

Lieutenant WRIGHT. There have been a number of problems, but to go back to your prior question, Senator, I would like to answer regarding the activities we have seen in the Los Angeles area.

Senator NUNN. Good.

Lieutenant WRIGHT. The Yakuza in the Los Angeles area have been involved in both legitimate and illegitimate enterprises. Their illegal activities would include narcotics transactions, gun smuggling, prostitution, and extortion.

Additionally, there are strong indications of money laundering through legitimate businesses. These illegal activities have primarily been restricted to the Japanese community and to the Japanese tourist trade that comes to Los Angeles.

To go on to the second question, Senator, the problems that we have encountered are several: The first problem is overcoming the cultural and language barrier. Most Yakuza, as the film indicates, speak only Japanese, and we have few law enforcement officials that have the ability to speak Japanese. That naturally inhibits the ability to interview either subjects or victims.

A second problem is the current lack of expertise by U.S. law enforcement personnel. Additionally, there is a lack of rapport with the Japanese National Police. The Japanese National Police Agency is a very formal organization and personal meetings, because of cost and distance, have been few and insufficient to establish the personal rapport necessary for intelligence purposes.

Underlying all these problems, particularly in California, is the negative effect proposition 13 has had on local resources.

Senator NUNN. What about the *Inada* case, are you familiar with that?

Lieutenant WRIGHT. I am aware of the case, sir.

Senator NUNN. Could you give us details on that?

Lieutenant WRIGHT. Mr. Morton's organization handled that case.

Senator NUNN. Mr. Morton?

Mr. MORRISON. Senator, what happened, is that in 1972, Waltaru Inada, member of the Sumiyoshi Kengo went to Honolulu and established a touring company which catered to Yakuza members visiting the islands from Japan. Subsequent investigation by the Honolulu resident office found that Inada was a major supplier of Southeast Asian heroin, and one of the lines or organizations he was supplying was a traditional organized crime group located in the Continental United States.

Unfortunately, Inada, the case was concluded in 1973, was murdered prior to his trial, so we were unable to find the actual source of supply. But we did establish a connection with traditional organized crime.

Senator NUNN. How does this group compare to traditional organized families?

Mr. MORRISON. Senator, it is very similar in that there is a boss, a top person and under him is a very structured organization. Everybody has a function and they take care of certain areas of illegal interests. Also, they are members for life.

One of the major differences is that in the Yakuza, the Oyabun, who is the boss is more of a father figure than, let's say, a godfather is. He is the godfather, but he is also a father figure.

Senator NUNN. We heard testimony this morning that numerous law enforcement authorities believe that Yakuza has a potential for becoming a dominant force in the trafficking of Southeast Asian heroin into the United States.

Do you share that belief?

I would ask either of you, if you would like to comment on that.

Mr. MORRISON. Senator, they undoubtedly do possess that potential. They have the organization, they have the discipline, they have the expertise. They do not have a distribution system. There is really no doubt in our mind that they are capable of moving Southeast Asian heroin from that area of the world to the United States.

Once they get it here, they are going to have a problem, but because of their discipline and the way the organization is set up, they do have the potential.

Senator NUNN. What do you mean by "lack of a distribution network in the United States"?

Mr. MORRISON. Senator, traditionally, their illegal activities here and, of course, in Japan, have been with their own ethnic community. Well, there is no heroin addict population among the Japanese. So if they brought it here, they would have to have a distribution system to get it beyond that community and to the streets. They don't have it.

Senator NUNN. Lieutenant Wright, how do you view this potential problem of Yakuza becoming a major network in Southeast Asia heroin, from the California perspective?

Lieutenant WRIGHT. I would agree with Mr. Morton. The potential is definitely there but, at the moment, they lack the ability to distribute heroin on the mainland.

Senator NUNN. Mr. Morton, have you seen the evidence of the transfer of money or laundering of money by the Yakuza?

Mr. MORTON. Yes, sir. In particular, one instance, in 1978, and we have found this information out since then, a bank was established on Ponape. In mid-1979, that bank was closed. The depositors were not given their money. Subsequent to that, we found out some Japanese nationals had been extorted to put money in that bank. We also found out many of the people who set up the bank were, in fact, members of Japanese organized crime.

At about the same time that bank closed in 1979, some of those same people attempted to open another bank. They were unsuccessful. But in interviewing people that were on the scene, we were able to learn that several Japanese nationals had arrived at that bank carrying suitcases full of U.S. currency.

Also, Senator, in Hawaii, we have seen the investment of large amounts of Japanese organized crime money in legitimate businesses, and we think that is a way of laundering money.

Senator NUNN. Do you see any danger of the Yakuza organization teaming up with traditional organized crime in this country for distribution purposes?

Mr. MORTON. Sir, it is feasible. Did you say—

Senator NUNN. Do you see any evidence of this now? Or do you just think it's a potential?

Mr. MORTON. Sir, I cannot say that there is evidence of them doing it, other than that the 1979 case, but it is very possible.

Senator NUNN. What has been the effect, Lieutenant Wright, of proposition 13 on law enforcement in Los Angeles?

[At this point, Senator Chiles entered the hearing room.]

Lieutenant WRIGHT. Although proposition 13 was not intended to hurt either police or fire services, the net result has been that it has reduced revenues to the cities and counties of California. It has hurt law enforcement by causing a decrease in the authorized strength of personnel and by causing needed equipment to either be delayed or deleted from budgets. Specifically, the Organized Crime Intelligence Division of the Los Angeles Police Department lost 17 percent of its total sworn complement as a direct result of proposition 13.

Additionally, in Los Angeles, for example, the financial problems have caused the city fathers to move in the direction of reducing pensions for police and fire personnel. This, in effect, has hurt morale, so the net effect of proposition 13 has been to reduce resources and cause a decline in morale.

Senator NUNN. You mentioned that the Yakuza organization has a variety of identifiable groups in Japan. How many of these groups have you seen in the United States?

I will ask either of you that question.

Lieutenant WRIGHT. Senator, in Los Angeles, we have identified three separate groups of Yakuza.

Mr. MORTON. Senator, from DEA's point of view, our encounters have generally been with four, the Yamaguchi-Gumi, Sumiyoshi-Rengo, Inagawa-Kai, and Toa-Yuai-Jigyo-Kumai.

The last group is ethnically Korean and located in Japan, traditionally known as the Tosei-Kai. It is now known as the Toa-Yuai Jigyo-Kumai.

Those are the groups we have had the most encounters with.

Senators, I would also like to add to my answer to your other statement, or to your other question. We do have evidence and we have seen Japanese organized crime members in the presence of traditional organized crime members.

Senator NUNN. I didn't understand that last point.

You have seen what?

Mr. MORTON. We have seen Yakuzas in the presence of traditional organized crime members, particularly in Hawaii and in Las Vegas. Whether they were conducting business, we don't know, but they have been in the physical presence of each other.

Senator NUNN. Did you find anything in the *Inada* case relating to evidence of a Yakuza contract for heroin trafficking?

Mr. MORTON. Sir, none in that case, but in 1979, three couriers were arrested in Honolulu. As a matter of fact, I have a picture of one of those couriers if you would like to see it. It shows how the tatoos are hidden once their clothes are on. Subsequent to our arrests in Honolulu, the Japanese National Police were able to secure a search warrant for the residences of those three couriers, and I do have a translation of a contract that was found in one of their residences.

Senator NUNN. Who was involved in that contract? Who was the contract with? Was it really in the form of written instructions, or what was it?

Mr. MORTON. Yes, sir, it is very specific. I think it really displays the discipline by which the organization is run.

Senator NUNN. Go over it.

Mr. MORTON. I will read the last part. This is No. 1, "Trip to Bangkok, Thailand." It says:

\$5,000 for one trip plus \$500, more or less, for your pocket money. Your group leader will determine the amount. You must pay for whatever you want to buy there as souvenir. Your leader will pay for your hotel and three meals. He/she will also pay for your drinks up to \$75 at a time.

So far they are paying for the hotel, the meals and every time they sit down and drink, they are getting another \$75.

No. 2, "Trip to Guam, Hawaii or the Continental United States." It says:

Your group leader will pay for your tickets, hotel, and meals. You will have to pay for other expenses like drinks or snacks.

No. 3, I think this is the crux:

As stated in one above, you will be paid \$5,000 each trip. If you have any objection, it means you will be out. You are again advised that you will not get a penny if you fail to obey instructions given but the financier or middleman.

And we know "financier" in this case means Japanese organized crime. What we have is a contract for narcotics smuggling—on this paper, something we don't commonly see with domestic cases.

Senator NUNN. Where was that seized again?

Mr. MORTON. In Japan, sir.

Senator NUNN. By whom?

Mr. MORTON. By the Japanese National Police.

Senator NUNN. Mr. Chairman, that is all the questions I have.

Chairman ROTH. I just have two or three questions I would like to ask you.

First, what degree of cooperation have you had with the Japanese Government or their police officials? How would you rate it? Has it been excellent? Will they furnish you information as to who is involved in these organized crime groups?

Mr. MORTON. Senator, we have an office in Tokyo and my knowledge comes from talking to our agents there. I have never heard them complain.

Chairman ROTH. You are saying that as far as you know, it is very good.

Mr. MORTON. Yes, sir.

[At this point, Senator Nunn withdrew from the hearing room.]

Chairman ROTH. I would submit that question in writing. If you could check that out, I would be interested in further clarification on that point.

Mr. MORTON. Yes, sir.

Chairman ROTH. Second, these Japanese nationals who come to this country, of course, are not citizens. If you can identify them, why can't we get rid of them?

Mr. MORTON. Senator, we haven't identified a lot of them.

Chairman ROTH. Have we asked the Japanese to identify them? If not, why not?

Mr. MORTON. Yes, sir, but when the tourists apply for visas in Japan and—we are talking about a lot of tourists—these people come as part of a tourist group. Really the missing finger is one of the best ways we have of identifying them when they come through customs. In Honolulu, particularly, where I have some experience, we are talking about hundreds and hundreds of people coming in when the plane unloads. It is really difficult picking Japanese Yakuza couriers out from the tourists.

Chairman ROTH. If I understand your testimony, I gather the Japanese police have pretty comprehensive records of those who are involved in these crimes, is that correct?

Mr. MORTON. Yes. To the best of my knowledge, that is correct, Senator.

Chairman ROTH. If that information could be put on computers, I wonder if it wouldn't be possible for our authorities to do a better screening job, or at least know who they are once they go through the various ports of entry.

Mr. MORTON. Senator, I am assuming you are correct. In 1980 it was estimated there were over 100,000 different Yakuza members. In the Yamaguchi Gumi alone we are talking over 11,000, whereas some other groups may have half of a dozen. I am not prepared to talk about the problems.

Chairman ROTH. Sure. I am not being critical of you. I am just trying to understand why our Government might not be able to take more effective action. I take it these organizations in Hawaii and southern California, I guess, are handled by people who are not here as tourists but must be staying a reasonable period of time.

Is that correct or not?

Mr. MORTON. Sir, the way we see it, and we are fairly new at this, it is like a second or third generation Japanese person who is here may be a representative of one of those groups.

[At this point, Senator Nunn entered the hearing room.]

Mr. MORTON. He works at their discretion and he may work with several different groups. He might meet with a Sumiyoshi Rengo and the next time with someone from the Yamaguchi Gumi.

Lieutenant WRIGHT. The authorities in Hawaii have had success in deporting certain Yakuza members. That avenue is used when it is possible to do so.

Chairman ROTH. Do you have any personal experience with that? I wonder how difficult it is to remove undesirable aliens.

Lieutenant WRIGHT. The Hawaiian authorities I have spoken to have indicated that deportation has assisted them with their problem. It is one of the tools they do use once they can establish there has been entry by somebody that is deportable.

Chairman ROTH. Senator Rudman?

Senator RUDMAN. Thank you, Mr. Chairman.

I have really the same question for both witnesses.

It seems from your testimony that what you are basically saying is that the potential for transporting the drugs from Southeast Asia by these Japanese organized crime groups is quite good, but their possibility of distribution is not that good because of language.

My question to you is individually, both of you, how good do you consider your intelligence out there in terms of whether or not they start penetrating through distribution? It would seem probably more than most they have the contacts and the facilities and the funds to do the transporting but not the distribution; but should they decide to move into distribution, how early on are you going to know about that? I think I ask that of you first, Lieutenant, then on to you, Mr. Morton.

Lieutenant WRIGHT. Our department first became aware of their presence in 1978. It was monitored for a couple of years and I am referring specifically to one or two individuals who periodically traveled to the Los Angeles area. Their presence subsequently increased and, in February of this year, 1981, the responsibility for the monitoring was transferred to the organized crime intelligence division of our department. We have had ongoing investigations since that time.

What we are dealing with is a relatively new phenomenon in the Los Angeles area. The investigations are relatively recent. We have recognized the impact in Los Angeles. There has been an impact in the San Francisco area and the authorities are working on it there.

The California Department of Justice is also aware of the problem and is currently setting up training for law enforcement personnel so that we will have a better capability of controlling the threat.

Senator RUDMAN. So the traditional methods that you use for intelligence gathering, I assume, are being put in place so that if, in fact, the distributive channels for this group start to move out of the Los Angeles area, let's say to Chicago, New York, wherever, you can target

this group as well as the other organized crime groups. Is that accurate?

Lieutenant WRIGHT. That is correct.

Senator RUDMAN. How about with your agency?

Mr. MORTON. If they accepted heroin trafficking to the United States as an official function, we would know about it early on with our efforts in Japan and Southeast Asia and, of course, domestically.

I just cannot see where they could do it for very long without us knowing or even make large preparations to do it.

Senator RUDMAN. I would assume that they face the same problem with the language barrier in terms of distribution that you do in terms of detecting what they are doing. However, I have to assume—at least I hope I am right from what I know about your covert operations—that should this become a new channel of supply, let's say, in Chicago or the Boston area, because of what you have placed in those areas, you would certainly know pretty soon that that was a new source that was starting to move products into the area.

Is that an accurate statement?

Mr. MORTON. I think so. Yes, sir.

Senator RUDMAN. Without going into details, is that accurate?

Mr. MORTON. Yes, sir. We have no fear that if they do get into this in a big way, if they do exploit this potential, that we will know about it.

Senator RUDMAN. You will know pretty early on, I would hope.

Mr. MORTON. Yes, sir.

Senator RUDMAN. Would it be fair to say that in both your cases that your intelligence gathering has generally been good, not necessarily in this area, but a variety of areas?

Of course, knowing about it and doing something about it are two different things; is that an accurate statement?

Lieutenant WRIGHT. Yes, I think that is accurate. I believe there has been prior testimony before this subcommittee relative to some of the problems intelligence units have faced recently obtaining information, such as the Financial Privacy Act and the Tax Reform Act of 1976.

Senator RUDMAN. You would find both of those to be inhibitions in respect to what you are doing?

Lieutenant WRIGHT. I would say they have definitely hurt our efforts in gathering intelligence on organized crime groups of all types.

Senator RUDMAN. Does the LAPD organized crime unit extensively use electronic intelligence as well as informants for its normal sources of data?

Lieutenant WRIGHT. We do not have a wiretap law in the State of California, which is another one of our problems at the present time, sir.

Senator RUDMAN. You don't have any wiretap law at all?

Lieutenant WRIGHT. No, we do not.

Senator RUDMAN. So any wiretapping in California is done strictly by Federal authority?

Lieutenant WRIGHT. Yes, in that case, we must bring in Federal agents and use title III.

Senator RUDMAN. You cannot even apply to a court for a wiretap in the State of California?

Lieutenant WRIGHT. No, Senator, we cannot.

Senator RUDMAN. That is incredible.

Chairman ROTH. Gentlemen, we appreciate your being here.

Senator Chiles?

Senator CHILES. No questions.

Chairman ROTH. There may be some additional written questions we would want to submit to you. We all appreciate you being here.

Senator NUNN. Thank you very much for all your help and cooperation. Both of you have been very helpful. We particularly hope you will express our appreciation to the police department, your chief, so forth.

Chairman ROTH. Our final witnesses today will be Admiral Thompson, who is chief, Office of Operations of the U.S. Coast Guard and Lt. Comdr. Terrance P. Hart, acting chief, General Law Enforcement Branch of the Coast Guard.

Gentlemen, under our subcommittee rules, all witnesses must be sworn in.

Would you raise your right hand?

Do you swear that the testimony you give before this subcommittee will be the truth, the whole truth, and nothing but the truth, so help you God?

Admiral THOMPSON. I do.

Commander HART. I do.

TESTIMONY OF REAR ADM. D. C. THOMPSON, CHIEF, OFFICE OF OPERATIONS, U.S. COAST GUARD AND LT. COMDR. TERRANCE P. HART, ACTING CHIEF, GENERAL LAW ENFORCEMENT BRANCH, U.S. COAST GUARD

Chairman ROTH. Please be seated.

Gentlemen, I apologize for keeping you waiting so long. I appreciate your cooperation in being here. You can either read your statement or summarize it.

Admiral THOMPSON. I have a fairly brief statement.

Mr. Chairman, members of the subcommittee, I am Rear Adm. D. C. Thompson, chief of the Coast Guard's Office of Operations.

Accompanying me today, as you requested, is Lt. Comdr. Terry Hart, who is acting chief of our General Law Enforcement Branch.

It is a pleasure to appear before you today to report on the Coast Guard's efforts in interdicting drug trafficking.

As you know, the Federal effort basically encompasses interrelated programs. They are eradication at the source, education of the consumer, and interdiction of the trafficker.

The Coast Guard's role falls within the interdiction phase where we stand as coequal partner with the Drug Enforcement Administration and the U.S. Customs Service. Inspection of the Federal drug interdiction effort shows each of these agencies seized numerous types of controlled substances during the routine course of their operations; however, each agency's particular dedication of resources in accordance with their mission responsibilities leads to interdiction of certain specific drugs. Thus, the Coast Guard intercepts the greatest portion of marihuana that is interdicted by the Federal agencies.

The Coast Guard's role is dictated by the fact that marihuana is a bulk commodity, commonly shipped by sea and readily detectable during at-sea boardings.

Most drug traffic originates in the Caribbean, generally along the north coast of Colombia in the vicinity of the Guajira Peninsula. As the smuggler sails north, he generally passes through one of the four channels, or as we call them choke points, then proceeds toward the Bahamas, Florida, or the gulf coast.

Some vessels attempt to avoid the law enforcement pressure off Florida by offloading further north along the mid-Atlantic or New England seacoasts. The choke points are an important geographical advantage that concentrate targets so that one or two cutters with helicopters can completely cover each passage.

Approximately 60 percent of all marihuana smuggled into this country, and that is some 6,000 to 9,000 metric tons per year, is transported by sea.

Coast Guard drug enforcement strategy is directed at ships having the highest potential for distributing the flow of drugs.

[At this point, Senator Rudman withdrew from the hearing room.]

Admiral THOMPSON. Most of this traffic is conducted by larger vessels called motherships, intending to offload their cargo to smaller vessels once they are adjacent to the U.S. coastline.

Our analysis shows these motherships generally to be 60 to 200 feet in length vessels. One mothership seizure may remove as much marihuana from the smugglers as would 10 to 20 smaller seizures closer in to shore.

Clearly, we interdict larger quantities of marihuana for the effort by seizing motherships before they disperse their loads.

To make the most effective use of our resources, therefore, we attempt to interdict motherships in the choke points. An analysis of our cutter usage shows we have been able to effectively occupy the passes no more than about 18 percent of the time.

To increase that percentage, we are progressing with a series of initiatives which we hope will at least result in a 25-percent occupation of those choke points. We found that our effectiveness in interdiction efforts as related to seizures is a linear relationship which is directly proportional to our time on station.

Thus, when we expanded efforts in the choke points last fall after the Cuban exodus flotilla, we were able to greatly increase the number

of seizures and eventually interdicted greater than 30 percent of the maritime drug traffic during October, November, and December 1980.

During normal operations our patrols are abated after a seizure and arrest in order to promptly return the prisoners to the United States for hearings before a magistrate.

This action causes substantial loss of patrol time which cannot be effectively recouped. We are currently examining alternatives to this procedure which may alleviate the impact.

For instance, we have entered into an agreement with the Navy to permit the transfer of prisoners ashore at Guantanamo where they are promptly flown to Florida for appropriate judicial action.

There vessels are moored under appropriate security and eventually taken to Florida while the cutter is able to complete the scheduled patrol. This procedure should work well for the Windward Passage, but is not available for use in the Yucatan Channel. We are comparing what is termed "the right to prompt determination of probable cause for detention" with the situation of arrest hundreds of miles offshore to see if we can complete our scheduled patrols.

The Coast Guard's overall 10-year goal is to interdict 75 percent of the marihuana trafficked in the marine environment. A 5-year goal of 50 percent has also been established. We have based our 10-year interdiction goal on the economics of marihuana smuggling where the rate-of-return on investment is estimated to be approximately 10 to 1.

We believe the trafficker will continue to operate in the business as long as a certain return on investment is met or exceeded.

If the return falls below this threshold value, which we believe to be about 25 percent, the assumption is the investors in the smuggling trade will seek an acceptable return elsewhere or change to another mode of trafficking, probably air transportation.

Our interdiction analysis illustrates the enforcement level required to reduce the smugglers net return to 25 percent. The cost of purchasing marihuana at the source and the retail level has remained essentially constant over the past few years.

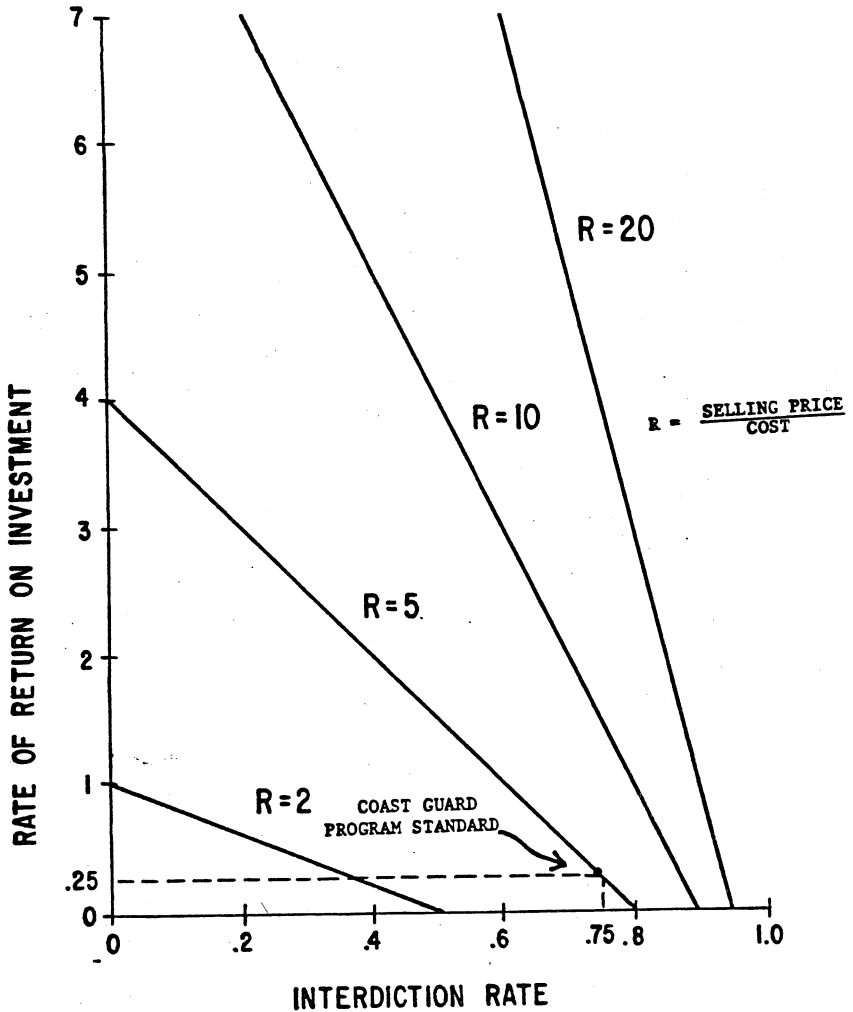
Additionally, the costs associated with shipping large quantities of contraband are not significant when compared to the profit made by the smugglers. We have, therefore, assumed those overhead costs would remain fixed. Given those factors, the only practical means of influencing the economics of this trade is to seize enough drugs to truly reduce the profit margin.

We have attached a graph to this statement which shows the relationship at the various profit ratios. Taking a look at a very conservative unit selling price to unit cost ratio of only 5 to 1, we can see that a 75-percent interdiction rate is necessary to reduce the net profit to the threshold value of 25 percent.

We feel this interdiction level is a conservative goal since a well organized smuggling organization would probably achieve a ratio higher than 5 to 1.

[The following is submitted for the record:]

SMUGGLING PROFIT PROFILE



Drug trafficking has become a big business, as we heard, with organized crime elements greatly involved and the citizens of the United States the eventual losers.

In fiscal year 1981, the Coast Guard seized \$2.6 billion worth of illicit substances, primarily marihuana with lesser amounts of meth-aqualone and other drugs. We show this in a table of statistics attached to my statement.

[The following is submitted for the record:]

GENERAL LAW ENFORCEMENT CONTRABAND SEIZURES BY CALENDER YEAR

	1973-76	1977	1978	1979	1980	1981
Seizures by Coast Guard.....	44	45	148	110	149	131
Seizures by other agencies with Coast Guard assistance.....	20	20	30	25	19	14
Marihuana pounds by Coast Guard.....	346,395	1,042,629	3,321,038	2,672,854	2,494,774	1,689,799
By other with Coast Guard assistance.....	159,634	169,518	326,826	353,450	243,127	543,918
Cocaine pounds by Coast Guard.....	64.0	0	0.01	0.01	0	0.10
Cocaine pounds by assistance.....	4.4	0	0.01	0	10.01	0
Hashish pounds by Coast Guard.....	6,139	0	0	43,550	564	0
Hashish pounds by assistance.....	2,000	1,700	1,100	1	168	0
Hashish oil by Coast Guard.....	0	0	0	0	5	0
Thai sticks pounds by assistance.....	10,185	17,130	0	0	12,683	0
Thai sticks pounds by assistance.....	0	0	5,500	251	0	0
Dangerous drugs (doses) by Coast Guard.....	0	200	500,000	4,186,060	514,584	5,961,009
Arrests (total).....	285	306	904	572	719	532
Value of contraband (millions) total....	224.66	435.13	1,345.04	1,910.97	1,374.07	7,257.13

GENERAL LAW ENFORCEMENT CONTRABAND SEIZURES BY FISCAL YEAR

	1973-76	1977	1978	1979	1980	1981
Seizures by Coast Guard.....	36	34	141	106	93	198
Seizures by other agencies with Coast Guard assistance.....	16	19	27	27	18	21
Marihuana (pounds) by Coast Guard.....	213,037	778,527	2,004,663	2,849,631	1,175,470	3,261,570
By other with Coast Guard assistance.....	36,232	111,660	267,086	339,929	279,485	662,081
Cocaine (pounds) by Coast Guard.....	64.0	0	0.01	0.1	0	0.10
Cocaine (pounds) by assistance.....	4.4	0	0.01	0	10.01	0
Hashish (pounds) by Coast Guard.....	6,139	0	0	41,580	2,534	0
Hashish (pounds) by assistance.....	2,000	1,700	0	1,100	2	167
Hashish oil by Coast Guard.....	0	0	0	0	5	0
Thai sticks (pounds) Coast Guard.....	6	10,185	17,130	0	12,623	0
Thai sticks (pounds) by assistance.....	0	0	0	5,751	0	0
Dangerous Drugs (doses) by Coast Guard.....	0	200	0	500,060	4,700,557	5,961,036
Arrests (total).....	204	239	826	622	399	946
Value of contraband (millions) total....	148.03	309.51	1,216.14	1,772.41	1,038.71	2,615.82

Even with these results I have indicated, I feel we have failed to deter drug trafficking at sea. Large profit margins, coupled with a low interdiction percentage make drugs an attractive commodity for investment. Additionally, with the modest sentences given to those arrested, prosecuted, and convicted, deterrence to smuggling activity, in my judgment, is poor.

Prior to September 1980 with the passage of Public Law 96-350, the deterrence based on conviction if caught smuggling was almost nonexistent. Since the new law was enacted, prosecutions and convictions have increased dramatically. However, at the moment, it would appear that traffickers are still willing to accept the increased risk of prison sentences and fines as a cost of doing business.

Several initiatives before Congress may be helpful, but those which apply to interdiction operations will fall well short of deterring traffickers.

It is within that key word, deterrence, that the final solution, in my judgment, lies. In that respect, the Coast Guard fully supports many of the recommendations made by the Attorney General's task force on violent crime, especially those dealing with stiffer penalties, bail reform, and reform of the criminal justice process to enhance the ability to prosecute drug-related cases.

That constitutes my statement, Mr. Chairman.

Chairman ROTH. Thank you, Admiral Thompson.

You speak about your long-term goal of interdicting 75 percent of the marihuana traffic in the marine environment. I would assume that in order to do so that that probably would require considerably more personnel and budget. How many people do you estimate the Coast Guard has involved in narcotic operations?

How would that compare with what you would need to reach this goal?

I wonder if you could comment on the costs as well?

Admiral THOMPSON. Our current budget for fiscal 1981 was \$113 million directed at drug interdiction and for fiscal 1982, the estimate was about \$130 million. I cannot comment yet on the 1983 budget. I would hope we continue drug interdiction efforts at least at the current level. I would have to submit for the record, I guess, the number of additional personnel and resources needed. To get the 75 percent is a very large number.

[The following is submitted for the record:]

Coast Guard drug interdiction efforts are or can be undertaken by the vast majority of our personnel and capital assets at any given time. Therefore, to quantify the personnel involvement is very difficult. The primary resources used in our drug interdiction efforts are the High and Medium Endurance Cutters, patrol boats, helicopters and fixed winged aircraft and, to a somewhat lesser extent, a variety of small boats at our various stations. At the present time the Coast Guard has the following resources: 18 High Endurance Cutters; 24 Medium Endurance Cutters; 78 Patrol Craft; 38 Fixed Winged Aircraft; and 113 Helicopters.

To reach the 75 percent interdiction rate would require the following: (a) maintenance, support, and operating funds to allow full utilization of present resources, and (b) additional resources as follows: 5/19 High/Medium Endurance Cutters; 57 Patrol Craft; 16 Helicopters; 75 Utility Boats; 6/13 LRS/MRS Fixed Wing Aircraft Personnel: 669 Officers; 70 Warrant Officers; and 6,812 Enlisted.

The additional budgetary requirement for this would amount to a considerable sum as follows:

	1981 dollars
A.C. & I.-----	2,352.5M
Personnel -----	150.2M/year
Operating and maintenance-----	140.2M/year

Chairman ROTH. I would appreciate it if you would do so. The suggestion has been made by a number of us, in fact some action has been taken to free up the military to join in this kind of activity.

Do you see at least on a temporary basis that the Navy and the Air Force could be helpful in policing the illegal entry of marihuana by planes?

Would it be helpful to have more sophisticated radar and some of the other things available to the Navy and Air Force for your mission?

Admiral THOMPSON. It would certainly be helpful to have more intelligence information on the movement of particular vessels. We are not too much involved in the air trafficking aspect, but in the movement of vessels at sea additional information certainly would be usable. I would indicate, however, that we do enjoy right now significant sighting information from the Navy during the course of their normal operations.

Chairman ROTH. I assume from what you are saying there, that is information they are sharing with you, information now available.

Admiral THOMPSON. Yes, sir.

Chairman ROTH. Do you feel that additional information could be secured by the Navy or Air Force if they had the facilities, the more modern equipment radar, for example. What about other kinds of ships, so forth, than they now have for use in the Caribbean and other areas?

Admiral THOMPSON. I think any enhancement of the sensor systems that they have on their aircraft and ships would certainly be useful in providing us information. Part of the problem is they are not operating in the area all the time.

Chairman ROTH. One of my concerns is that it appears it would take additional revenue and, of course, there are some restraints in that area.

[At this point, Senator Nunn withdrew from the hearing room.]

Chairman ROTH. At the same time, we have to get the job done. To what extent we could borrow, if you want to call it that, at least temporarily from some of these sister services to help you in what is one of your primary missions?

Do you see that as a logical capital approach?

Admiral THOMPSON. Mr. Chairman, in short term and in concise operations, perhaps. If you believe it is a long-term problem, then I in my own personal judgment don't see the Department of Defense resources being diverted, if you would, to this particular mix. We have had under discussion joint operations, for example, where we might put some Coast Guard boarding officers aboard naval vessels if the opportunity presented itself so we could, in fact, get down to the searching and seizing part.

Chairman ROTH. Earlier today, I don't know whether you were here or not, I made the suggestion that I thought it was highly desirable that in the Pacific basin we have some kind of a high level conference between officials of those countries involved in drug trafficking, talking not only about the law enforcement officials but high ranking officials in government, to try to get the kind of support, cooperation, and policies that will enable all the countries to bring a halt to this international illicit trafficking.

I wonder whether you think that would be also helpful from the standpoint of South America, whether some kind of international conference on drug trafficking might be useful?

Admiral THOMPSON. Mr. Chairman, I am sure it would be. We do have continuing dialog through State and through our own contacts and DEA in terms of movements in the Caribbean. Any get together in terms of people concerned about the problem would, in my opinion, generally be useful.

Chairman ROTH. I guess my concern is that while you have a certain amount of coordination at your level, there still seems to be considerable doubt both in Asia and South America as to our seriousness of intent. Perhaps there might be a number of advantages for such a high level conference.

Senator CHILES?

Senator CHILES. Admiral Thompson, I understand the Coast Guard is midstream in a procurement program for 13 cutters, 90 helicopters, and 41 Falcon jets.

We are in conference today with the House on the Coast Guard budget and there is \$318 million included in both the House and Senate bills for this program.

Admiral, as you know, these cutters, helicopters, and jets are going to be coming off the production line, soon. In fact, the first cutter is due for delivery this coming January.

Can you tell us where the Coast Guard is going to assign these cutters, helicopters, and jets and what specifically is your asset criteria or your asset assignment criteria and what consideration or weight does the Coast Guard give to the drug war when you go into this assignment of assets?

Admiral THOMPSON. Senator, let me just take the cutters first. The 13 on order, I am sorry the first one won't be delivered until summer now, late spring.

Senator CHILES. Not until summer now.

Admiral THOMPSON. Yes, sir, there has been some slippage on that. But the first four of that new class of 270 foot medium endurance cutters will be assigned to Portsmouth, Va.

For hauls No. 5 through 13, determination of those homeports is still in the offering. I would say that the criteria for homeporting vessels of that size, while it might seem in the drug war, for example, we ought to put all 13 of them in Florida, the homeporting is really not that critical in terms of location if they are accessible to the operation in the Caribbean.

They do patrolling in transit. Some of the criteria or the elements we use to determine homeporting is we are attempting to cluster the new ones. They are fairly complex, minimally manned and we need to cluster their homeporting. We need shipyard availability. We look at the cost of living for our sailors, we look at the medical facilities, commissary facilities, the quality of life for our people going to sea. We will see the last 9 of those 13 distributed with the bulk of them on the east coast and, in my judgment, there will be about 3 or 4 on the west coast. No more.

Senator CHILES. You seem to be telling me even though they are homeported at Portsmouth, that doesn't mean they won't be available for drug interdiction.

Admiral THOMPSON. They will be, sir. They are primarily for fisheries enforcement, drug interdiction, and search and rescue. We need the patrolling cutter concept. I might add the traffickers, the dopers, watch our homeports very closely and if they observe when we sail, they overfly us with spotter aircraft.

It isn't a bad tactic to have your vessels somewhat distributed and deploy them, where the action is, over the horizon.

The aircraft assignments have been hardened up for the most part. For example, at the air station in Miami, I believe they will get six of the first medium range surveillance aircraft and I believe they will get five or six of the new helicopters. These are actually replacements for the aircraft we have been operating in Florida. Those locations are generally replacements at the air stations that are in existence now, so we are not having capital outlays for new air stations around the country.

Senator CHILES. What kind of radar are those jets going to have? Are they equipped with FLIR?

Admiral THOMPSON. No, sir, not all of them. They have what I call a three-mode radar. Texas Instruments is making the first batch. They will sense oil on the water, small surface targets and, of course, weather and terrain as well. It is a highly improved radar, but it is not FLIR.

We are looking in some R. & D. areas for infrared. It is an option to put on them, but they are not on order.

Senator CHILES. They are not on order?

Admiral THOMPSON. No, sir.

Senator CHILES. The last question I ask is, what consideration or weighing does the Coast Guard give to the drug war when you are considering this assignment of assets?

Admiral THOMPSON. We term these cutters and aircraft multimission in the sense they are going to do all the mission needs that we have before us. Where the drug activity is higher which is in the Southeast that will be their primary mission.

I would like to submit for the record, if I might, the criteria we use, a little more formalized statement we use for the criteria of homeporting and how we weigh the mission needs.

[The following is submitted for the record:]

The Coast Guard locates its operating units first with respect to direct mission need criteria and second with respect to management efficiency. The problems inherent in meeting the first may preclude some methods of achieving the second, but every effort is made to make the best possible use of the resources on board.

Discussing specifically the 270' Medium Endurance Cutter (WMEC) homeport criteria, to date the only homeporting decision that has been made, directs that the first four cutters of this class be located in Portsmouth, Virginia. This decision, like all such for larger cutters, was arrived at after considering several factors.

The first was mission need, i.e., accomplishment of services providing benefit to the taxpayer. With reference to the 270' WMEC mission need, it is more an extended patrol detection, interception and interdiction capability that is required for law enforcement activities than it is one of quick response, unscheduled activities. Thus, homeporting these cutters where support is readily available can be accomplished without compromising their anticipated deployment profiles. This is not the case with smaller cutters and boats. Where response time to unscheduled incidents is the driving mission need, the aforementioned management efficiencies are foregone and the units are strategically located.

Other factors include the maintenance and training facilities available at a particular port. If these facilities are available, the ships located there will not have to sail from their homeport in order to obtain this necessary support. This allows more at-sea days for actual mission performance. Personnel considerations are also evaluated in determining a cutter's homeport. Here, factors such as cost of living, housing availability, medical and commissary facilities are examined. Sea duty is arduous and the crew, as well as their families, must be accommodated in a reasonable environment, if possible. In considering maintenance and support facilities for the 270' WMEC, it is important to note that these cutters are designed and being built around a concept of using a shared maintenance augmentation team in a single port to reduce total personnel needs and to take full advantage of efficiencies of scale in both maintenance and supply.

Considerations of homeports for the remaining nine 270' WMEC's is ongoing. The same criteria is being used. The cutters must be co-located (in clusters) for maintenance purposes. This could allow the repositioning of other cutters away from the vicinity of 270' WMEC homeports.

The criteria for allocating new operational capital aviation assets are fourfold. First, the new assets must replace those obsolete or deteriorated aircraft now in inventory so that the Coast Guard may continue to fulfill all of its obligations in a cost effective manner. Second, when additional assets are made available, they are located in the areas which have been identified as having the greatest need over the long term. Third, resources are allocated to existing air stations to take advantage of the substantial investments in these physical plants. Continued

assignment of additional aircraft and crews to a given station will soon exceed the design capability of that station. Once this point is reached marginal aircraft increases will require substantial increases in physical plant expenses, and consideration must be given to the adverse impact on the community and/or unit which may not be able to accommodate the greater numbers of Coast Guard personnel (housing, schools, etc. are all affected). Fourth, the assets are allocated so that the optimum capability mix is achieved to perform a variety of operational tasks and provide services to the greatest number of people across all program requirements with the smallest asset base. Thereafter, all operating programs are continuously monitored, and the quantity and location of aviation assets are evaluated to determine instances in which marginal changes are indicated to meet long-range trends and new program developments. We have found it to be most cost effective to deploy aircraft and crews on a temporary, as-needed basis should situations arise which require immediate aviation coverage in a specific area.

These criteria have led to the current allocation plans for the new aircraft which are summarized below. Considerable effort is required to prepare each unit to receive a new aircraft type. Ground support and special test equipment must be acquired and installed, and initial stores of supplies must be established. Several years have already gone into this effort and the overall assignments are formalized at this time.

	<i>Number</i>
HU-25A :	
Mobile Tradiv.....	2
Mobile Sardiv.....	3
Miami	6
Corpus Christi.....	3
Cape Cod.....	4
Traverse City.....	3
Sacramento	4
Elizabeth City.....	3
Borinquen	2
Astoria	2
Los Angeles.....	2
HH-65A :	
Mobile Tradiv.....	3
Mobile Shopdiv.....	10
Brooklyn	6
Cape May	3
Miami	5
New Orleans.....	2
Kodiak	4
Houston	4
Savannah	3
Corpus Christi.....	3
San Francisco.....	3
Arcata	2
North Bend	3
Port Angeles.....	3
Traverse City.....	3
Detroit	3
Chicago	2
Los Angeles.....	3
Barbers Point.....	2

NOTE: Support aircraft required to maintain operational allowances during overhaul not included.

Our resource distribution process is dynamic, constantly being evaluated to respond to mission need while striving for management efficiency. The increasing emphasis and significance of drug interdiction activities in the Seventh Coast Guard District will be fully considered in future resource location decisions.

Senator CHILES. With the Cuban boatlift and influx of illegal aliens from Haiti, what effects have these operations had on your ability to perform drug enforcement?

Admiral THOMPSON. During the Cuban exodus, of course, we drew way down on our drug interdiction efforts. I think the traffickers were

aware of that and capitalized on it. We kept our fleet down there, if you would, of aircraft and cutters that we had when they closed off Mariel, and we made a dramatic increase in the seizure rate.

Again, it is almost linear between what we apply and what we seize. The Haitian interdiction operation in my judgment is having a small impact on the drug interdiction process.

Actually, we have been catching more traffickers in drugs than we have Haitian interdictions in the Windward Passage. They have been more successful in interdicting drugs than Haitians.

Senator CHILES. The subcommittee has received testimony in the past concerning the corruptive influence of large sums of money generated from drug trafficking and the influence that has on Federal, State, and local enforcement officials.

Has the Coast Guard had any experience in finding the traffickers trying to bribe Coast Guard personnel in order to determine locations or planned operations or where the assignment of these cutters would be?

Admiral THOMPSON. Senator, we have had some instances of our people being approached. We are ever vigilant. We are not naive to think it isn't going on. We are trying to be very careful about the instructions we do give to our operating units, sealed orders, those sorts of things, so they are not really sure where they are going until they are out there.

Senator CHILES. I have been concerned about the lack of manpower and the condition of equipment of the Coast Guard.

Can you tell the subcommittee if you are limited in the kind of equipment you have, what requests the Coast Guard has made that have gone unfulfilled by the Congress and/or the administration?

Admiral THOMPSON. I can certainly submit for the record the requests we have made in the past. It is a balancing act, as I am sure you are aware, Senator. We have projections of what it would take to increase our effectiveness. Those are in the preliminary parts of the budget.

Senator CHILES. I would like for you to do that and if you would let me know how many aircraft you have available in the 7th District and how many cutters and how many aircraft and cutters you should have if you were really going to try to close the loop in the 7th District, if you were really going to try to shut off the flow of the marijuana and cocaine traffic that is coming by sea?

Admiral THOMPSON. Yes, Senator.

Senator, if I might, I add a footnote on there, in my judgment it would not be necessary to have them all stationed in Florida to be effective in the Gulf Caribbean area.

I think our homeporting strategy or our siting strategy for those resources—

Senator CHILES. Right now I am not necessarily looking for the assets to have to be in Florida, although that is always nice and you like to have them homeported there. I want to stop the flow.

Admiral THOMPSON. How many would need to be operating down there.

Senator CHILES. That is right. That is the 7th District because we are also considering—Senator Nunn is very concerned about the flow

into Georgia. We are concerned about that whole Southeast area, of course, as the flow comes up through the Windward Passage and through the other choke points that it is coming up from the Caribbean.

Admiral THOMPSON. Yes, sir.

[The following is submitted for the record:]

The units required to achieve the 75 percent interdiction level are 24 high or medium endurance cutters, 57 patrol boats, 16 helicopters, 19 fixed wing aircraft and 75 utility boats. The required units would be operated in various locations on both coasts, however, the Seventh District would receive the largest proportion of resource hours including approximately: 55 percent of the large cutter time; 25 percent of the patrol boat time; 40 percent of the fixed wing time; 75 percent of the helicopter time; and 16 percent of the utility boat time.

Senator CHILES. Thank you, Mr. Chairman.

Chairman ROTH. Thank you.

I would ask that you might submit that information, budget requests, say, for the last 4 years. I think it would be helpful to get a long-term look.

[The following is submitted for the record:]

BUDGET REQUESTS RELATING TO ELT MISSION, FISCAL YEARS 1979-82

[In thousands of dollars]

	OST stage	OMB stage	Cong stage	Opstage
Fiscal year 1979 requests:				
270' MEC.....	86, 600	86, 600	100, 750	100, 750
Satellite comms.....	1, 395	600	—	—
95' WPB rens.....	9, 746	9, 746	7, 000	7, 000
MRS and MRS spares.....	107, 031	107, 031	100, 817	100, 817
SRR.....	28, 977	28, 977	9, 733	9, 733
C-30 inertial NavSys.....	860	860	—	—
Fiscal year, 1979 total.....	234, 609	233, 814	218, 300	218, 300
Fiscal year 1980 requests:				
270' MEC.....	139, 800	102, 900	106, 400	106, 400
95' WPB.....	7, 940	7, 940	7, 940	7, 940
Ren Clover.....	1, 405	1, 405	1, 405	1, 405
Satellite comms.....	1, 200	—	—	—
Secure comms.....	1, 560	—	—	—
Storis reengine.....	8, 820	—	—	—
MRS.....	44, 660	44, 660	44, 660	44, 660
SRR.....	37, 300	37, 300	37, 300	37, 300
Fiscal year 1980 total.....	242, 685	194, 205	197, 705	19, 705
Fiscal year 1981 requests:				
270' MEC.....	273, 400	138, 200	104, 400	104, 400
95' WPB ren.....	16, 065	8, 234	8, 234	8, 234
Storis reengine.....	9, 630	—	—	—
MRS.....	24, 777	24, 777	24, 777	24, 777
SRR.....	62, 700	62, 700	62, 700	62, 700
C-130 FLAR.....	8, 739	8, 739	—	—
Fiscal year 1981 total.....	395, 311	242, 650	200, 111	200, 111
Fiscal year 1982 requests:				
270' MEC.....	198, 500	182, 600	176, 930	(?)
95' WPB.....	11, 780	11, 780	—	—
Storis reengine.....	10, 590	—	—	—
HEC secure voice.....	1, 740	—	—	—
MRS.....	34, 830	34, 830	34, 830	(?)
SRR.....	107, 120	107, 120	107, 120	(?)
Maintain LRS.....	20, 700	—	—	—
C-130 FLAR.....	10, 240	5, 550	—	—
FLIR.....	18, 020	8, 000	—	—
Fiscal year 1982 total.....	413, 520	349, 880	318, 880	—

One additional question that I have is, What kind of cooperation does the Coast Guard receive from the Caribbean or Central American countries in these efforts to interdict illegal drug traffic?

Admiral THOMPSON. Generally very good. We have a very good relationship with Panama, Honduras, et cetera, in checking out registry, in a hurry, of vessels that are flying their flag, if indeed we are getting permission to go aboard their vessel for searching, inspection, if you would.

[At this point, Senator Chiles withdrew from the hearing room.]

Admiral THOMPSON. In terms of cooperation, the Dominican Republic, Bahamas, and the Colombians are attempting to get active in their interdiction program. We occasionally have officers visit those countries. We share our techniques and our information with them.

Lately, Honduras and Jamaica are attempting to increase their at-sea presence, and we work with those people.

Chairman ROTH. Then the degree of cooperation from all those countries is satisfactory.

Admiral THOMPSON. For the most part.

Chairman ROTH. Including Colombia?

Admiral THOMPSON. Yes, sir.

Chairman ROTH. Senator Nunn is not here. I don't know whether he will have questions or not, but we will keep the record open.

[The following correspondence was received for the record:]

U.S. SENATE,
COMMITTEE ON COMMERCE, SCIENCE,
AND TRANSPORTATION,
Washington, D.C., October 19, 1981.

HON. WILLIAM V. ROTH, JR.,
Chairman, Permanent Subcommittee on Investigations, Committee on Governmental Affairs, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: I understand that you have plans to hold hearings on November 10, 12, 13, 17, and 18 to inquire into the international drug trafficking problem.

As you know, the U.S. Coast Guard plays a key role in countering the smuggling of drugs into this country by sea. In my work as chairman and ranking Democrat on the Senate Commerce Committee during the last several years, I have a growing concern over the inadequacy of Coast Guard resources and the effect of this inadequacy on the maritime drug interdiction effort.

I would therefore appreciate the opportunity to testify at your hearings on our committee's experience with the Coast Guard program for quelling maritime drug smuggling.

With best wishes, I am,
Sincerely,

HOWARD W. CANNON.

U.S. SENATE,
COMMITTEE ON COMMERCE, SCIENCE,
AND TRANSPORTATION,
Washington, D.C., November 23, 1981.

HON. WILLIAM V. ROTH, JR.,
Chairman, Permanent Subcommittee on Investigations, Committee on Governmental Affairs, U.S. Senate, Washington, D.C.

DEAR CHAIRMAN ROTH: Enclosed is my statement¹ for inclusion in the record of your hearings on international drug trafficking. The statement focuses on the Coast Guard's maritime drug interdiction program and the need to take action on

¹ See p. 453 for the prepared statement of Senator Howard W. Cannon.

a comprehensive anticrime bill that will improve our ability to combat the illegal drug trade.

Thank you for the opportunity to add my views to your hearing record.

With best wishes, I am,

Sincerely,

HOWARD W. CANNON.

Chairman ROTH. If he or anyone else has further questions, we would request that you answer them in writing.

Thank you, very much, Admiral.

Admiral THOMPSON. My pleasure.

Chairman ROTH. The subcommittee is in recess.

[Whereupon, at 12:50 p.m., the subcommittee recessed, to reconvene at the call of the Chair.]

INTERNATIONAL NARCOTICS TRAFFICKING

FRIDAY, NOVEMBER 13, 1981

U.S. SENATE,
PERMANENT SUBCOMMITTEE ON INVESTIGATIONS
OF THE COMMITTEE ON GOVERNMENTAL AFFAIRS,
Washington, D.C.

The subcommittee met at 9:30 a.m., pursuant to recess, in room 3302, Dirksen Senate Office Building, under authority of Senate Resolution 361, dated March 5, 1980, Hon. William V. Roth, Jr. (chairman), presiding.

Members of the subcommittee present: William V. Roth, Jr., Republican, Delaware; William S. Cohen, Republican, Maine; Warren B. Rudman, Republican, New Hampshire; Lawton Chiles, Democrat, Florida; and Sam Nunn, Democrat, Georgia.

Members of the professional staff present: S. Cass Weiland, chief counsel; Marty Steinberg, chief counsel to minority; Howard L. Shapiro, staff counsel; and Katherine Bidden, chief clerk.

[Member at commencement of hearing: Senator Roth.]

Chairman ROTH. The subcommittee will come to order.

[The letter of authority follows:]

U.S. SENATE,
COMMITTEE ON GOVERNMENTAL AFFAIRS,
SENATE PERMANENT SUBCOMMITTEE ON INVESTIGATIONS,
Washington, D.C.

Pursuant to Rule 5 of the Rules of Procedure of the Senate Permanent Subcommittee on Investigations of the Committee on Governmental Affairs, permission is hereby granted for the Chairman, or any member of the Subcommittee as designated by the Chairman, to conduct open and/or executive hearings without a quorum of two members for the administration of oaths and taking testimony in connection with hearings on International Narcotics Trafficking on Tuesday, November 10; Thursday, November 12; Friday, November 13; Tuesday, November 17; and Wednesday, November 18, 1981.

WILLIAM V. ROTH, JR.,
Chairman.

SAM NUNN,
Ranking Minority Member.

Chairman ROTH. This morning our focus will be on South America and the Caribbean. We are indeed fortunate to have Ambassador Tom Boyatt, our representative to Colombia, and Edwin Corr, former U.S. Ambassador to Peru, who has just been nominated by the President to be Ambassador to Bolivia.

We also have Stephen M. Block from the State Department to address the current situation in Bolivia.

As our first witness, we will call on staff counsel Howard Shapiro and Don Marshall from the DEA. They will present a brief overview.

Gentlemen, will you please stand and raise your right hand?

Do you swear that the testimony you give before this subcommittee will be the truth, the whole truth and nothing but the truth, so help you God?

Mr. MARSHALL. I do.

Mr. SHAPIRO. I do.

**TESTIMONY OF DONNIE MARSHALL, DEPUTY REGIONAL DIRECTOR,
SOUTH AMERICA, DEA, AND HOWARD L. SHAPIRO, STAFF
COUNSEL, PERMANENT SUBCOMMITTEE ON INVESTIGATIONS**

Chairman ROTH. I would ask that you summarize because we have a full morning. We will include the full statement as a part of the record.

Please proceed.

Mr. MARSHALL. Mr. Chairman, I am currently serving as Deputy Regional Director for DEA operations in South America, except for the country of Bolivia. I do not have a prepared statement this morning. I would prefer instead to give you a brief overview of what DEA does in South America and some of the problems that we are faced with.

We have as our highest level program the countries of Peru, Brazil, and Colombia. In Peru we have five agents currently. We work with the Peruvian investigative police as well as Guardia Civil. Peru is the source of about 50 percent of all of the illicit coca cultivation to the world market. Of this cultivation in Peru, if I could refer to the map of Peru here, about half of the cultivation is in the Tingo Maria and Upper Huallaga Valley, to the north, northeast of Lima.

The other half is in the mountainous area in the provinces of Cuzco and Puno in southeastern Peru.

The latest estimates that we have from the Narcotic Intelligence Consumers Committee indicate that there are about 35,000 acres of coca under cultivation in Peru. This is a very tenuous figure, however, and based upon some of our onsite surveys, we feel that there may be a lot more cultivation than that, possibly as much as 60,000 hectares in Peru.

Because of the vast amount of cultivation in Peru, we feel that the ultimate solution to the cocaine problem is in the field of economic development and crop substitution and destruction in Peru.

In late 1979 and early 1980, the U.S. Embassy in Peru worked with the Peruvian Government on several operations, actually two operations, called Operation Green Sea I and II. The purpose of these operations was to go into the chief illicit coca cultivation area in the upper Huallaga and get a reaction from local cultivators, traffickers and business people in that area to any type of eradication or destruction program that the Government of Peru could undertake or would undertake.

We surprisingly did not run into any organized or much organized resistance in that area and in fact we found several, many of the cultivators actually coming to the Peruvian authorities and saying if they were given proper assistance from the Government, they would destroy their crops themselves.

We feel that it is a bit optimistic to think that that would ever happen. However, it gave us hope that a crop substitution or eradication program would work in Peru and we are now embarked upon a 5-year economic development program with the Agency for International Development and a parallel 5-year enforcement program being undertaken by INM. We feel that we are on the right track in Peru and that in the next 4 or 5 years we will see some appreciable progress against the cultivation problem in Peru.

Moving to Brazil: Brazil has taken on an increased importance in the South American traffic in the last couple of years. As a result of a Brazilian program to control chemicals which are used in cocaine refining, we have noticed in the last couple of years that many Bolivian trafficking groups have moved their operations, their refining operations across the border, actually into Brazil to facilitate the ease with which they can obtain the chemicals necessary to refine cocaine into the finished product.

We have also noticed a bit of coca cultivation in Brazil up in the northwestern area along the border with Colombia.

So we are keeping a very close eye on the situation in Brazil and it has the potential to become much more active in the future.

Our third and most important operation in South America is, of course, the operation in Colombia. We have about 13 agents, 2 intelligence analysts and 4 secretarial, clerical support personnel stationed in Colombia at the present time. We work in Colombia with both the national police and the Attorney General's Office.

Colombia is a unique problem in that it is the source for three major drugs entering the United States. We estimate that between 50 and 70 percent of all the cocaine consumed in the United States either transits Colombia or is actually refined in Colombia. We estimate that approximately 70 percent of the marihuana consumed in the United States is cultivated in Colombia and the vast majority of the substance called methaqualone transits Colombia. So we are facing an enforcement problem in Colombia which is very unique because of the trilateral nature of the drugs that we are trying to combat there.

In the case of cocaine, it enters Colombia principally in base form, from Peru, Bolivia, and Ecuador. It enters by river, by private aircraft, commercial aircraft as well as overland. Almost any method that you can think of the traffickers are using that method.

The laboratories in Colombia are very portable. They are not sophisticated setups at all. They are literally pots and pans operations and can be moved at almost a moment's notice. For that reason, the interdiction efforts of the Colombian Government are very difficult.

[At this point Senator Rudman entered the hearing room.]

Mr. MARSHALL. We feel that the Colombian Government is doing a good job in their interdiction efforts but because of the nature of the cocaine refining process it is very difficult to control at that level.

This is another reason that we feel that the ultimate solution to the cocaine problem is at the source in the fields in Peru and Bolivia.

The second drug that we face in Colombia is methaqualone. We noticed about 2 or 3 years ago that this was a very fast-growing drug of abuse in the United States. We found from our seizures in the

United States that most of the substance was transiting Colombia prior to coming into the United States. As a result of that, we set an intelligence probe in Colombia to determine exactly how this drug was moving. We learned that the drug was being licitly produced in several European countries and was being placed into international commerce generally in a free port in Europe.

Once it entered this free port it would find its way into the illicit international commerce after which it was smuggled into Colombia, in raw power form, tableted in Colombia, and then smuggled into the United States. As a result of this intelligence probe we gathered along with the Colombian Government, sufficient information to show some of the producing countries in Europe that they have this problem.

At least one of the governments which produces this substance has agreed to stop all production of the substance.

The country of Germany has agreed to place stricter controls on the transit of this substance through its free ports. We feel that as a result of some of these operations we are making progress in the battle against methaqualone. We have, quite honestly, a way to go but we do feel that we are making progress. This is one of the international cooperative cases that we are quite proud of. We feel that it is a prime example of what DEA should be doing in its international operations.

The last drug that we face in Colombia of course is marihuana. We feel that between 50 and 70 percent or actually closer to 70 percent of the marihuana consumed in the United States is cultivated in Colombia. It is cultivated generally in small fields, in rough terrain, and up until recently the cultivation has been predominantly on the north coast of Colombia.

There is some evidence that the cultivation is spreading to other areas of Colombia and if we could keep up the pressure, the enforcement pressure that the Colombian Government has been undertaking for the last 9 or 10 months, we may see more of this shifting of cultivation.

Once the crop is harvested it is brought out of Colombia by aircraft and boat, principally by boat, by vessels that we refer to as mother ships.

They put into Colombia in numerous harbors and coves and clandestine rendezvous points on the north coast of Colombia. They are loaded in a very short time and they set sail generally under the cover of darkness and at that point proceed northward through one of the choke points and actually deliver their cargo to the gulf coast or the southeastern coast of the United States.

The Colombian Government has been very good in maintaining a high enforcement pressure in the last 9 or 10 months. They have created a 600-man antinarcotic unit on the north coast which is aiming its efforts almost exclusively at the marihuana cultivation problem.

There have been several reports that this Colombian enforcement pressure combined with some operations that have been undertaken in the United States by DEA and State and local law enforcement agencies has had a definite effect on the marihuana industry in Colombia. We are receiving reports now that the industry is somewhat depressed and is in pretty bad shape at the current time. We believe, however, that because of the vast area under cultivation in Colombia that

this situation is temporary and we feel that the industry will at some point rebound and we will be faced once again with a severe enforcement problem.

For this reason we feel very strongly that some type of eradication or crop destruction program is the only long-term viable solution to the marihuana problem in Colombia.

One of the other programs that we are quite proud of in South America and which has had some effect on the cocaine market is the monitoring of ether and acetone both in Brazil and Colombia. Our program in Brazil was very successful and we have expanded it into Colombia and we have actually made with the Colombian authorities several cocaine seizures directly as a result of our monitoring of these essential chemicals.

I believe that pretty much summarizes our activities in the priority countries and if you have any questions I would be happy to try to clarify.

Chairman ROTH. I think we will first hear from Mr. Shapiro and then proceed with questions.

Mr. SHAPIRO. Thank you, Mr. Chairman.

I would like, with your permission, sir, at this time to insert a prepared statement into the record and then briefly summarize that prepared statement for your benefit this morning.¹

Chairman ROTH. Without objection.

Mr. SHAPIRO. Mr. Chairman, Senator Rudman, I will now like to convey some of the impressions and information which Chief Counsel Weiland and I gathered during our trip to South America in early September. Over a period of 2 weeks we visited Jamaica, Colombia, Peru, and Brazil. In these countries we were able to speak to DEA personnel, State Department personnel and also host government officials, both diplomatic officials and law enforcement officials. Our basic purpose in making this trip was to acquire first-hand knowledge of the supply side efforts that are being made or are not being made in these countries, primarily for marihuana and cocaine. Another purpose was to convey to the officials in these countries the importance which is ascribed to this issue by the subcommittee.

While each narcotic source country presents unique circumstances to some degree, there are similarities. Lack of resources and manpower to combat trafficking is a constant problem which is compounded by various degrees of official corruption.

Concerns over internal political stability cloud overseas narcotic efforts as do the economic realities of these lesser developed countries where drug profits may be sorely needed avenues of foreign exchange. Doubts and skepticism over U.S. drug policies and U.S. commitments cloud both unilateral and bilateral efforts. The traditional and non-traditional use of drugs themselves in these source countries hinders antinarcotics efforts. In short, the obstacles to combating drug trafficking at the supply level are many.

There are no easy solutions, perhaps there are no solutions at all. As previously mentioned the most visible drug country in South America is Colombia. Not surprisingly the attitude of the Colombian Government toward antinarcotics efforts is complex. This became most

¹ See p. 461 for the prepared statement of Howard Shapiro.

apparent to us during a conversation with Dr. Rodolfo Garcia-Ordóñez. Dr. Garcia is currently sitting on the Colombian Superior Court. Previously he was in charge of the judicial police narcotics unit. He stressed to us that the Colombian's position as the major drug country in South America is merely a geographical accident, the result of being situated between the U.S. market and the rest of South America, thus making it a natural transit point for cocaine from Peru and Bolivia.

Also various parts of the country have the perfect climate and terrain to cultivate marihuana. However, this may not explain why Colombia is the major processing and transit point for quaaludes, with the precursor methaqualone powder coming from Eastern Europe, nor why Colombians are heavily involved in trafficking cocaine from Peru and Bolivia through Brazil.

But Dr. Garcia told us that Colombia will not be embarrassed by allegations of a poor international image due to narcotics. Rather they take great pride in the steps that they have taken to combat drug trafficking despite limited resources and other domestic problems which must be faced. I would add at this point that we have received a fairly lengthy document from the Colombian Embassy here in Washington which we have had translated and we would like to place into the record at some point this morning.

Chairman ROTH. Without objection.

[The document referred to was marked "Exhibit No. 3," for reference and follows:]

EXHIBIT NO. 3



Congressional Research Service
The Library of Congress
(Translation-Spanish)

Washington, D.C. 20540

REPUBLIC OF COLOMBIA
MINISTRY OF JUSTICE

-I-

1. THE EXTENT OF THE NARCOTICS TRAFFIC IN COLOMBIA,
ITS USE AND ITS PREDICTABLE TENDENCIES.

During the Second World War several marijuana crops were introduced on the Northern Coast of Colombia, in order to obtain textile fibers that were scarce due to the necessities of the war. At that time persons from the same region, of little culture and scarce economic means, located principally in the environment of the workers in the ports of Barranquilla and Santa Marta, consumed the grass without this being a significant problem.

It was after the beginning of the 1970s when, in the same region and especially in the area made up by the Sierra Nevada of Santa Marta in the territory of the departments of Guajira, Magdalena and Cesar, that they began the systematic cultivation of marijuana to be exported in almost all of its totality to the American market. Nevertheless, it was after the middle of 1977 that the production became intensified in an almost uncontrollable manner, due to the success of the campaign for the eradication of crops of the same type in Mexico.

The exportation of marijuana to the United States thus ended up bringing about a underground economy that was

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termed a "bonanza" through association with ideas with respect to the so-called "coffee bonanza," that had also brought the country a notable increase in its income in foreign currency. Studies made by governmental authorities as well as private groups showed that the product of the export of marijuana exceeded the total of legal exports, bringing as a consequence an uncontrolled increase in the value of real estate both in the rural sector and in the large cities. It also brought as a consequence the illegal trade of dollars and the introduction to the country of contraband and arms by compensation for the value of the grass located in that country. That illegal activity included the corruption of government officials and unleashed a struggle of groups making up the so-called "mafia of drug trafficking," which for reasons of "business" attacked one another as in a type of settling of accounts. This last situation caused grave problems in public order which made the intervention of the armed forces necessary.

The repressive activities of the authorities succeeded in controlling in large part after 1978 the marijuana crops and their exportation by controlling air space, which notably limited the clandestine flights of planes that frequently were sent to carry marijuana. With respect to its exportation by sea, the efforts of the Colombian authorities have been evident as well as the control that the American authorities are carrying out in their ports and territorial waters.

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At the present time the consumption of marijuana in Colombia is of no importance, but its increase is predictable in proportion to the extent to which the drug traffickers find themselves frustrated in their business by the control of exports. In other words: in order to compensate for the decrease in profits due to the impossibility of exporting, they will introduce consumption in order to open a national market.

With respect to the cultivation of cocaine and the production and exportation of cocaine, it can be said :

Although since the pre-Columbian era the use of coca was already known in America, since the Indians chewed it in order to bring about greater physical activity, its cultivation did not take on importance until about four years ago, when the excellent market that cocaine has in the United States was discovered. Since then some peasants have replaced traditional crops and in the last two years the coca plantations have begun to be seen not only in the south of the country, where it traditionally existed on a small scale, but also in the zones of the eastern plains (Llanos Orientales) and the so-called national territories, for example in the commissariats of Guaviare and Vaupes as well as the intendency of Caqueta. Those crops such as they are are being financed by the great drug traffic empresarios, since the distances and the lack of means of communication make such crops very expensive. In addition, the geographic location of the Colombian territory in the northwest corner of the South

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America has made Colombia a place through which the cocaine from other countries such as Bolivia, Peru and Ecuador must pass. The value of this drug represents immense fortunes for the drug traffickers, who, in addition, can obtain it at relatively low prices.

It is precisely the high cost of cocaine that has been the decisive factor in the lack of internal consumption in Colombia and it can be predicted that for that same reason there will be none in the near future. With respect to the economics of the cocaine traffic, it can be said that also like that of marijuana, not only have new types of crime been introduced to the country, but also administrative corruption and of course the increase in price of some goods especially in property that, as repeated, has reached levels indicating a speculation that tries to legalize large amounts of capital through the system commonly known by the name of "laundering of dollars."

In summary: while the cultivation and exportation of marijuana have decreased notably in the last year, the cultivation of coca and the production and exportation of cocaine are increasing in an alarming manner, to the point in which where there exists a crop there exists the corresponding "laboratory" that makes it possible to process the leaf until obtaining the so-called paste base. And in the large cities the "laboratories" for obtaining cocaine which, as is well known, do not require sophisticated

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equipment nor important knowledge of chemistry. The domestic consumption of marijuana is very low compared with that of other countries if one keeps in mind the amount of marijuana that is exported, so that one can predict the possibility of the opening of a national market in view of the possibility of reducing exports. The domestic consumption of cocaine practically does not exist in Colombia, and it can be stated that 99.9% of the cocaine that is produced in the country or which comes from others is exported. So ^{it} that /appears that a domestic consumption is improbable due to the high cost of the drug and the low resources or economic income of Colombians.

2. THE POSITION OF THE COLOMBIAN GOVERNMENT TOWARDS DRUG TRAFFICKING AND ITS USE.

Certainly the Government of Colombia is bent on combatting drug trafficking, not only seeking the eradication of the marijuana and coca crops but also the production of cocaine, its internal trafficking and its exportation. For that end, in addition to the legal provisions that define as an illegal, criminal activity the cultivation, transporting, sale, use, etc., etc, with penalties that include deprivation of freedom, there is a high number of members of the public forces and legal police who are permanently in charge of repressing the drug trafficking activity in all of its stages. Through the mutual assistance pact signed in 1975 between our country and the United States, we received technical assistance from the United States. It

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is because of that that the Office of the Attorney General of the Republic administers an air group made up of a Piper Navajo plane, twin engine, two Bell 202 helicopters and a Bell 212 helicopter, which is being utilized together with the National Police, but which is highly meager in view of the magnitude of the problem.

In accordance with Decree 1188 of 1974, in addition to the repression mentioned, publicity campaigns and educational programs are called for, considered necessary for counter-arresting drug trafficking and the use of psychotropic drugs and alcohol. In addition, it stipulates and this is thus being carried out, the control of the manufacture, distribution and sale of substances that produce a physical or psychological dependency and it orders the treatment and rehabilitation of drug addicts. Unfortunately, the budgetary resources do not always make it possible to realize these activities in their totality, in spite of the good will of the government.

Colombia is one of the member countries of the South American Agreement on Drugs and Psychotropics and so it has adhered to international conventions in this area, sending representatives to the different international meetings of organizations formed for the control and utilization of drugs.

Although members of the private sector have pressured for obtaining the legalization of crops and trade of marijuana abroad, the Government of Colombia has permanently rejected that position and in no case has it adopted even the

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possibility of supporting policies that in some way could imply the legalization of activities directly related to the trafficking of narcotics.

To the enormous foreign market and the privileged geographic location of the country one must add as causes for the increase in marijuana and coca crops the difficult economic and social conditions that the Colombian peasant generally faces, so that he sees in that activity considered illegal by law an easier way of obtaining his modus vivendi, since the product of the traditional crops never comes close to the economic results coming from the other activity. That is why it is considered necessary to advance programs aimed at guaranteeing that sector of the Colombian people the replacement of crops through a long-range policy that, of course, will imply huge sums that the current national budget does not currently have.

The efforts made by the Colombian government to eradicate marijuana and coca crops and to counterarrest the illegal drug traffic are a true economic effort that on more than a few times has been in danger of neglect due to other no less important aspects of the public order. On the other hand, the assistance coming from the United States Government is from any point of view insufficient if one keeps in mind that the problem of drug trafficking is becoming more difficult to solve each day and is for that country a real danger since there more than 90% of the marijuana and the cocaine coming from our country are traded.

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On these bases it is necessary to conclude that any solution to the problem requires the supplying of many elements, both technical and material, from the United States, of which one has an example with what happened with the Republic of Mexico, which properly assisted has managed to solve something more than 80% of the problem of narcotics trafficking to the United States and internally. In Colombia the problem is difficult to treat when one observes how in places of the National Territory which are distant from each other and in long extensions there exist crops that are growing with the passing of the days.

Colombia has subscribed to bilateral agreements with the United States:

1. Motivated by the desire to make the cooperation between the two states more effective in the repression of crimes and
2. Out of the desire to realize a Treaty on Mutual Legal Assistance in Penal, Civil and Administrative Matters.

This is the reason for the Extradition Treaty between the Republic of Colombia and the United States signed in Washington September 14, 1979 and approved by the Congress of Colombia through law 27 of November 3, 1980, and which is pending ratification. This treaty allows collaboration between Colombia and the United States for the repression of all kinds of crimes and is an effective mechanism against drug trafficking.

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In addition, on August 20, 1980, the treaty on Legal Mutual Assistance between the two nations was signed in Washington; it deals with matters of exchange and legal evidence, localization of persons, submission of documents, etc., and has also been ratified.

Statistics show clearly how labor during 1981 was intensive both with respect to the seizure and destruction of marijuana and cocaine, and in relation to drug traffickers captured and the confiscation of equipment used in their illegal activity.

In addition, in the effort to bring up-to-date their institutional equipment and in the search for a criminal code more in accordance with the national situation, a penal code was issued which includes the transfer of the so-called very dangerous to a penal law informed on culpability. At the same time, the National Congress has been asked for extraordinary powers to bring up-to-date the National Narcotics Statute in order to give in more clarity the punishable behaviors described there and to deal with certain situations faced by the country due to the sophisticated and new systems that the drug traffickers are using daily in order to continue their illegal traffic.

In addition the National Government is studying the appropriateness of unifying in only one agency such as a National Narcotics Institute the management and coordination

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of policy concerning narcotics. With the creation of this agency the campaign undertaken by Colombia to combat that scourge would be improved and also the duplicity of functions avoided and preventive policies, investigative policies of repression and rehabilitation would be integrated in a more harmonious manner to thus fully meet the proposed objective of discouraging the illegal activities to the maximum degree.

Our country has also been concerned with the economic and social recovery of lands dedicated to marijuana and other products or plants damaging to the national economy and the health of the people.

In order to deal with this, a program will be proposed which will be based and organized on the authorized intervention of the state, according to Articles 30 and 32 of the National Constitution, measures that range from the fostering and protection of agricultural cooperatives, and all types of economic, financial and tax incentives, to the declaration of end of ownership of those pieces of private property whose owners are unwilling with respect to the peremptory deadlines that would be set for them to end such cultivations or proceed to destroy them.

Finally, it should be noted that each country should plan immediately a vast information campaign on the damaging effects of all types of narcotics, for which the official means and private media will be used, such as the radio, television and press, as well as special and permanent

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conferences in high schools, schools, universities, through which youth will be warned on the effects of drug consumption. In addition, the State should create special clinical establishments that will deal with the physical and psychiatric treatment of the drug addict.

-II-

RELATION OF THE PRINCIPAL UNILATERAL, BILATERAL AND MULTILATERAL EFFORTS UNDERTAKEN TO COUNTERARREST THE NATIONAL AND INTERNATIONAL NARCOTICS TRAFFIC.

I. UNILATERAL EFFORTS:

A. First International Seminar on Narcotics and the F-2 Narcotics Group of the National Police:

The most visible actions advanced at the national level in order to control in an efficient manner the local traffic of narcotics and to cooperate at the same time in the international struggle with the different behaviors associated with this criminal modality, are begun at the beginning of the 1970s, in a timely and energetic response to the growing wave of production and commerce of dangerous substances on the national territory and because of the obligations of the country with respect to the traffic at the international level; the National Police promoted the holding of the First International Seminar on Narcotics which was held at the General Santander School in November 1972 and which concluded

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with the proposal to organize a Specialized Group to combat drug trafficking at the national level and to contribute to control at the international level; this proposal led to the F-2 Narcotics Group of the National Police, which began to operate with half a dozen men and which is currently made up of more than 50 officials who carry out tasks of intelligence and operation under the following organization:

1. Administrative Team:

In charge of general operating terms of the Group and particularly with developing the office work such as the receipt, handling, production and filing of documents, the making of files and the elaboration of statistics.

It is headed by the official Chief of the Group and complemented by a person in charge of files, a sergeant major of statistics, a courier and a secretary.

2. Resource Team:

Directly responsible for the maintenance and distribution of material resources of the staff, such as vehicles, weapons, radios and other goods and accessories and also

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the protection of the substances and elements that are seized in the different procedures as well as the operation of the secondary agencies of the Group and the expenditure of the funds assigned to it.

3. Intelligence Team:

It basically carries out the task of searching for, receiving, and processing information on persons or organizations that have a tie or commitment to the phenomenon of narcotics trafficking.

4. Vigilance Team:

They are to regularly exercise, through observation and following, the controls over persons, groups, organizations or places that the Intelligence Team suggests or that the Office of the Director of the Group suggests through the corresponding work orders.

5. Operations Team:

Aimed at supporting the Intelligence and Vigilance Teams in the procedures of searching, arrests and captures that they must advance.

6. Airport Team:

Made up of personnel of the Group that

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forms part of the Judicial Police Office
El DORADO.

7. Guide Team:

Made up of sergeant majors and uniformed
agents who are specialists in the utilization
of dogs trained in the detection of narcotic
substances.

Particularly during the period that passed under
the present administration of the country the Group
referred to has obtained the fulfillment of its
functions oriented to controlling drug traffic,
the results revealed by the statistical figures
that are recorded below:

B. LEGISLATION:

In view of the dimension acquired by the problem
of dangerous drugs in the national territory, the
government steadfastly expedited Decree No. 1138
of 1974, called the National Narcotics Statute,
which establishes the following in general terms:
Control of manufacture, distribution and reserves
of any drugs and substances that produce a psychic
or physical dependency; advancement of educational
programs and publicity campaigns; consistency in
infringements, crimes and punishments, indicating
the procedure that is to be followed with the
substance and elements that are confiscated;

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treatment and rehabilitation measures; creation, composition and functions of the National Narcotics Council.

1. A sentence of two to eight years in prison is imposed on:
 - The grower or keeper of the plant from which it is possible to extract a substance that produces a psychic or physical dependence.
 - Whoever has property or real estate for the use of this type of substance or simply authorizes it or tolerates it in them.
 - The person who fosters or spreads the use of these drugs.
 - The professional in medicine or auxiliary sciences who in the exercise of his functions administers, prescribes or applies a dangerous drug in an amount above that necessary for non-therapeutic ends.
2. A prison sentence of three to twelve years is imposed on:
 - Whoever stores, transports, deals in or processes a drug or substance that produces a psychic or physical dependence.
 - The official who has in his custody some of these substances and completely or in part

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steals, retains or adulterates (it).

3. A prison sentence of six months to two years is imposed on:
 - The official who has in his control the custody of a dangerous drug and is at fault in its loss, adulteration or misplacement.
4. A fine is set equal to the value of the cadastral appraisal of the real estate on:
 - The owner of land where plants are grown from which a substance that produces physical or psychic dependence can be produced.
 - The owner of the real estate used for the manufacture of drugs that produce a psychic or physical dependence.
5. The furniture, equipment and other objects in which drugs that produce a psychic or physical dependence are stored, preserved, manufactured, supplied or sold, as well as the cars or any other means of transportation utilized for the commission of these crimes, are confiscated and the Government through executive resolution can auction them off or put them in the service of the agency that has carried out the procedure.
6. The authorities of the Judicial Police shall destroy the crops of plants from which it is possible to extract a substance that produces a physical or

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psychic dependence after expert identification of the plant, description of the property, determination of the approximate area, annotation of personal data on the owner, workers or persons present and a taking of samples of the plants for later expert testimony; all through a document signed by those who participate in the task.

7. When substances that produce a psychic or physical dependence are confiscated, there should be an immediate expert identification, weighing, and extraction of samples for a chemical analysis through a document in which are included data related to those responsible, and when the job is carried out in an urban area it must be witnessed by an agent of the Public Ministry. Within the legal terms the official that performs this job must transfer it to the judge for the hearing, who the day after receiving it is obligated to work with the agent of the Public Ministry to carry out a legal inspection of the drug where it is deposited, taking a sample for a new chemical analysis, ordering and witnessing immediately thereafter the destruction of the remaining part, also writing up a document on this action.

At the same time the Government has decreed

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several decrees regulating the above, such as 1514 of 197 and 709 of 197 and in addition in 1978 it issued decree 2144 which delineates the actions related.

B. Decree 2144 of 1978; defines the behavior that is considered violations related to the criminal activity of narcotics trafficking, principally related to the misuse of means of land, air, sea and river transportation; committed in general under conditions such as those which follow:

1. The crew or owner, possessors or exploiters of ^a private or commercial airplane that lands at airports or clandestine runways or that does not carry on board flight plan authorization documents.
2. Anyone who begins a flight or changes it without authorization or the corresponding plan, without notifying a control tower of that decision.
3. Anyone who uses indications, letters, or numbers different from those corresponding to the original and legal registration of the airplane.
4. The owner of a maritime or river vessel or anyone who has rented one and who

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moors at docks or sections of beaches that are not authorized and who unjustifiably changes his port of destination and who loads or unloads persons or cargo in unauthorized places.

5. The owner, conductor, possessor or renter of a land vehicle that transports merchandise whose use is prohibited or without the documentation required by law.

The penalties established for these infractions are the following:

A fine of \$100,000 to \$5,000,000 for the treasuries of the regions where the violation occurs at the Department, intendency or commissariat level. Confiscation of the plane, boat or vehicle used to carry it out.

Cancellation of the operating permits or licenses for airports, companies that operate the plane, boat or automotive vehicle.

- C. Decree 70 of 1978: establishes that as long as the public order remains disturbed and in the national territory is under martial law, Article 25 of the Penal Code is modified in that it also justifies homicide when it is committed by members of the public force in an operation planned for preventing the repressing the crimes of extortion and kidnapping and the production, processing and trafficking of

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narcotics.

II. BILATERAL AND MULTILATERAL EFFORTS

A. WITH THE UNITED STATES:

The measures taken jointly by the Colombian and American Governments to combat the narcotics traffic at the level of the two nations includes basically U.S. assistance in the area of specialization of staff; provision of means of transportation, communication, and technical advisors; financing of special operations, cooperation with the retribution system of informants and exchange of information through the office of the Drug Enforcement Administration (DEA) which operates in that country.

Nevertheless, the most recent product of this joint effort is pact No. 78-05-80 entitled Prohibition of Narcotics Campaign, between the Ministry of National Defense and the U.S. Embassy, in virtue of which the National Police increases its traffic control mechanism notably, through resolution No. 2743 of April 28, 1981, the Specialist Anti-Narcotics Police Service, which currently has the following organization and composition:

B. Specialist Anti-Narcotics Police Service:

Organized by the General Administration through No. 2743 of April 28, 1981; to assume the responsibility of preventing and repressing narcotics

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trafficking in all of the country, previously assigned to the Institution by the Government through the National Defense Ministry.

This mechanism has been provided with properly trained staff prepared for the effective carrying out of tasks both of intelligence and operation; it began to operate in stages untill spreading out in a progressive form to all of the geographical areas in which the territory has been divided in order to facilitate the exercise of an orderly control; it has been raised to the rank of Police Department, a part of the General Administration through the Services Branch; and it currently provides the structure that is described below, with a total personnel force of:

Officers.....	44
Non-commissioned.....	103
Professional agents.....	157
Auxiliary Agents.....	546
Civilians.....	10
TOTAL.....	860

The evident success realized by this Specialist Service in its struggle against narcotics trafficking falls completely within the framework of the current ordinance and corresponds to the statistics which follow:

JUDICIAL POLICE, OFFICE OF DELEGATE ATTORNEY

ANTI-NARCOTICS GROUP

SEIZURES MADE IN THE PERIOD FROM OCTOBER 1, 1980 - OCTOBER 1, 1981

SUBSTANCE SEIZED	No. Cases	PERSONS APPREHENDED				TOTAL APPREHENDED		TOTAL SUBSTANCE SEIZED	APPROXIMATE VALUE
		COLOMBIAN		FOREIGN		Men	Women		
		Men	Women	Men	Women	Men	Women		
COCAINE	60	59	26	2		59	28	249,160 grams	\$249,169,000
COCAINE LABS	13	2				2		15 labs	38,100,000
COCA LEAVES	1	=						6 pks of 25 lbs ea.	240,000
COCA CROPS	66	28	1			28	1	20 hectares and 2,396,228 plants	104,107,280
MARIJUANA	30	22	9			22	9	1,310,711 grams	2,621,422
MARIJUANA CROPS	1							1/2 hectare	1,000,000
LSD Demerol	1	2				2		1,000 grams	500,000
OPIMUM Jumbo Pills	6	11				11		5,081,500 pills	226,887,500
HASHISH									
TOTALS	180	124	36	2		124	38		

JUDICIAL POLICE, OFFICE OF DELEGATE ATTORNEY

ANTI-NARCOTICS GROUP

DRUG SEIZURES MADE IN THE PERIOD FROM JAN. 1 to DECEMBER 31, 1980

SUBSTANCE SEIZED	No. Cases	PERSONS APPREHENDED				TOTAL APPREHENDED				TOTAL SUBSTANCE SEIZED	APPROXIMATE VALUE
		COLOMBIAN		FOREIGN		Men		Women			
		Men	Women	Men	Women	Men	Women	Men	Women		
COCAINE	54	44	13	3	3	47	16		434,854 kgs		
COCAINE LABS	7	4	1			4	1		14 Lbs		
COCA LEAVES	1	=							4,000 plants		
COCA CROPS	2	3				3			82 hectares		
MARIJUANA	28	19	4	3	2	22	6		3,382,775 kgs		
MARIJUANA CROPS	1	2				2			30 hectares		
LSD (Petaculture and General)	2	3				3			13 kgs		
OPIMUM (Jumbo and Lemon)	7	8	2			9	2		175,545 pills		
HASHISH	2	2	1			2	1		23,949 kgs		
TOTALS	104	85	21	6	5	91	26			14 Vehicles 1 plane	

JUDICIAL POLICE, OFFICE OF DELEGATE ATTORNEY

ANTI-NARCOTICS GROUP

DRUG SEIZURES MADE IN THE PERIOD FROM JAN. 1 to DECEMBER 31, 1979

SUBSTANCE SEIZED	No. Cases	PERSONS APPREHENDED				TOTAL APPREHENDED				TOTAL SUBSTANCE SEIZED	APPROXIMATE VALUE
		COLOMBIAN		FOREIGN		Men		Women			
		Men	Women	Men	Women	Men	Women	Men	Women		
COCAINE	68	108	19	13	5	121	24		1,342,500 Grams	\$1,118,250,000	
COCAINE LABS	3	9				9			Elements	200,000	
COCA LEAVES		=									
COCA CROPS	3	3				3			13,500 plants 15 hecst. Cultiv	163,000	
MARIJUANA	22	16	4			16	4		271,561 grams	543,122	
MARIJUANA CROPS	3	4				4			12 tons + 5 hecst. destroyed	24,055,000	
LSD											
OPIMUM [Jumbo Tabs]	3	5	1			5	1		2,977 Jumbo Rorer 714	297,706	
HASHISH											
TOTALS	102	145	24	13	5	153	29			Vehicles 27 Planes 1	

JUDICIAL POLICE, OFFICE OF DELEGATE ATTORNEY

ANTI-NARCOTICS GROUP

DRUG SEIZURES MADE IN THE PERIOD FROM APRIL 1 to DECEMBER 31, 1978

SUBSTANCE SEIZED	No. Cases	PERSONS APPREHENDED		TOTAL APPREHENDED			TOTAL SUBSTANCE SEIZED	APPROXIMATE VALUE
		COLOMBIAN		Men	Women	Men		
COCAINE	30	20	8	2		22	1 53,053 Kilos	
COCAINE LABS	2						Elements	
COCA LEAVES								
COCA CROPS								
MARIJUANA	14	17		5		22	1,168,171 kilos	
MARIJUANA CROPS	3						Two hectares	
LSD								
OPIUM								
HASHISH	1						15 mgs.	
TOTALS	50	37	8	7		8		

RESULTS OF THE ANTI-NARCOTICS CAMPAIGNS OF THE NATIONAL POLICE
AGAINST THE TRAFFICKING OF DRUGS

IN THE MONTHS OF JANUARY THROUGH OCTOBER 1981

SUBSTANCE SEIZED	No. Cases	PERSONS APPREHENDED				TOTAL APPREHENDED			TOTAL SUBSTANCE SEIZED	APPROXIMATE VALUE
		COLOMBIAN		FOREIGN		Men	Women	Men		
COCAINE	11	12		4				16	74 kilos 446 grams	370,012,150.
COCAINE LABS	6	3						3	Elements	1'730,000
COCA LEAVES	1	-							187 kilos 500 grams	75,000
COCA CROPS	4	2						2	64,800 plants	15'770,000
MARIJUANA	156	355	1			355	1		1'752,845 kilos	1,671,939,940
MARIJUANA CROPS	2	-							440,000 plants	76,000,000
MARIJUANA - Powder	1	9						9	500 kilos	36'000'000
QUALONE Pills	3	5								
OPIUM	-	-						5	2'128,800 units	14'901,600
HASHISH	-	-								
TOTALS	184	386	1	4				390		7 1,904,428,690

Automobiles: 92

Planes: 2

Boats: 1

RESULTS OF NATIONAL POLICE EFFORTS AGAINST
DRUG TRAFFICKING FROM AUGUST 7 TO DECEMBER 31, 1978

SUBSTANCE SEIZED	No. Cases	PERSONS APPREHENDED				TOTAL APPREHENDED				TOTAL SUBSTANCE SEIZED	APPROXIMATE VALUE
		COLOMBIAN		FOREIGN		Men		Women			
		Men	Women	Men	Women	Men	Women	Men	Women		
COCAINE	18	27	8	2	1	29		9	212 kilos 366 grams	\$ 126' 222,200	
COCAINE LABS	9	18	2			18		2	8 elements	1' 350,000	
COCA LEAVES	2	2				2			440 kilos 500 grams	8,100	
COCA CROPS	1	1				1			120 plants	36,000	
MARIJUANA	49	98	5	1		99		5	510 grams 56,784 kilos	80' 373,520	
MARIJUANA CROPS	36	75	1			75		1	399,375 ks.	783' 791,000	
OPIMUM											
HASHISH											
TOTALS	116	221	16	3	1	224		17		\$ 961' 780,820	

14 automobiles
3 planes
1 boat

RESULTS OF NATIONAL POLICE EFFORTS AGAINST DRUG TRAFFICKING

1979

SUBSTANCE SEIZED	No. Cases	PERSONS APPREHENDED				TOTAL APPREHENDED			TOTAL SUBSTANCE SEIZED	APPROXIMATE VALUE
		COLOMBIAN		FOREIGN		Men	Women	Men		
COCAINE	53	122	19	4	6	126	25		448 grams 1,253 kilos	\$954'160,100
COCAINE LABS	30	66	8			66	8		Elements	68'060,000
COCA LEAVES	6	9	2			9	2		270 kilos	130,000
COCA CROPS	6	23				23			182,705 plants	23'858,000
MARIJUANA	70	124	12			124	12		325,656 kilos	560'181,200
MARIJUANA CROPS	38	66				66			398,263 kilos	601'963,900
OPIMUM										
HASHISH										
TOTALS	203	410	41	4	6	414	47			\$2,146'353,200

RESULTS OF THE NATIONAL POLICE EFFORTS AGAINST DRUG TRAFFICKING

1930

SUBSTANCE SEIZED	No. Cases	PERSONS APPREHENDED				TOTAL APPREHENDED			TOTAL SUBSTANCE SEIZED	APPROXIMATE VALUE
		COLOMBIAN		FOREIGN		Men	Women	Men		
		Men	Women	Men	Women					
COCAINE	77	142	23	2	2	144	25		420 grams 1,149 kgs	\$3,870'394,100
COCAINE LABS	44	57	3		57	3			ELEMENTS	18'200,000
COCA LEAVES	7	5			3				500 grams 5,616 kilos	1'185,650
COCA CROPS	14	14				14				
MARIJUANA	103	218	11	2	1	220	11		135,434 plants 350 grams 282,514 kilos	11'830,500 319'348,857
MARIJUANA CROPS	74	111	6			111	6		316,591 kilos	265'848,750
METAQUALONE Powder Pills	3	11		2		13			662,000 units	2'680,000
OPIMUM	1	4				4			10 kilos, 077 grams	20'000,000
HASHISH										
TOTALS	323	560	43	6	2	566	45			44,509'507,857

RESULTS OF NATIONAL POLICE EFFORTS AGAINST DRUG TRAFFICKING
FROM JANUARY THROUGH OCTOBER 1981

SUBSTANCE SEIZED	No. Cases	PERSONS APPREHENDED				TOTAL APPREHENDED		TOTAL SUBSTANCE SEIZED	APPROXIMATE VALUE
		COLOMBIAN		FOREIGN		APPREHENDED			
		Men	Women	Men	Women	Men	Women		
COCAINE	49	75	15	9	2	84	17	333 kgs 035 grs	\$325'195,400
COCAINE LABS	28	43	1	-	-	43	1	elements	7'680,000
COCA LEAVES	7	2	-	-	-	2	-	249 kgs 750grms	77'457,400
COCA CROPS	21	22	4	-	-	22	4	264,327 plants	77'457,400
NARIJUANA	248	503	12	-	-	503	12	840 gr 2'073,787 kgs	1,942'772,096
NARIJUANA CROPS	24	34	1	-	-	34	1	562,745 plants	132'202,000
	3	15	3	-	-	15	3	730 kilos	43'800,000
	10	16	2	-	-	16	2	2'453,541 units	17'084,787
OPIUM									
HASHISH									
TOTALS	390	710	38	9	2	719	40		\$2,546,291,583

RESULTS OF EFFORTS BY THE F-2 NARCOTICS GROUP OF THE
NATIONAL POLICE

FROM AUGUST 7 TO DECEMBER 31, 1978

SUBSTANCE SEIZED	No. Cases	PERSONS APPREHENDED				TOTAL APPREHENDED		TOTAL SUBSTANCE SEIZED	APPROXIMATE VALUE
		COLOMBIAN		FOREIGN		Men	Women		
COCAINE	10	24	5			24	5	289 grams 57 kgs	\$34,373,400
COCAINE LABS	3	4	1			4	1	Elements	450,000
COCA LEAVES									
COCA CROPS									
MARIJUANA	6	5				5		42 kilos	16,800
MARIJUANA CROPS									
OPIMUM									
HASHISH									
TOTALS	19	33	6			33	6		\$34,840,200

RESULTS OF EFFORTS BY THE F-2 NARCOTICS GROUP OF THE
NATIONAL POLICE

1979

SUBSTANCE SEIZED	No. Cases	PERSONS APPREHENDED				TOTAL APPREHENDED		TOTAL SUBSTANCE SEIZED	APPROXIMATE VALUE
		COLOMBIAN		FOREIGN		Men	Women		
		Men	Women	Men	Women				
COCAINE	22	79	10			79	10	844 kilos 550 grams	\$ 2,640,000
COCAINE LABS	12	5				5		Elements	\$ 2,350,000
COCA LEAVES		=							
COCA CROPS									
MARIJUANA	7	16				16		211 kilos	105,000
MARIJUANA CROPS									
METAQUALONE, pills	3	7				7		1,151 units	5,755
OPIUM									
HASHISH									
TOTALS	45	107	10			107	10		678,118,755

RESULTS OF THE EFFORTS BY THE F-2 NARCOTICS GROUP
NATIONAL POLICE

1980

SUBSTANCE SEIZED	No. Cases	PERSONS APPREHENDED				TOTAL APPREHENDED			TOTAL SUBSTANCE SEIZED	APPROXIMATE VALUE
		COLOMBIAN		FOREIGN		Men	Women	Men	Women	
COCAINE	25	68	5	1		69	5		61 grams. 1,055 kilos	\$1,002,807,950
COCAINE LABS	12	18				18			Elements	5,300,000
COCA LEAVES		=								
COCA CROPS										
MARIJUANA	14	16	3			16	3		3,000 kilos	3,000,000
MARIJUANA CROPS										
DEMEROI	1	4				4			10 kilos	20,000,000
OPIMUM									77 grams	
HASHISH										
TOTALS	52	104	8	1		105	8			\$1,030,607,950

RESULTS OF EFFORTS BY THE F-2 NARCOTICS GROUP
NATIONAL POLICE

January - October 1981

SUBSTANCE SEIZED	No. Cases	PERSONS APPREHENDED				TOTAL APPREHENDED			TOTAL SUBSTANCE SEIZED	APPROXIMATE VALUE
		COLOMBIAN		FOREIGN		Men	Women	Men		
		Men	Women	Men	Women					
COCAINE	11	25	4	1		26	4		183 kilos 935 Grams	183,935,000
COCAINE LABS	12	19	1			19	1		Elements	2,600,000
COCA LEAVES										
COCA CROPS										
MARIJUANA	6	12	2			12	2		3,431 kilos	5,489,600
MARIJUANA CROPS										
METAQUALONE, pills	3	5	2			5	2		1,420 units	9,940
OPIUM										
HASHISH										
TOTALS	32	61	9	1		62	9		192,034,540	

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- III -

C. Specialist Group of the Office of the Attorney General of the Nation.

Since the beginning of 1978 the Office of the Attorney General of the Nation has had a Specialist Group for the fight against drug trafficking, divided into different places in the National Territory. This staff forms part of the Office of the Attorney's Office for the Judicial Police which has as its responsibility the administration, coordination and oversight of the Judicial Police of the country, representing the Attorney General, an official whose job it is to invest with functions of Judicial Police the staff belonging to the National Police and the Administrative Security Department (DAS), in accordance with the National Constitution and the legal provisions in effect.

In the city of Bogota, capital of the nation, the Anti-narcotics Group of the Office of the Attorney General has 50 officials, among them experts in criminology, investigative experts, judicial police inspectors and special agents, who act under the direction of the Delegate Attorney for the Judicial Police divided into two large operative groups, dedicated exclusively to the struggle against narcotics trafficking. It also has a group of 15 units that operate permanently at the El Dorado Airport in the same city and which have the responsibility for anti-narcotic control.

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Sixty more units exist in the cities of Medellin, Barranquilla, Cali, Popayan, Pasto and Villavicencio including six groups expert in the struggle against drug trafficking. They have been placed in those cities since they are considered key points for the trafficking of narcotics, since the first four have airports from which flights permanently leave for abroad, especially for Central America and the United States. In the city of Pasto because it deals with the border with the Republic of Ecuador, a forced route for the traffic in cocaine produced in Bolivia and Peru; in the city of Villavicencio because the region of the Eastern Plains (Llanos Orientales) and the so-called national territories situated in the eastern part of the country for about two years now have been converted into an emporium of the cultivation of coca and the production of the coca base paste for obtaining cocaine.

The staff of the Anti-narcotics Judicial Police of the Office of the Attorney General receives assistance from the U.S. Government through the mutual assistance pact agreed to between both countries, especially with respect to the technical part, organization of special courses with DEA personnel, supplying of vehicles (17 cars), radiocommunications equipment (unit of repeaters and telex). In addition, as was noted before, the Office of the Attorney General administers an Air Group made up of a Piper Navajo plane, two Bell 202 helicopters and 1 Bell 212 helicopter that must

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be shared with the National Police for the anti-narcotics struggle exclusively. The operating expenses and maintenance are covered with money supplied by the U.S. government periodically in accordance with the agreement and its various additions.

Translated by Deanna Hammond

CRS Language Services

November 12, 1981

Mr. SHAPIRO. But exactly what has Colombia done?

The most visible effort has been the deployment of antinarcotics troops in the Guajira Peninsula. This effort began in 1980 and multi-ton seizures of marihuana and seizures of methaqualone have occurred frequently but despite the successes, it is doubtful that the total volume of marihuana being exported from Colombia is being meaningfully decreased.

Further, national police operations in the Guajira may soon peak in their effectiveness as the financial support decreases and local resistance increases.

Seizures have usually meant little because the major traffickers cannot be caught and cannot be placed behind bars and put out of business.

In Colombia, these narcotraffickers are basically untouchable due to official corruption, judicial intimidation, lack of resources or otherwise.

This inadequate enforcement situation leads to the inevitable question of eradication. But the impediments appear to be a myriad. Dr. Garcia made clear to us that funding for marihuana eradication would have to come completely from the United States. Even if congressional restrictions and funding problems are resolved, many other problems exist.

Dr. Garcia made it quite clear to us that any Colombian commitment to eradicate marihuana would have to be accompanied by a U.S. commitment to eradicate the domestic marihuana being grown in this country.

This domestic cultivation is gaining a larger share of the U.S. market every year. The Colombians believe that there are no domestic eradication programs ongoing. Until recently, this perception would have been true. But now there are some programs ongoing and later this morning, we will have a witness from DEA who will explain the efforts that are being undertaken even in this country right now.

[At this point, Senator Nunn entered the hearing room.]

Mr. SHAPIRO. Dr. Garcia's argument for reciprocal eradication was only part of his skepticism as to the U.S. antimarihuana commitment. He asked the chief counsel and I why a number of States have decriminalized marihuana and whether or not this is a national trend. He wanted to know why marihuana traffickers who were in court and convicted in the United States usually received lenient sentences.

Dr. Garcia's justification for these inquiries, particularly reciprocal eradication was the obvious one of fairness. But in speaking to U.S. personnel in Colombia, a sense of economic protectionism arose. Many individuals in Colombia are convinced that the United States wants to have Colombian marihuana sprayed without spraying U.S. plants really to create less competition and higher prices for the U.S. growers and less profit for the Colombians, albeit illicit.

This quasi-protectionist attitude regarding drugs also arose during discussions we had with officials in other South American countries who indicated that Colombia's multilateral cooperation in the narcotics arena has not been especially strong.

In Colombia, this economically oriented perspective also is advocated by some who believe that marihuana and other narcotics exports should be legitimated and controlled by the Government so as to raise Government revenues.

It is now believed that marihuana exports have surpassed coffee exports as the No. 1 source of foreign revenue for Colombia.

Dr. Garcia also brought the protectionist concept up in speaking of the farmers in the Guajira who grow marihuana for sale to the traffickers. Dr. Garcia asked what would happen to these poor campesinos if we sprayed the marihuana and they have no more income. What will they do for income?

An additional factor in the politics of marihuana in Colombia is the presidential election which is now slated for May 1982. The current president cannot succeed himself and although he has publicly taken a strong antinarcotic stand, this may change, perhaps radically, with the new administration. Eradication and other narcotic assistance discussions with the United States may have to start from scratch. At least one presidential candidate is supported by a research organization strongly calling for the legalization of marihuana. Clearly a move in this direction would doom all efforts to suppress exports.

Ambassador Boyatt will be able to discuss the politics of marihuana further during his upcoming testimony.

Interdicting marihuana at the Colombian shoreline is extremely difficult. With the assistance of a Colombian Army pilot, we were able to fly over the northern coast of Colombia—the Guajira Peninsula. What one sees is miles and miles of coastline and a highway evenly parallel for most of this distance thus allowing traffickers to move their marihuana by vehicle right to the shoreline, to any of innumerable locations, and then subsequently to the motherships.

We have here a photo that we took from the plane showing the shoreline. You can clearly see the shoreline and the highway. This runs basically the entire length of the peninsula.

The loading to the motherships is done at night and we were told by our pilot that the mothership can be completely loaded in 1 hour, using 80 men, and canoes to take the load from shore to the ship.

Further inland, we were able to see a number of clandestine airstrips. Some were rudimentary and some were quite long and quite wide. This is a photo we took of, I would say, one of the more rudimentary strips. You can see there is a plane there that did not make it. We have another photo of a strip which is the best one that we saw and it had a fueling station. It was well taken care of. We saw quite a few of these.

Further inland on the peninsula, the marihuana is primarily grown. We were unable to fly over that area due to air currents and because of the hilly terrain but we do have a photo from DEA of marihuana plants in the peninsula.

Efforts at cocaine interdiction in Colombia are mainly aimed at the discovery and seizure of processing labs. Success is sporadic. The labs can be packed up and moved to a new location very easily. Joint eradication efforts in the cocaine fields existing in the Cauca region which is in southwest Colombia have taken place this year. We were told the first eradication effort arose by surprise and the people were able to cut the plants down by chainsaws and spray the exposed stumps with a low dosage herbicide.

However, the second operation was met by local resistance. Officials also fear development of the coca cultivation in the Llanos region,

which is the big plains region east of Bogotá and they have begun eradication efforts there.

What we have here is another DEA photo of coca cultivation in this Llanos area. This is a large area. It is 40 percent of the country, only 2 percent of the population live there. It is virgin territory for the coca traffickers.

The Colombian document which we have received said that they feel there is an alarming rate of coca cultivation now beginning in this region.

Nevertheless, Colombian coca traffickers primarily rely on Peruvian and Bolivian cultivation to supply coca paste and base. In Peru, we visited Tingo Maria, a town in the central part of the country which has been a center of coca cultivation and trafficking.

Thus, it has been a focal point for several antinarcotics projects. AID has planned a major bilateral crop substitution program in the Upper Huallaga Valley which will be discussed later today.

The Guardia Civil, one of Peru's two basic law enforcement agencies, has assigned a patrol to Tingo Maria to interdict trafficking through seizures of coca leaves and paste, destruction of coca leaf drying operations, and the occasional burning of coca fields.

Heading this patrol is Commandante Julio Cano Delgado. His command is beset with insufficient manpower, equipment, and housing as well as corruptible officers and sporadic local resistance.

One example of the latter is these trapguns which has been brought up from Tingo Maria. Commandante Cano also complained to us that corrupt judges and prosecutors constantly dismiss cases against traffickers.

As you can see, these are very rudimentary weapons; called trapguns because they use a mousetrap. I have got one here which we can pass around. There are no shells in it. Normally they put a shotgun shell in, you set the mousetrap, there is a nail, it is set up in the doorway and perhaps in the coca drying facility and if you walk in the doorway, and trip the string, you are in big trouble. But this is the kind of resistance that they sometimes encounter.

Nevertheless, Commandante Cano's presence has had an effect, as major traffickers have left the Tingo Maria area for the Cuzco area farther south. Much of the coca paste derived from the leaves is shipped by river to Iquitos, Peru, and Leticia, a Colombia city near the merger of the Colombian, Peruvian, and Brazilian borders.

From here the paste can be flown to processing labs in Bogota, Medellin, Cali, and elsewhere in Colombia, or moved down the Amazon River to Brazilian processing labs. Enforcement presence in this region is minimal although seizure missions are sporadically undertaken.

In Peru, as well as Bolivia, Indians have traditionally chewed coca leaves for a variety of reasons. Hence, total eradication is out of the question. Lt. Gen. Humberto Catter-Arrendo, director superior of the Guardia Civil, told us that it is very hard to change the perception of the farmers toward coca. He said the farmers must be made to understand the dangers of coca to them and the problems created for others by its cultivation. The farmers say other crops are not as profitable.

The Peruvian Government has attempted to control a licit coca market through the creation of a government agency, ENACO. In theory, farmers may register certain acreage for the licit cultivation of coca. Licit leaves are bought by ENACO for pharmaceutical resale

and domestic use. Any other coca cultivation is illegal. However, enforcement of the ENACO system is very difficult.

In Tingo Maria, we visited one drying facility and inside we found a pad of ENACO register sheets, each with the proper stamp, so if the Guardia Civil inquired about this farmer's coca cultivation, he would take one of the sheets, fill it in and he would have an ENACO registered field or as often happens, he could try to pay the officer off and not have to worry about forgery. This photo which we took is a photo of the drying facility where we found these sheets.

The coca leaves can be dried either outside on the concrete slab in the sun or inside. It is almost like a kiln. The leaves can be dried inside. Regardless, ENACO's prices cannot compete with the U.S. traffickers. Commandante Cano told us the traffickers are offering five times as much money as ENACO for each kilo of leaves.

In Peru, as in other countries we visited, U.S. antinarcotics desires do not always coincide with the host government priorities. In Lima, Lt. Gen. Eduardo Ipinze-Rebatta, director superior of the Peruvian Investigative Police—the second law enforcement agency—told us that his agency's No. 1 priority was combating internal terrorist activities, and coca interdiction would have to take a definite back seat.

In Peru, limited resources may mean a backseat is no seat unless additional U.S. foreign assistance is forthcoming. In fact, an increase in terrorist activities had just begun when we visited Peru. The U.S. Embassy in Lima was bombed a few days before we arrived and the homes and offices of various Peruvian and U.S. officials and various multinational corporations have been recent bombing targets.

Ten such sites were hit the day before we departed. Officials in Peru, Colombia, Jamaica all acknowledged to us the possible link between drug traffickers and terrorist groups but they said they lack any hard evidence of this. The deleterious effects of the trafficker-terrorist linkage is clear. Traffickers have lots of money, money to buy arms. Terrorists provide resistance for eradication and enforcement efforts. Ambassador Corr may be able to offer further testimony on this area during his upcoming testimony.

We also spent 2 days in Brazil talking to United States personnel and Brazilian officials. Quite obviously, the situation with respect to drug trafficking is radically different in Brazil. It is not currently a major source country but it does have a huge potential to be a major supplier, not only used as processing and transshipment points for Bolivian coca, but also through its own marihuana and coca cultivation.

Brazil's immense size with large expanses of undeveloped and hard-to-reach land create enormous concern but the current preoccupation of the Brazilian officials is the growing domestic drug use problem which is very similar to the problem we have here in the United States.

Marihuana poses the biggest use problem in Brazil, even though there are stiff penalties. Domestic production mainly occurs in seven of the northeastern states in Brazil. DEA's special agent in charge of Brazil estimated that 70 percent of this marihuana is exported, although he was not sure of its destination.

This was disputed during an interview with Dr. Helio Ramao, central police coordinator for the Brazilian Federal Police. Dr. Ramao asserted that no Brazilian grown marihuana is exported.

We were also told that marihuana users in the Rio de Janeiro and Sao Paulo areas are more likely to get their marihuana from Paraguay, which is producing marihuana with an extremely high THC content, 7 percent compared to 3 percent for northeastern marihuana.

Cocaine is the second most popular drug in Brazil and its use is increasing tremendously. Almost all coke comes from Bolivia, for domestic use, processing, and/or transshipment. But some coca cultivation has begun in the northwestern Amazon regions of Brazil.

We were told an intelligence team confirmed this cultivation during the visit to this region in January 1980, but no law enforcement personnel have been back since. We were told that it is an 8-day trip from Brazilia to this Amazon region by plane, boat, mule, and foot. That is indicative of the kind of problems that they have with the size of this country. This sort of inaccessibility makes the Amazon a perfect location for Colombian cocaine traffickers and the potential volumes are great. As we heard before, Brazil is also a major source of ether and acetone, which are used to process coca. But the Brazilian officials have several programs ongoing with DEA and they have been successful so far. We were told traffickers are finding innovative ways of obtaining acetone, innovative ways to get it closer to the Bolivian border.

As is the case elsewhere in South America, the biggest problem in combating narcotics is funding. The BFP have insufficient equipment and the future is bleak due to inflation, government restrictions, and overall spending. More specialized personnel are also needed.

We were told that although the BFP currently does not lack the means to combat drugs, there is a great concern for the future.

The future of bilateral efforts with Brazil is uncertain, as the Brazilians seem very conscious of maintaining independence from the United States.

The BFP have undertaken several marihuana eradication projects. They begin with an identification of fields by the BFP, and the growers and traffickers are then commanded to themselves to pull out the plants. Brazil has also taken the lead role in forming an organization composed of South America nations, which is designed to combat drug trafficking problems through regional solutions. This organization is still in its infancy.

Brazilian officials are quite reluctant to criticize other South American source nations because they seem unwilling to endanger any trade agreements or other economic deals.

It should be clear that the United States, in its desire to decrease the narcotics supply in this country, cannot snap its bureaucratic finger and expect immediate or even long-range results. Many foreign officials and nationals, believe that the U.S. drug problem is just that, a U.S. problem. This raises the issue of leverage.

Should the United States predicate general foreign assistance, diplomatic and trade agreements, et cetera, upon the success of source country antinarcotic efforts? Bolivia and Jamaica offer opposite examples of this carrot-stick argument.

Chairman ROTH. Mr. Shapiro, time is going pretty fast. I wonder how much longer your summary will be?

Mr. SHAPIRO. I don't think it will take more than 4 or 5 more minutes, Mr. Chairman.

Chairman ROTH. I would ask you to summarize it within a few minutes.

Mr. SHAPIRO. Fine. That being the case, what I will do——

Chairman ROTH. The complete statement will be included as part of the record.

Mr. SHAPIRO. We will have testimony from the State Department later this morning on Bolivia and I will move to what we found in Jamaica.

We spent 3 days in Kingston, Jamaica, to examine the use and export of ganja (marihuana). In addition to State Department and DEA personnel, we met with representatives of the Jamaica Constabulary Force, Jamaica Defense Force, and Winston Spaulding, Minister of National Security and Minister of Justice.

We found a country beset by severe economic difficulties and a relatively new government which is still trying to establish itself. We also found the issue of ganja use and trafficking hotly debated, inextricably intertwined with politics and economics, and connected with groups such as the Ethiopian Zion Coptic Church and the Rastafarians.

Part of the problem in Jamaica is the traditional use and acceptance of ganja, which has gone on for hundreds of years. The smoking of ganja is commonplace, as is the drinking of ganja tea and the use of other ganja-based products. Cultivation in the Jamaican hills is easy and more profitable than any other crop. It is also facilitated by the urgings of the Ethiopian Zion Coptic Church, a trafficking organization disguised as a religious organization, and the source of major concern within the Jamaican Government as well as U.S. law enforcement circles. Yet possession of ganja remains a criminal offense in Jamaica.

The Coptics have replaced the Government as the provider of social services for many rural Jamaicans. If a farmer has an ill child the Coptics will provide a doctor. If he needs a replacement part for his tractor the Coptics will get it. If he needs a buyer for his ganja the Coptics are there, even though in most areas the Coptics own their own land and grow their own ganja.

The Government's social services cannot compete with the Coptics. As a result of their trafficking activities the Coptics have become the second largest Jamaican landowner—behind the government—they have bought into a number of legitimate businesses, they have bought land in at least five States in the U.S. as well as Colombia, and they have become a strong political force in Jamaica although content to operate outside normal political channels. While some lower level Coptics have been arrested for trafficking the top echelon seems protected.

To a lesser extent the government must deal with the Rastafarians, who also regard ganja as a religious sacrament—the “weed of wisdom”—although they are not involved in trafficking as the Coptics are.

Therefore, it is not surprising that many Jamaicans condone ganja use and/or favor legalization. Similarly, many Jamaicans favor government nonintervention and a freeing up of the ganja export business. A July 1981 newspaper poll found 62 percent of the populace opposed to government steps to reduce the ganja trade to the U.S. This sentiment most likely indicates not only the traditional acceptance of ganja but also the realization that ganja export revenues to the United States

have become, during Jamaica's current economic difficulties, a needed source of foreign exchange. We were told that ganja revenues in 1980 were approximately \$1 billion, and that 20 percent—\$200 million—was returned to Jamaica. Minister Spaulding told us that this was a significant amount in terms of the Jamaican economy.

While Prime Minister Edward Seaga's administration has announced its commitment to clamp down on ganja trafficking, little can be done due to insufficient manpower and resources. The head of the Jamaica Constabulary Force's narcotics division, Clem Shay, told us that he has only 28 men to patrol the entire island, and three to four working vehicles at a maximum.

JCF wages are low and the corruption potential correspondingly high. Col. Bunny Stern of the Jamaica Defense Force echoed Superintendent Shay's resources problem and explained the tremendous problem being created by the numerous ganja flights being run from clandestine airstrips. Jamaica has no radar facilities, making it virtually impossible to detect these flights. There is a constant fear of a mid-air collision with a commercial flight. JDF's chaser plane capability is minimal, as is their Coast Guard capability. Earlier this year the JDF began a program to dynamite clandestine strips, but legal challenges have put a halt to this program, and Colonel Stern told us that a ganja man could rebuild a blown strip in 3 days.

Again, as in Colombia, eradication is the alternative solution. A joint DEA-Jamaica eradication project in 1974—Operation Buccaneer—virtually wiped out the ganja cultivation. But since then it has returned, acreage is five times what it was before Buccaneer, and prospective eradication efforts in the near future seem unlikely.

The government of Prime Minister Seaga cannot afford the general backlash which would accompany an eradication effort at this time. The Coptics, Rastafarians, and many others unaffiliated with any group would object on traditional and economic grounds. In addition political opponents of the Seaga administration, mostly followers of former Prime Minister Michael Manley, would seize upon any general discontent to foster their opposition views, and it is well documented that these opponents possess many automatic weapons, procured in the period prior to last year's national election.

Minister Spaulding summed up the government's position for us: They are totally opposed to legalization and unimpeded exports and committed to antiganja efforts; but, any efforts must be part of a comprehensive, well-thoughtout package so as to minimize political and economic backlash, and it is premature to begin this sort of effort now.

I would like to at this time enter several exhibits in the record, namely several briefing books we received from DEA in Bogota and Lima and a position paper we received in Bogota from the narcotics assistant unit. These have been labeled confidential. I would like to have them placed in the record as a sealed exhibit at this time.

[The document referred to was marked "Exhibit No. 4," for reference and is retained in the confidential files of the subcommittee.]

I would also like to enter letters that we sent to the embassies of these source countries here in Washington and the response letters that we received from these embassies.

[The document referred to was marked "Exhibit No. 5," for reference and follows:]

EXHIBIT NO. 5

EMBAJADA DE COLOMBIA
WASHINGTON, D. C.

November 9, 1981

No. 2090

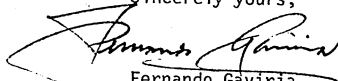
Dear Senator Roth:

I acknowledge receipt of your kind letter of October 15, 1981 where you informed me that the Senate Permanent Subcommittee on Investigations is currently completing a yearlong investigation of international narcotics trafficking.

As agreed in our telephone conversation of today, I am pleased to enclose herewith a document prepared by the Minister of Justice in Colombia on this subject. I certainly hope that the information included in this document will be useful for the work of the Subcommittee.

I have requested Colonel Luis Fernando Restrepo, Police Attaché at the Colombian Embassy, to attend those hearings that you would consider adequate for him to be present. Other members of the Embassy staff and myself will also be available should you think that our presence could be required.

Sincerely yours,



Fernando Gaviria
Ambassador of Colombia

The Honorable
William V. Roth, Jr.
Chairman, Senate Permanent Subcommittee
on Investigations
United States Senate
Washington, D.C.

PERUVIAN EMBASSY

WASHINGTON, D. C. 20036

1981 OCT 20 14 9:25

October 16, 1981

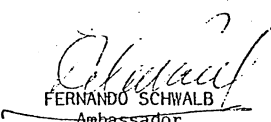
The Honorable
William V. Roth
The United States Senate
Washington, D.C. 20500

My dear Mr. Roth:

I am pleased to acknowledge receipt of your letter of October fifteenth concerning the investigation which the Permanent Subcommittee on Investigations has been conducting for the past year on international drug trafficking.

It has been interesting to learn of the work done by the Subcommittee under your chairmanship on that matter and I have sent a telegraphic message to pertinent Peruvian officials asking them to elaborate on the points specified in your communication. I shall be glad to convey to you their reply as soon as I receive it.

I take this opportunity to renew to you the assurances of my highest consideration.



FERNANDO SCHWALB
Ambassador

Washington, D.C.
October 20, 1981

Senator William V. Roth, Jr.
Chairman
Committee on Governmental Affairs
Senate Permanent Subcommittee on Investigations
U.S. Senate
Washington, D.C., 20510

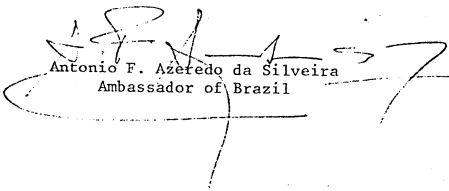
Dear Mr. Senator,

I acknowledge receipt of your letter dated October 15, 1981, in which you asked for a public testimony from a representative of the Brazilian Government and/or a written statement about the supply and demand aspects of the narcotics trafficking.

In reply, I inform you that the content of your letter has been forwarded to the Ministry of External Relations. As soon as I receive an answer from Brasília, I will write to you again on this subject.

With my best wishes,

Sincerely yours,


Antonio F. Azeredo da Silveira
Ambassador of Brazil

WILLIAM V. ROTH, JR., DEL., CHAIRMAN
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United States Senate

COMMITTEE ON
 GOVERNMENTAL AFFAIRS
 SENATE PERMANENT SUBCOMMITTEE
 ON INVESTIGATIONS
 WASHINGTON, D.C. 20510

October 15, 1981

The Honorable Antonio F. Azerado DaSilveira
 Office of the Brazilian Embassy
 3006 Massachusetts Avenue, N.W.
 Washington, D.C. 20008

Dear Mr. Ambassador:

The Senate Permanent Subcommittee on Investigations is currently completing a yearlong investigation of international narcotics trafficking. The Subcommittee is concerned both with the supply and demand aspects of narcotics trafficking. As part of our efforts to gather information about narcotics supply, staff members have travelled to a number of narcotics source countries, including Brazil. In these countries our staff has been able to speak to U.S. Embassy and Drug Enforcement Administration personnel as well as representatives of the host government. The Subcommittee's visit to Brazil in late August was most informative and helpful.

The Subcommittee's investigation will culminate in a public hearing during portions of the weeks of November 9 and 16, 1981. Testimony from staff members who visited Brazil is likely. However, the Subcommittee is also interested in the possibility of receiving either public testimony from a suitable representative of the Brazilian government and/or a written statement which can be inserted in the hearing record.

The Subcommittee is most interested in receiving testimony pertaining to the following areas although these should not preclude other relevant topics:

--The extent of narcotics trafficking and use in Brazil and foreseeable future trends

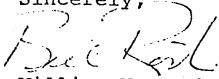
--The position of the Brazilian government towards trafficking and use

--Unilateral, bilateral (with the United States), and multilateral efforts being made to stem trafficking and use, such as law enforcement, education, and eradication efforts.

The Honorable Antonio F. Azerado DaSilveira
Page 2

The Subcommittee looks forward to any input from the Brazilian government which would fit into the anticipated hearing schedule and scenario. Subcommittee staff is prepared to answer any questions you may have concerning the upcoming hearing and this letter. S. Cass Weiland, Subcommittee Chief Counsel, and Howard L. Shapiro, Subcommittee Staff Counsel, can be reached at 224-3721.

Sincerely,



William V. Roth, Jr.
Chairman

WVR,JR:hsc

WILLIAM V. FOTH, JR., DEL., CHAIRMAN
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United States Senate

COMMITTEE ON
 GOVERNMENTAL AFFAIRS
 SENATE PERMANENT SUBCOMMITTEE
 ON INVESTIGATIONS
 WASHINGTON, D.C. 20510

October 15, 1981

The Honorable Keith Johnson
 Office of the Jamaican Embassy
 1850 K Street, N.W.
 Washington, D.C. 20006

Dear Mr. Ambassador:

The Senate Permanent Subcommittee on Investigations is currently completing a yearlong investigation of international narcotics trafficking. The Subcommittee is concerned both with the supply and demand aspects of narcotics trafficking. As part of our efforts to gather information about narcotics supply, staff members have travelled to a number of narcotics source countries, including Jamaica. In these countries our staff has been able to speak to U.S. Embassy and Drug Enforcement Administration personnel as well as representatives of the host government. The Subcommittee's visit to Jamaica in late August was most informative and helpful.

The Subcommittee's investigation will culminate in a public hearing during portions of the weeks of November 9 and 16, 1981. Testimony from staff members who visited Jamaica is likely. However, the Subcommittee is also interested in the possibility of receiving either public testimony from a suitable representative of the Jamaican government and/or a written statement which can be inserted in the hearing record.

The Subcommittee is most interested in receiving testimony pertaining to the following areas although these should not preclude other relevant topics:

--The extent of narcotics trafficking and use in Jamaica and foreseeable future trends.

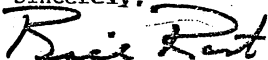
--The position of the Jamaican government towards trafficking and use

--Unilateral, bilateral (with the United States), and multilateral efforts being made to stem trafficking and use, such as law enforcement, education, and eradication efforts.

The Honorable Keith Johnson
Page 2

The Subcommittee looks forward to any input from the Jamaican government which would fit into the anticipated hearing schedule and scenario. Subcommittee staff is prepared to answer any questions you may have concerning the upcoming hearing and this letter. S. Cass Weiland, Subcommittee Chief Counsel, and Howard L. Shapiro, Subcommittee Staff Counsel, can be reached at 224-3721.

Sincerely,



William V. Roth, Jr.
Chairman

WVR,JR:hsc

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United States Senate

COMMITTEE ON
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 SENATE PERMANENT SUBCOMMITTEE
 ON INVESTIGATIONS
 WASHINGTON, D.C. 20510

October 15, 1981

The Honorable Dr. Jorge Eastman
 Office of the Colombian Embassy
 2118 Leroy Place, N.W.
 Washington, D.C. 20008

Dear Mr. Ambassador:

The Senate Permanent Subcommittee on Investigations is currently completing a yearlong investigation of international narcotics trafficking. The Subcommittee is concerned both with the supply and demand aspects of narcotics trafficking. As part of our efforts to gather information about narcotics supply, staff members have travelled to a number of narcotics source countries, including Colombia. In these countries our staff has been able to speak to U.S. Embassy and Drug Enforcement Administration personnel as well as representatives of the host government. The Subcommittee's visit to Colombia in late August was most informative and helpful.

The Subcommittee's investigation will culminate in a public hearing during portions of the weeks of November 9 and 16, 1981. Testimony from staff members who visited Colombia is likely. However, the Subcommittee is also interested in the possibility of receiving either public testimony from a suitable representative of the Colombian government and/or a written statement which can be inserted in the hearing record.

The Subcommittee is most interested in receiving testimony pertaining to the following areas although these should not preclude other relevant topics:

--The extent of narcotics trafficking and use in Colombia and foreseeable future trends

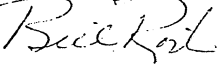
--The position of the Colombian government towards trafficking and use

--Unilateral, bilateral (with the United States), and multilateral efforts being made to stem trafficking and use, such as law enforcement, education, and eradication efforts.

The Honorable Dr. Jorge Eastman
Page 2

The Subcommittee looks forward to any input from the Colombian government which would fit into the anticipated hearing schedule and scenario. Subcommittee staff is prepared to answer any questions you may have concerning the upcoming hearing and this letter. S. Cass Weiland, Subcommittee Chief Counsel, and Howard L. Shapiro, Subcommittee Staff Counsel, can be reached at 224-3721.

Sincerely,



William V. Roth, Jr.
Chairman

WVR,JR:hsc

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United States Senate

COMMITTEE ON
 GOVERNMENTAL AFFAIRS
 SENATE PERMANENT SUBCOMMITTEE
 ON INVESTIGATIONS
 WASHINGTON, D.C. 20510

October 15, 1981

The Honorable Fernando Schwalb
 Office of the Peruvian Embassy
 1700 Massachusetts Avenue, N.W.
 Washington, D.C. 20036

Dear Mr. Ambassador:

The Senate Permanent Subcommittee on Investigations is currently completing a yearlong investigation of international narcotics trafficking. The Subcommittee is concerned both with the supply and demand aspects of narcotics trafficking. As part of our efforts to gather information about narcotics supply, staff members have travelled to a number of narcotics source countries, including Peru. In these countries our staff has been able to speak to U.S. Embassy and Drug Enforcement Administration personnel as well as representatives of the host government. The Subcommittee's visit to Peru in late August was most informative and helpful.

The Subcommittee's investigation will culminate in a public hearing during portions of the weeks of November 9 and 16, 1981. Testimony from staff members who visited Peru is likely. However, the Subcommittee is also interested in the possibility of receiving either public testimony from a suitable representative of the Peruvian government and/or a written statement which can be inserted in the hearing record.

The Subcommittee is most interested in receiving testimony pertaining to the following areas although these should not preclude other relevant topics:

--The extent of narcotics trafficking and use in Peru and foreseeable future trends

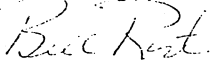
--The position of the Peruvian government towards trafficking and use

--Unilateral, bilateral (with the United States), and multilateral efforts being made to stem trafficking and use, such as law enforcement, education, and eradication efforts.

The Honorable Fernando Schwalb
Page 2

The Subcommittee looks forward to any input from the Peruvian government which would fit into the anticipated hearing schedule and scenario. Subcommittee staff is prepared to answer any questions you may have concerning the upcoming hearing and this letter. S. Cass Weiland, Subcommittee Chief Counsel, and Howard L. Shapiro, Subcommittee Staff Counsel, can be reached at 224-3721.

Sincerely,



William V. Roth, Jr.
Chairman

WVR,JR:hsc

Mr. SHAPIRO. I will be glad to answer any questions, but as you know, we have several witnesses upcoming who are much more expert than I am and it would most likely be more appropriate to save your questions for these witnesses.

Thank you.

Chairman ROTH. Thank you, Mr. Shapiro and Mr. Marshall for your very informative statements. I do have a couple of questions I would like to ask you, Mr. Marshall. I gather that the principal countries in South America that have narcotic problems are Colombia, Peru, Brazil, and Bolivia. What kinds of cooperation are we getting from their governments, both top level and at the lower levels? Are there any other countries—I know we have made considerable progress in the case of Mexico—but are there any countries south of us where we have totally failed to address this narcotic problem?

Mr. MARSHALL. Mr. Chairman, with regard to Bolivia, I am afraid that I am not really qualified to comment on Bolivia. With respect to Peru and Brazil, our cooperation from the local enforcement agencies is excellent at all levels. In the case of Colombia, the cooperation is also very good. There is some problem with low-level corruption, perhaps, in Colombia to a bit greater degree than we have here in the United States, but I would say generally the cooperation in Colombia is very good at all levels.

And with regard to the other countries in South America, we have offices in all South American countries, except Uruguay, Paraguay, and the Guyanas and Surinam on the north coast of South America. Generally, we do receive good cooperation from all of these governments.

Chairman ROTH. What about the degree of cooperation between your own office and the various other U.S. governmental agencies? Are you getting the degree of cooperation that is satisfactory or is there much that needs to be done to strengthen those relationships?

Mr. MARSHALL. I would say that we generally have excellent cooperation between various U.S. Government agencies, especially so in Peru. In the case of Colombia we have perhaps a few minor differences in the approach that we would prefer to take as opposed to the approach that the narcotic assistance unit would prefer to take, but we have managed to work around these differences and cooperation is good.

Chairman ROTH. Would it be desirable to try to get some kind of a conference of not only law enforcement, but high public officials from those countries involved in drug trafficking? Would that provide for better coordination, a better war on narcotics? Perhaps we could gather officials from Colombia, Peru, Brazil, Bolivia, and ourselves?

Mr. MARSHALL. Mr. Chairman, yes. In my estimation it would be very useful and we have undertaken such conferences at the law enforcement level over the last 4 to 5 years. In some of these conferences we have also had ministers of justice, ministers of defense, and other high level government officials from various countries involved. They have been useful. We hope to be able to continue with these types of conferences.

Chairman ROTH. Senator Rudman?

Senator RUDMAN. I don't have any questions for this witness.

Chairman ROTH. Senator Nunn?

Senator NUNN. Mr. Chairman, I want to thank both the witnesses for an excellent job, particularly our staff on the majority side who have done a very comprehensive and very thorough job, and we appreciate that.

Just a couple of questions. Mr. Shapiro, based on your study, is it your experience that narcotics efforts in South America, Central America could be strengthened by mutual assistance treaties?

Mr. SHAPIRO. Certainly it could, Senator Nunn. Of course, there is a distinction between actual enforcement and interdiction efforts and mutual assistance treaties which would more or less assist in the making of prosecutions here in the United States. So we can freely get criminal information from the law enforcement authorities, financial information, information in that respect.

I am sure that when we were down in Colombia, the Colombians asked us what the holdup was with the mutual assistance treaty which had been signed and ratified by the Colombians, but was being held up in our bureaucratic structure. They were very interested in working with us in terms of regional assistance. I am certain that all the other countries would also.

The Colombians are the most important and it would certainly strengthen our prosecution efforts and our law enforcement efforts here in the United States.

Senator NUNN. We heard from staff earlier in the week about Hong Kong serving as the financial hub or center of the heroin money handling in Southwest Asia. Is there any similar financial center for Central America and South America?

Mr. SHAPIRO. I don't believe there is any center that would be similar to Hong Kong. Certainly many of the narcotic traffickers from South America use Caribbean locations, such as the Cayman Islands, Bahamas, Panama. They use shell corporations in Panama. Certainly in major cities such as Bogota, there are financial transactions that take place there, but I think in terms of a comparison to Hong Kong, you have to look at these Caribbean tax havens more than anywhere else.

Senator NUNN. Are any of these countries capable of the sophisticated money flow type investigations within their own country?

Mr. MARSHALL. Senator, up to this point we have seen very little activity in that field. However, we have made some progress with focusing the attention of local enforcement agencies on that particular approach in the countries of Venezuela and Colombia. We hope within the next few months to have a much more accurate picture of the way financial transactions are undertaken, at least in those two countries.

[At this point, Senator Chiles entered the hearing room.]

Mr. MARSHALL. With respect to Panama, we are very limited in what we can do in Panama even though we know there is a lot of this type activity there. We are limited because of the strict bank secrecy laws in Panama.

Senator NUNN. Do any of these countries have the kind of capabilities we have in this country for conspiracy cases, wiretaps, that kind of thing?

Mr. MARSHALL. With regard to conspiracy cases, generally not, Senator. The reason is that most of these countries operate under the Na-

poleonic code of law which is quite different from the English system used in our country. Generally, the conspiracy laws are very weak.

Senator NUNN. How about wiretap?

Mr. MARSHALL. Yes. Some countries do undertake legal wiretaps and we have in many instances been the beneficiary of the information gained off that type of operation and have made several significant seizures here in the United States as a result of that.

Senator NUNN. What about forfeiture of assets?

Mr. MARSHALL. Most countries do have some type of forfeiture law. It varies from country to country. We have been, I suppose, most successful in that type of investigation in the countries of Peru and Colombia.

Senator NUNN. If you had to rank the cooperative efforts that we now have ongoing with the countries that we have discussed here this morning, Jamaica, Colombia, Peru, Brazil, Panama, Bolivia, which one would you rank as number one in terms of cooperative effort with the United States?

Mr. MARSHALL. When you consider the entire picture, including the capabilities of the host country law enforcement agencies, I think that I will have to say that Brazil and Peru probably give us the highest degree of success in the cooperation that we seek from them.

Senator NUNN. Thank you.

Chairman ROTH. Senator Chiles?

Senator CHILES. No questions.

Chairman ROTH. Thank you, gentlemen.

Again I want to express the appreciation of the subcommittee for your very fine statements.

At this time it is my pleasure to call the Ambassador to Colombia, Thomas Boyatt.

[At this point, Senator Cohen entered the hearing room.]

Senator NUNN. Mr. Chairman, before we begin this, there is a long article in the Wall Street Journal today about the lenient sentences and the very severe problem we have with people skipping bail that have been arrested on narcotic charges. This is not anything new. This subcommittee has been in that for 4 or 5, or 6 years, but we haven't seemed to have made the progress that I once had hoped we had.

Senator Chiles has got a bill that I joined in and I think some others have here, too. On one occasion 2 or 3 years ago we had a documentation by staff on a particular conspiracy case and I don't remember the name of it, and it traced each offense and it traced the sentences they got in court. It named the judge. We are not in the business of harassing judges but this is public information. I would like to pose for the chairman's consideration and suggestion that the majority and minority staff work together to compile a meaningful list of drug traffickers, major drug traffickers who have been arrested and convicted within the Federal Drug Enforcement Agency and FBI and that we trace in a staff study the sentences that were meted out and the judges that gave those sentences, just as a matter of information.

I suggest that we make that available to members of the public and the news media and in particular I would like to make it available to the people in the particular area where the judges are. I think that has a real educational effect. We have heard over and over again from

these witnesses that both in Southeast Asia, South and Central America, that they really don't think we are serious about drugs in this country. We are always harassing them, pointing the finger at them, but as soon as we make an arrest, they are out on bail, they are skipping bail and many times Americans are arrested in these countries and we spend most of our diplomatic effort trying to get them speedily released so that they can be brought back here.

In the eyes of other countries it is dealt with very leniently. So I would like to pose that suggestion to the Chairman.

Chairman ROTH. I have not seen the article in the Wall Street Journal, but I think the suggestion is a good one. I would ask our counsel and staff on both sides to cooperate.

Senator CHILES. Mr. Chairman, I wonder if we might just amend that, say, not only where the conviction is made but also if we would look at some of these cases where bail is granted and then shopped around and reduced and then the offenders jump. The biggest case that we have made in Florida is called "Operator Grouper." It involved three separate narcotics outfits which were penetrated and most of the offloading operation was done by the good guys. It was almost a 3-year operation in which they had State, Federal, and local law enforcement people cooperating. One of the major offenders was named Fernandez that they were able to arrest.

It is estimated that the take he was making out of that operation was around \$40 million a year. Bond was set at \$21 million, reduced to \$5 million. A New Orleans Federal judge reduced it to \$300,000 and Mr. Fernandez is gone. In all of that operation he was the kingpin, and it seems to me that if we also could compile some facts like that, and on the judges or magistrates that are reducing bail, it also would be something very graphic for us.

Senator COHEN. Could I inquire whether Senator Nunn is directing his inquiry to the first panel of witnesses that we have that perhaps we should focus our attention on educating those who would be lured into the drug trafficking business, about the hazards of flying aircraft at 300 feet, the possibility of facing a 12-year sentence?

Senator NUNN. I won't exclude that.

Senator CHILES. Part of the information on some of this is available in the very comprehensive series of articles that was done by the Miami Herald. I wonder if maybe some of their information shouldn't be appended?

Chairman ROTH. I think what we might do in this area, I will ask Mr. Weiland to work with the staff and develop a study and in doing so, consult with the members of the committee. We will have a complete memorandum on this.

Mr. WEILAND. We will be happy to do that, Mr. Chairman.

Chairman ROTH. To proceed, I understand we are going to have a vote in a few minutes.

Mr. WEILAND. That is my understanding.

Chairman ROTH. We will continue with our witnesses. We have a number of them today. So we are going to have to try to expedite it.

Mr. Ambassador, if you would please rise again: Do you swear the testimony you give before this subcommittee will be the truth, the whole truth and nothing but the truth, so help you God?

Ambassador BOYATT. I do.

TESTIMONY OF HON. THOMAS BOYATT, U.S. AMBASSADOR TO COLOMBIA

Chairman ROTH We are delighted and very pleased to have you here today, I know you have a prepared statement. You might like to summarize it, and we will include your full statement in the record as if read.¹

Ambassador BOYATT. Thank you, Mr. Chairman.

Good morning to you and to the Senators.

Mr. Chairman, I would also respectfully request that you include in the record with my testimony these slides of some operations in Colombia and the accompanying descriptive material.

Chairman ROTH. Without objection.

[The material referred to was marked "Exhibit No. 6," for reference, and may be found in the files of this subcommittee.]

Ambassador BOYATT. Thank you.

In the interest of efficiency and speed, let me summarize briefly the problem. The problem has been eloquently stated by previous speakers and it is displayed graphically to my left. This year, and estimates vary by the way, I would estimate that marihuana production is much higher. This year we estimate that 25 metric tons of coca will flow to the United States from Colombia, that something on the order of 40,000 metric tons of marihuana will flow to the United States and probably 35 metric tons of methaqualone tablets.

What are we doing about this hemorrhage? In Colombia, in our Government's total effort there, we are operating at two levels: This first I call operational. That could be defined briefly as joint efforts by police officials, normal police work to disrupt the efforts of the major trafficking networks by arresting traffickers, seizing cocaine and marihuana and doing the normal kinds of police investigations, intelligence work and arrests that are normal.

The second area I call developmental. That is the area in which the U.S. Government funds and technical expertise are used to build Colombian institutions, the goal being that those Colombian institutions that deal with efforts to stop the flow of narcotics will be self-sufficient at some future point in time.

The developmental side involves expenditures on commodities, everything from patrol boats to K-rations, the former to interdict traffickers on the sea lanes and the latter to help keep the national police troops in the field in the Guajira area; to technical assistance, radar maintenance, helicopter maintenance; to training of drug enforcement agents, customs agents, the whole gamut of those who deal with narcotics.

Are we being successful or are we not? I think we are being very successful in absolute terms. The number of seizures has been going up every year and it looks like it will be up on the order of 300 percent this year, at least for methaqualone and for marihuana. The problem is that we are not being successful in relative terms. I say this without in any way downplaying, indeed expressing my great appreciation for the efforts of the police officials, both American and Colombian, who dedi-

¹ See p. 510 for the prepared statement of the Hon. Thomas Boyatt.

cate their lives and in some cases sacrifice their lives to stop this flow; I have to say to you that my judgment is that the degree of our success will vary directly with the degree to which we get to the source of the drug, whether it is a plant or a chemical. Therefore, I personally think that the United States should shift from the emphasis on interdiction to an emphasis on eradication. We can only do that with the cooperation of the Government of Colombia. In my judgment, that cooperation is dependent on two prerequisites. First, I think the Percy amendment has to be repealed and I understand that is true. Second, I think that before the United States can go to foreign governments and ask them with credibility to proceed to eradication, we have to eradicate in our own country.

I would hope that the administration, with the support of the legislative branch, will move to a policy of eradication and I think that if we do, and if these prerequisites are met, we will be even more successful in our efforts to stop the flow of drugs into the United States.

That is a 5-minute summary. I would welcome any questions the members might have.

Chairman ROTH. Thank you, Mr. Ambassador. We will follow strictly the 10-minute rule in the order of the Senators who appear.

Let me make one comment on your question of eradication in this country. I think that is a very important point that has come up time and again. Other countries don't take us to be serious about our commitment. It is my intent to send a letter, and I would hope that other Senators of the panel would be willing to join me to the Governors of those States in which there is a substantial growth of marihuana to try to determine what steps are being taken to promote eradication.

I might say that I am also going to look into the possibilities of some kind of amendment to the agriculture legislation to provide that perhaps those States that don't proceed aggressively ought to be subject to some reduction in funds flowing to those States as a measure to get wholehearted cooperation. But I agree with you, it is important that we do more here at home.

Let me ask you about the better utilization of foreign aid in attempting to eradicate the source.

How do you feel we can do more, or are there measures that can be adopted, to get better cooperation through the utilization of foreign aid? There are of course two approaches I guess. One you can try to adopt projects that will help replace the drug crops so that the farmers are having a substitute. That is a more positive approach. The other is perhaps a threat to cut off aid. Are either or both methods working?

Ambassador BOYATT. We have no aid program in Colombia. So the punitive approach would be a nonstarter there. I am not sure how effective that is on a global basis. I think that it will be necessary if we move toward eradication across the board to have a positive dimension to such a policy.

I think aid in the form of crop substitution programs or agricultural research programs, some form, some effort, some visible effort that makes it very clear that our policy is not simply destructive, but that it is also positive, would certainly make it a lot easier and make it a lot more likely that we would be successful.

Once we make the decision in this country, of course we have to go to the host countries and seek their cooperation and approval.

That is by no means a certain thing. Therefore, any program that we would have that would make our approach a positive one would be very helpful. I might say that in the early seventies, in Turkey, the poppy eradication effort there, that crop substitution was a very important part of that program and that program was successful.

Chairman ROTH. Do you feel the coordination between the several countries involved in the drug trafficking is adequate? Is there any need to try to organize a regional conference to better coordinate that, or do you think—

Ambassador BOYATT. I would support efforts for greater coordination. I do not think it is satisfactory now. What I see down the road, this is purely speculative, but what I expect will happen is that as our efforts for interdiction and eradication are more successful in the more settled areas of all of these countries, that there is going to be more and more operations moving into that vast jungle which is the Amazon Basin. Out there borders don't matter. They don't exist. It is somewhat fictitious to talk about the Colombian Amazon, the Brazilian Amazon, and the Peruvian. There is a single Amazon. To the degree the shift is there, it will be much more important. It is important enough now.

Chairman ROTH. I would like to work with you on trying to promote that kind of regional cooperation.

What sort of effect has drug trafficking—in the normal province of trafficking—had on the Colombian economy as a society? Has the crime rate risen substantially as a result of it?

Ambassador BOYATT. Yes, sir.

I think there are Colombians who will argue that the drug problem is an American problem. That is simply not true. The drug problem is affecting Colombia in three or four serious ways. One, as you suggest, the amount of criminal violence involved therein is causing a dramatic increase in that kind of violence. Second, when you have aggregates of resources on the order of billions that are involved in the drug trafficking, this provides the potential for great corruption in public institutions and public officials. Third, there is very good evidence that in the Guajira, in the northern part of Colombia, where most of the marihuana is grown, there is serious soil erosion going on as the druggers come in, and slash and burn and plant and then leave.

Fourth, there is an entire subterranean economy, a parallel economy, which is not controlled by either the monetary or fiscal authorities. So that the deleterious impacts of the drug business on Colombia are serious and serious Colombians understand it.

Chairman ROTH. We had testimony here on Tuesday about bribes being made to Colombian military personnel by drug traffickers. I wonder to what extent, how extensive is this official corruption?

Ambassador BOYATT. Obviously it is a very clandestine business and it is very hard to make a judgment. The military, that is, the Army, Navy, and Air Force, except in a support role, are pretty much out of the drug business and the major efforts are being prosecuted by the National Police.

The National Police as an institution have established a variety of procedures to combat this, such as alternating the units, the officers

involved regularly and internal investigative procedures. But the human condition is the human condition. It is a problem. It will be a problem in Colombia and I might add in the United States.

Chairman ROTH. Do you have any recommendations as to what Congress or this committee, subcommittee, can do? What additional tools could you use in the fight? I am sure you could use more money.

Ambassador BOYATT. I think it is important that the Percy amendment be repealed. I think it is important that the committee do everything it can to encourage domestic eradication efforts. I think it is important that the committee do what it can to deal with posse comitatus, so that military forces, at least in the surveillance and intelligence aspects of the business, can be involved in the war on drugs. I do think, sir, that the issue of resources is important. You cannot prosecute these programs without money. And the budgetary situation being what it is, perhaps it might be possible to transfer some resources which are being used domestically to combat the drug traffic to the international side because I think every person that comes up here is going to agree with the proposition that the closer you get to the source, the cheaper and the more effective your operation. And the source is overseas. That is where the plants are. That is where the chemicals are. Therefore, that is where our resources should be concentrated.

Chairman ROTH. I think it is a very interesting point you make. In other words, of the resources we have, you feel they could be better utilized to eradicate the foreign source of the drug?

Ambassador BOYATT. Yes, sir.

My colleague, Ambassador CORR, in addition to serving in Peru and about to serve in Bolivia, was also Deputy Assistant Secretary of State for Narcotics and International Matters and something of an expert.

Chairman ROTH. My time is up.

Senator RUDMAN?

Senator RUDMAN. I just want to come back, Mr. Ambassador, very briefly to the question which you used with the chairman regarding corruption. There was testimony, direct testimony, here, and also within the staff report, allegations of corruption, I think a bit more widespread than we might expect; judicial intimidation, killing of judges, people in the military speaking of very substantial bribery, and so forth. I understand that is the human condition and it varies from place to place in the world, but specifically what is the Colombian Government doing in a very vigorous way to work on this problem, because it is an idea that if this continues, no matter how much money you spend, you are going to have problems you just can't deal with?

Ambassador BOYATT. In addition to the steps that I mentioned with respect to alternating troops, moving them around and internal investigative efforts, the Government of Colombia is spending very limited resources and trying to strengthen the position of the judges.

With respect to judges, I would say that intimidation is a more serious problem than corruption. Just since I have been in Colombia, half a dozen judges have been gunned down, including a woman.

Senator RUDMAN. In drug cases?

Ambassador BOYATT. Judges that had made decisions in drug cases and our assumption is that that is the reason. It is a very serious business. But let me go back to my basic point, Senator. You cannot bribe

a plant. Plants don't move. They are not mobile. Therefore, this is another argument as to why our policy should be directed toward eradication rather than interdiction.

Senator RUDMAN. I believe that most people who have served in the positions with the law enforcement would agree with that. But the amount of resources necessary, for instance, to interdict seaborne traffic alone, would require probably the Sixth Fleet, spread across the Mediterranean. Moving to the Caribbean, off the South American coast, we are not interdicting what we must, because we don't have the resources. But obviously until we repeal the laws that you speak of, and also get host governments to agree to that taking place, we can engage in eradication which, of course, has to be primary.

I wonder if you might have someone on your staff supply for the committee, because I would be interested in looking at it, the level of judicial intimidation by case so we might be able to look at that. That would be something I would like to see.

Ambassador BOYATT. Yes, sir. We have the statistics and we would be glad to supply them. I do not have them with me.

Chairman ROTH. Senator Nunn.

[At this point, Senator Chiles withdrew from the hearing room.]

Senator NUNN. Senator Chiles wanted to ask a couple of questions before he had to leave for another committee. If he comes back, I will be glad to waive the rest of my testimony.

Mr. Ambassador, you mentioned shifting resources from domestic to foreign drug efforts, getting closer to the source and so forth. I agree with that. But in what area would you put additional resources in the foreign area?

Ambassador BOYATT. I would put additional resources into eradication programs. I mean assuming we make a decision to go in that direction and assuming the host governments are agreeable, it is a fairly expensive operation, particularly in the early years when you are buying helicopters, that sort of thing.

I believe that the Mexican program costs about \$100 million. We would presumably be doing something similar to that. In Colombia, with respect to marihuana, and in Bolivia, Peru, with respect to cocaine, supplementing these efforts with crop substitution and other economic developmental efforts, there are plenty of places to spend the money, Senator.

Senator NUNN. It is not a matter of personnel? It is not a matter of taking DEA agents from the United States and putting them in Colombia or something of that nature?

Ambassador BOYATT. My judgment on that with respect to Colombia at least—is that we have just about as many armed American police officials making cases in Colombia that Colombia can sustain. You know, there is a point beyond at which putting more police, our police officers, in another country become counterproductive.

Senator NUNN. Do they actually participate in arrests there?

Ambassador BOYATT. They observe the Mansfield amendment which means that they are not to be present when the arrests are made.

Senator NUNN. But they do get very involved indirectly?

Ambassador BOYATT. Yes, sir.

Senator NUNN. What do you believe would happen? I agree with you that the Percy amendment ought to be repealed. You know we have got legislation working its way through the process, unfortunately rather slowly because it is caught up in the House side on the foreign aid bill which doesn't look like it is going to pass anytime soon.

We may have to try to find another vehicle for it. But, nevertheless, let's assume we do repeal the Percy amendment. Let's assume we then go to Colombia and say we want to help. We want a cooperative eradication program in Colombia.

What do you believe the attitude of the Colombian Government will be to that response assuming it happens, let's say, next year sometime?

Ambassador BOYATT. Senator, I don't know is the honest answer. Colombia is, as you know, a functioning democracy with two parties, with an independent legislative branch that participates in the policy process.

We are going into an electoral period. A new House, a new Senate will be elected in March, a new President will be elected in May. What the constellation of political forces will be on the eradication issue after that process, I cannot predict with accuracy. What I can say is that as in the United States, this is an emotion laden political issue in Colombia. There are serious people on both sides of the issue. The debate will be joined and they will either accept or they won't.

I simply am not in the position to guess. I think that 3 years ago, 2 or 3 years ago, that the answer would have been certainly. In fact, there were Colombian officials who were coming to us suggesting that.

Senator NUNN. That is right. I recall that. We had some testimony on that at that time.

Ambassador BOYATT. But now I am not sure.

Senator NUNN. In Southeast Asia, we had testimony that the narcotics trafficking had got caught up in some countries with Communist insurgencies, guerilla-type movements, antigovernment movements.

Do you find that connection in Colombia?

Ambassador BOYATT. People keep saying there is no hard evidence of such a connection. I think there is some hard evidence of such a connection and the only—the real issue is what is the degree.

Let me say, and as the American Ambassador there, I am sure you understand that I study guerillas. I want to know who they are and what they are up to. The two major groups are the FARC which is the rural group and the M-19, which is an urban group.

In those groups, there are people who range all the way from hoods, thugs, criminals, through political idealists. It is a mistake to think of those guerilla groups as unified, because they are not. There is a great variation within them. Those on the criminal end are surely involved, even if it is only in the matter of providing protection to growers in return for money.

Whether there is a continual flow of arms back, there is no hard evidence to confirm that. But in the specific areas, there are linkages with specific purposes.

Senator NUNN. When you say linkages and you say there is hard evidence, you mean between guerilla activity and drug traffic?

Ambassador BOYATT. Yes.

Senator NUNN. Is there also linkage between Communist activity and drug traffic?

Ambassador BOYATT. Yes.

Senator NUNN. The guerilla groups are basically Marxist groups?

Ambassador BOYATT. The FARC is Communist and the M-19, their ideology is kind of confused, but I would say they are basically Marxist, yes, sir.

Senator NUNN. Is this a matter of concern to the Colombian Government?

Ambassador BOYATT. Yes, sir.

Senator NUNN. Do at least some people in government recognize that if this continues and the money flow continues to these groups that the very structure and the nature of the Colombian Government may be threatened?

Ambassador BOYATT. Very much so, Senator.

Senator NUNN. Is that crop perhaps the best argument we have got assuming we can repeal the Percy amendment for a cooperative eradication, perhaps, eradication-substitution program?

Ambassador BOYATT. It is a very strong argument, among the best.

Senator NUNN. Does Colombia have an endemic drug problem themselves as far as addicts, and so forth?

Ambassador BOYATT. It is growing. The statistics aren't very good. But our anecdotal evidence is that it is increasing as a problem. But it is nothing on the scale of the problem we face here and the public perception is that they do not.

Senator NUNN. Mr. Chairman, I will reserve the rest of my time. Senator Chiles might need his when he gets back.

Thank you.

Chairman ROTH. Senator Cohen?

Senator COHEN. What do you estimate the impact on the Colombian economy is, Mr. Ambassador?

We have had testimony over the years that in the State of Florida, for example, the impact on the economy is estimated to be anywhere from \$5 to \$7 billion on an annual basis and \$50 billion nationwide.

What is the impact actually upon Colombia itself? What has it done to its economy? We see, for example, in the State of Florida, and Senator Chiles will come back perhaps to expand on it, that you have a State that is virtually addicted to this drug industry. People are buying \$50,000 foreign cars, and investing in condominiums on a cash basis.

So you have an economy itself that starts to get hooked on the drugs themselves.

[At this point, Senator Chiles entered the hearing room.]

Ambassador BOYATT. Yes, sir. Well, again, there are no statistics. So we are talking about perceptions.

First of all, I think that the vast majority of the money produced does go to Florida. My response, I am not an expert to the question, about what is the financial center for the South American drug trade, I would have said Miami, Fla.

Senator COHEN. The reason I ask is when we talk about having substitution crops coming into the United States to replace the drug

industry, we have to have some idea what we are talking about, No. 1, to determine what this Government is going to be expected to bear as far as the cost, and No. 2, to determine what the Colombian Government is going to do.

In other words, we have to determine whether the Colombians have a vested interest in continuing this drug traffic as such or the production of drugs.

Ambassador BOYATT. I think that the Government of Colombia as a responsible government will look at that catalog of disasters that are happening in various areas of their body politic and body economic and judge, however much of that business stays in Colombia, it is not worth what it is costing Colombia in other areas.

Senator COHEN. We haven't done that yet.

Ambassador BOYATT. I have. You mean Miami?

Senator COHEN. I am talking about this country.

Ambassador BOYATT. The United States.

Senator COHEN. Right.

Ambassador BOYATT. No. I don't. We haven't basically made a decision as to how we are going to go on this issue which vastly complicates my problems in Colombia, obviously. But I don't know. Perhaps \$500 million stays in Colombia in one form or another, the amount that is paid to the small grower, the amount that goes to the trafficking families, the amount that goes into buildings, to the construction industry in that country. But I think I would say that the biggest chunk of it is coming to this country.

Senator COHEN. Let me just go back to the Percy amendment. I believe too that the time has come to eliminate the amendment. But perhaps you ought to explain the background behind it.

As I recall at the time that Senator Percy offered that amendment and it was passed, there was great ambivalence in this country as to what the health effect of marihuana was. The fact was that you had a social phenomena taking place with millions and millions of people using it for the first or second time on an experimental basis.

As I recall, Senator Percy was concerned that the use of chemicals in spraying the marihuana was actually more dangerous than the marihuana itself. That is what led to the passage of the Percy amendment.

I am told that health studies subsequent to passage of the amendment have indicated that marihuana is not as hazardous to our health as we first suspected. This finding would therefore remove the basic underpinning of the Percy amendment. But I was wondering from your information, and perhaps this is not your area of expertise, but couldn't we use chemicals to color the marihuana or give it an odor which would alert potential users that the marihuana was in fact treated with chemicals which could prove harmful to them?

In other words, you don't want to get into the situation where you have kids in school experimenting with marihuana and suffering some long-term permanent damage?

Ambassador BOYATT. First of all, let me say that the experts that talked to us made two points: One, that there is no evidence that paraquat is harmful, and, two, and this is more important, there is a lot of evidence and accumulating evidence that marihuana is harmful.

Therefore, I would say that whatever the perceptions were when the Percy amendment was passed, the reality is now the reverse.

Senator COHEN. But that is changing across the country. For example, I know in my own State of Maine that, because of the social phenomenon aspects of it, the authorities have actually reduced possession of small amounts of marihuana to a misdemeanor. That was repeated in a number of different States.

We have gone through a period of great ambivalence in this country, comparable to the years in the twenties when we were outlawing liquor. That is changing now. So I think we are seeing a reason for eliminating the Percy amendment.

Ambassador BOYATT. Let me also say as you know the Mexican Government did use paraquat in its herbicidal spraying program and to my knowledge there is no confirmed case of damage resulting from that.

With respect to markers, I don't know where that is experimentally. There was something about putting essence of skunk in paraquat or a color. I just don't know where that is, Senator. But I think the basic point here is that there is no evidence that it is harmful. There is a lot of evidence that marihuana is harmful.

Senator COHEN. I think that is the proper basis for eliminating or repealing the Percy amendment.

Ambassador BOYATT. Yes, sir.

Chairman ROTH. Senator Chiles?

Senator CHILES. Good morning, Mr. Ambassador.

Ambassador BOYATT. How are you?

Senator CHILES. Fine, thank you. We have repealed the Percy amendment in the Senate. In doing so we also provided, Senator Cohen, that if we develop a marker, that we will use it and we also have provided that we will monitor cases of any harmful health effect. The Ambassador is correct.

When we get back and look at the time when the spray program was going in Mexico, there is not a single confirmed case of permanent health damage. So we really had some great misinformation or disinformation that was circulated in regard to it.

Paraquat is the most commonly used herbicide for agricultural practices. It is used in your State, I am sure. It is certainly used in mine. It is used in Colombia on bananas. It is used on tobacco. It is a weed killer. It is the most commonly used weed killer that we have. It is used on all kinds of crops in this country; soybeans, wheat, et cetera.

So, if people are talking about paraquat and the great dangers, they ought to be looking at all of these other uses.

Senator COHEN. If you would yield, I think that was the basis of the Percy amendment when it passed in the Senate originally.

Senator CHILES. It was. Many of us felt it had these harmful effects.

Senator NUNN. We have made paraquat safer than bread and marihuana safer than bread. [Laughter.]

Senator CHILES. Mr. Ambassador, what I am concerned about is we have not repealed it in the House. There are some problems as I understand it because it is attached to the foreign aid authorization

bill and there is no telling when or if that bill is going to come up.

Could you tell us, with the Presidential elections that are now taking place, what kind of time deadline do you see that we are working under to try to get some kind of a spray program in place while President Turbay is still in office? And your prediction as to whether we could enter into a program with President Turbay and also if you will give us some kind of a time projection for the appropriations cycle, recognizing we are going to have to appropriate money?

Ambassador BOYATT. Yes, Senator CHILES. My frank judgment is that given the Colombian political process, it is now too late right now—let alone in the future—to in fairness go to the administration of President Turbay with a suggestion for an eradication program which will be very important for Colombia.

The Presidential elections are in May. The political process is already engaged. There is a candidate for the Liberal Party and on November 29, there will be a candidate for the Conservative Party. There is also a dissident liberal in the field. So that I don't think that it is in the best interest of either the United States or Colombia to go to Colombia with such a proposal now. I think that that political process should be completed and a new government in place.

Senator CHILES. We have already missed that time cycle?

Ambassador BOYATT. Yes; I regret to say that we have. My judgment is that anytime in the last 3 years that an eradication program would probably have been welcomed by the Government of Colombia. But that now it is too late for that; that we have to wait until the political process completes in this democratic country and then to decide how we want to proceed and then build it, government to government.

As I told Senator Nunn, I am not in the position to predict how Colombia is going to go. I just don't know.

Senator CHILES. Give me your idea of how important it is going to be as to what kind of weight or importance the United States places on that proposition in regard to seeking the assistance of Colombia?

Ambassador BOYATT. Absolutely critical, Senator. Unless the body politic in Colombia are convinced that the United States is truly serious about this problem and that we confirm our seriousness by such steps as repealing the Percy amendment, initiating our own herbicidal spraying programs against domestically grown marihuana, devising a program for eradication that is both adequately funded and involves some degree of positive economic——

Senator NUNN. Such as crop substitution, Ed?

Ambassador BOYATT. Yes; that we will not be successful.

Senator NUNN. The other point I am reaching for is given our relation, bilateral relationships with Colombia and the United States is it also going to be a key factor that Colombia is going to have to know that we consider this to be a centerpiece or the centerpiece in our bilateral relations?

Ambassador BOYATT. Yes, sir. Absolutely.

Senator NUNN. So that means the President of the United States has got to speak out on this and has got to show Colombia that this is a centerpiece of our relationship.

Ambassador BOYATT. Yes, sir.

Senator NUNN. I understand you are not going to speak for the President of the United States.

Ambassador BOYATT. No.

Senator NUNN. Is it going to be necessary that we make this, that we convince the Colombians that we consider this to be a centerpiece?

Ambassador BOYATT. Yes; absolutely.

Senator NUNN. Tell me if you can quickly about what kind of funding that you see involved here.

Ambassador BOYATT. Yes, sir. The Mexican program costs \$100 million. I would suspect that on the eradication side that the Colombian program would cost something less. But then there are complements to this program to the other countries in the area. There are speakers who follow me who can probably address this globally with more exactitude than I can, but I would guess on both sides, both on the eradication side and on the positive economic side we would be talking \$100 million a year for several years.

Senator COHEN. Is that on each side?

Ambassador BOYATT. No; I would say 50-50.

Senator CHILES. Given the fact we are now spending about \$900 million a year annually in trying to combat drugs, do you think that this, let's say it is \$10 million a year that we will put into a program to eradicate marihuana in Colombia—

Senator NUNN. \$100 million.

Senator CHILES. I am saying per year. He is talking about a total of \$100 million, so you couldn't do it in a year.

Ambassador BOYATT. Are we talking just about Colombia?

Senator CHILES. Colombia.

Ambassador BOYATT. Say \$100 million a year for—\$10 million a year for eradication and another \$10 million for some kind of economic help.

Senator CHILES. \$20 million a year?

Ambassador BOYATT. Yes.

Senator CHILES. The question I want to ask, my time has expired, is this an effective way to use part of the \$900 million that we are now spending in trying to combat drugs, is this a cost effective way?

Ambassador BOYATT. Absolutely.

Senator CHILES. To spend up to \$2 million a year?

Ambassador BOYATT. Yes.

Senator CHILES. In Colombia to try to get a spray program and the programs that would go with that for crop substitution or education?

Ambassador BOYATT. I think that that is just unchallengeable; yes.

Senator NUNN. Senator Chiles, Senator Roth and I were just talking about the possibility of finding another bill that would perhaps go through more rapidly than the foreign aid bill can go through the House. What about joining forces on a bipartisan way to try to put your amendment on the continuing resolution?

Senator CHILES. I think it would be great and I believe the support is there, I believe, on the floor of the House to pass that. I think it is more a problem of having the vehicle. I think that would be an excellent idea.

Chairman ROTH. The only difficulty I see is can you put that on an appropriation? But anyway, I think we ought to look for whatever vehicle.

Senator CHILES. We may have to find several vehicles to put it on.

Senator COHEN. MX. [Laughter.]

Senator NUNN. B-1 bomber.

Chairman ROTH. I do want to warn the panel it is 10 after 11 and we have several distinguished witnesses. I don't want to cut this off.

Senator RUDMAN. I want to make one brief comment, Mr. Chairman, if I might and I think the testimony here and the dialog is very interesting but one thing we should not lose sight of that, that is the testimony that we have, most intelligence data that we know of concerning marihuana would indicate that right within the Continental United States within about a 3-year period we are going to be producing probably enough marihuana to cut down much of that which is being imported. So if we are going to do it, we have to recognize it has to be a total solution and, of course, we have got some environmental problems in this country, talking about spraying as the Senator from Florida is well aware of. I hope we can look at it as a total problem rather than simply eliminating it here and find it coming from someplace else.

Senator NUNN. Are you suggesting that if we handle it the way we handled the Medfly we may not meet with success?

Senator RUDMAN. I agree.

Chairman ROTH. I would point out to the panel that we do have a representative coming later this morning, the last witness, to talk about the domestic problem. I am not sure we will get to him or not at the rate we are going. But I agree it does have to be a total approach.

Mr. Ambassador, I want to thank you on behalf of the panel. If there are any further questions I would ask that they be submitted in writing. If you would be kind enough—

Ambassador BOYATT. I have Senator Rudman's question on the judicial situation.

Senator NUNN. I want to thank the Ambassador. It is very impressive testimony. We appreciate it. I will waive the rest of my questions for these witnesses until I hear their basic story and then go to the written questions for the record for them.

Chairman ROTH. Why don't we see how we proceed before we make that decision. But we appreciate your appearance, Mr. Ambassador.

Next, we have Mr. Stephen M. Block, Deputy Director, Office of Andean Affairs, Department of State. Would you please raise your right hand? Do you swear that the testimony you will give before this subcommittee will be the truth, the whole truth and nothing but the truth, so help you God?

Mr. BLOCK. I do.

TESTIMONY OF STEPHEN M. BLOCK, DEPUTY DIRECTOR, OFFICE OF ANDEAN AFFAIRS, DEPARTMENT OF STATE

Chairman ROTH. Please be seated. We would like to proceed on the same basis that we did with the Ambassador, have you summarize your statement, and we will include the full statement as if read.¹

¹ See p. 517 for the prepared statement of Stephen M. Block.

Mr. BLOCK. Very good, Mr. Chairman.

Senators, the testimony before the subcommittee today on the narcotics problem in Bolivia, is particularly timely, because the White House last week announced the nomination of Ed Corr to be Ambassador to Bolivia. As you undoubtedly know, the narcotics problem was a major factor in our decision not to return the Ambassador to La Paz following the military takeover in July 1980.

Let me begin by just very briefly sketching some of the background which led to our taking what is really just the first step in the process of normalizing our relations with Bolivia.

General Garcia Meza seized power on July 17, 1980, interrupting a process which we believe would have led to the establishment of a civilian, constitutional government in Bolivia. We viewed the process which he interrupted as being positive both in terms of promoting political stability for Bolivia as well as democratic principles. The American Ambassador, following the coup, was recalled because of threats on his life and we made a decision not to return him to La Paz and to conduct relations with the Government of Bolivia at the charge level for 16 months.

We also at that time reduced our official presence in La Paz, and we reduced our programs substantially. These decisions, Mr. Chairman, reflected our concern about the policies of the Garcia Meza regime in basically the following areas. We were concerned particularly about narcotics trafficking, we were concerned about the derailment of the constitutional process, we were concerned about human rights violations and we were concerned about economic mismanagement.

We suspended our military assistance programs. We withdrew our military group personnel, and we substantially reduced or suspended U.S. development assistance programs.

What aid we did continue was mainly in the humanitarian area. Shortly after the coup, in July 1980, we learned that some of the senior government officials of that government were involved in narcotics trafficking or they were receiving large sums of money from traffickers. At the same time, according to our best information, trafficking increased. We concluded that we could not expect meaningful cooperation from the Garcia Meza regime in the fight against narcotics and consequently withdrew our DEA presence.

We continued to have discussions with the Garcia Meza government over the next year, but unfortunately those discussions were without any satisfactory outcome. I said that we withdrew our Ambassador, and I would also note that many other governments had similar reactions to the July 1980 coup.

Appended to my statement will be a table which will outline the reaction of these other governments.

In August of this year, the three Armed Forces commanders forced Garcia Meza out, and they formed a ruling junta. This lasted about a month, and in September Army Commander General Celso Torrelio Villa became the sole President of Bolivia. I am pleased to inform the committee that the Torrelio government has responded positively to our major concerns, particularly by indicating a commitment to take effective measures in the narcotics field. He removed from high govern-

ment office persons who were suspected of involvement in trafficking. In September the government published the names of five Bolivians who had been indicted in the United States for narcotics trafficking and offered a reward for information leading to their capture.

Particularly important, Mr. Chairman, is the fact that last month the Government facilitated the voluntary surrender in Miami of two of these indicted Bolivian traffickers, one Alfredo Gutierrez and the other, Marcelo Ibanez.

I said at the outset that we have taken the first step in normalizing relations with Bolivia, and I would emphasize that this is just a first step. Let me briefly outline, if I may, the dimensions of the narcotics problem in Bolivia, unless you prefer that I omit it, Mr. Chairman.

Chairman ROTH. Please proceed.

Mr. BLOCK. There are two principal narcotic-growing regions in Bolivia, one is the Yungas and the other is the Chapare. The Chapare is of particular interest to us, because that region is the source of the basic ingredient of cocaine, which in turn enters the U.S. market. We estimate that the Chapare produces approximately 50,000 metric tons of coca leaf. This theoretically could serve as the basis for up to 100 metric tons of cocaine hydrochloride.

Bolivia actually produces some of this cocaine hydrochloride, but a great deal more is made in Colombia from Bolivia-origin coca derivatives.

The total value of the illicit drugs produced in Bolivia is believed to be as high as \$1.6 billion or about three times the value of the leading export, that is, tin. The money does not enter the economy in its entirety. Much of it finds its way outside the country.

[At this point, Senators Chiles, Nunn, and Rudman withdrew from the hearing room.]

Mr. BLOCK. For several years preceding the 1980 coup, we had been contributing to the Bolivian efforts to control cocaine production and trafficking. We supported programs which would limit the availability of the leaf to legitimate users, and we supported an organization (PRODES) which has crop substitution as its principal objective.

[At this point, Senator Nunn entered the hearing room.]

Mr. BLOCK. Even though our assistance is now sharply reduced, as I said at the outset, we are still earmarking \$250,000 for a crop substitution program for the period which began last July to September 30, 1982. This amount is considered the minimum funding necessary to prevent PRODES from collapsing. It is not, however, enough to expand its operation allowing it to proceed effectively in the crop substitution area.

Mr. Chairman, the United States is the only Government thus far to be active in the area of antinarcotic programs.

It is our judgment that the Torrelío government is serious about cooperating with us in the field of narcotics. The Drug Enforcement Administration reopened its office in La Paz last September and assigned a special agent to it. We are going to be looking to our Ambassador to give his assessment and recommendation concerning the appropriate size for the DEA staff.

Despite some positive steps and encouraging pronouncements from the Torrelío government, we are looking to it for basic actions in three

basic areas: First, suppression of narcotics manufacturing and trafficking; second, action to control production and marketing of the coca leaf; and, third, effective work in agricultural development or crop substitution. As the evidence accumulates that the government of General Torrelio is undertaking effective measures within these areas, we will consider—of course within our resource limitations—resuming our antinarcotics programs.

We don't minimize the difficulties of fighting the evil. What we are looking for from the Torrelio government is evidence of its commitment to engage in the battle against it.

Let me just mention that although the focus of this hearing is on narcotics, the Torrelio government has been responsive to our concerns in other areas: Human rights, economic management, and the matter of constitutional and democratic government.

I would conclude, Mr. Chairman, by saying that the exceptionally negative factors which have prevented our having an ambassador in La Paz have been corrected by the Torrelio government. We have, therefore, decided that it is appropriate to send an ambassador to La Paz who will work with the Bolivian authorities to advance our goals. I would add what I think is apparent to the members, that the choice of Ed Corr as Ambassador to Bolivia is particularly appropriate. Ambassador Corr has a background in narcotics in the State Department and therefore knows the situation in Bolivia thoroughly.

Thank you.

Chairman ROTH. Thank you.

Because the Ambassador will be our next witness, I will make my questions very brief. But, Mr. Block your statement does indicate that the naming of a new U.S. Ambassador to Bolivia is not an indication of full normalization of relations. Do the Bolivians understand this to be the case?

Mr. BLOCK. Yes; that has been made very explicit, and they fully understand our concerns, particularly in the narcotics field.

Chairman ROTH. Reportedly, the current government has made assurances to correct abuses of this Garcia regime. What sort of assurances have been made and have timetables been discussed?

Mr. BLOCK. I think we have not gotten to the point, Mr. Chairman, of discussing timetables. They understand that they have got to deal with the problem in the three areas that I mentioned, namely, dealing with the problem of production of the cocaine itself, working to control the leaf and then finally in terms of crop substitution. What they have done thus far, Mr. Chairman, is to entirely change the environment which existed under the Garcia Meza regime, which was favorable to traffickers and in which they were able to move freely without any fear of being arrested. That climate has changed.

Chairman ROTH. Senator Nunn?

Senator NUNN. Just one question.

What is your estimate of the amount of the gross national product of Bolivia that is comprised of narcotics trade?

Mr. BLOCK. Let me give you a written answer to that. I don't have a precise figure.

[The information to be furnished follows:]

DEPARTMENT OF STATE,
Washington, D.C., November 17, 1981.

Mr. S. CASS WEILAND,
Chief Counsel, Committee on Governmental Affairs, Senate Permanent Subcommittee on Investigations, Washington, D.C.

DEAR Mr. WEILAND: Following my testimony on November 13 concerning Bolivia, I was asked by Senator Nunn what percentage of Bolivia's GDP was accounted for by the narcotics traffic. I would be grateful if you would provide my response to Senator Nunn and any other members of the Subcommittee who might be interested.

It is difficult to estimate the value of the illicit narcotics traffic in Bolivia. While it is probably somewhat on the high side, we are using a figure of \$1.6 billion annually. It is difficult to relate this illicit trade to Bolivia's GDP, because a substantial portion of this value does not enter the Bolivian economy. At the risk of entering certain values twice into the GDP calculation, I would add the \$1.6 billion to the GDP of \$5.98 billion (1980) and then conclude that the illicit narcotics trade is 21 percent of GDP.

Please let me know if the Subcommittee has other questions concerning Bolivia.

Best regards,
Sincerely,

STEPHEN M. BLOCK,
Deputy Director, Office of Andean Affairs.

Senator NUNN. We have heard that substantial narcotics profits in Bolivia have undermined governments of Bolivia in the past. Do you agree with that?

Mr. BLOCK. Absolutely. It is certainly our judgment that the Garcia Meza government was very much dependent upon and very much involved with the traffic.

Senator NUNN. To what extent did the cutoff of aid to Bolivia have an influence on their new attitude toward dealing with our Government in narcotics enforcement?

Mr. BLOCK. I would say that the response of the Bolivians has been mainly the result of our decision not to return our Ambassador to La Paz. Bolivia found itself politically isolated from the international community as a result of the U.S. decision and similar decisions by other countries.

I think that was probably the most effective factor. The cutoff of aid, in the case of a country like Bolivia, was also important.

Chairman ROTH. Thank you.

Thank you very much, Mr. Block. We appreciate your being here today. At this time I am pleased to call Ambassador Edwin Corr.

Mr. Ambassador, will you please raise your right hand? Do you swear that the testimony you will give before this subcommittee will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. CORR. I do.

TESTIMONY OF HON. EDWIN G. CORR, FORMER U.S. AMBASSADOR TO PERU

Chairman ROTH. Thank you. As we have done with earlier witnesses, we will include your prepared statement in the record as if read if you care to summarize it.¹

Please proceed.

¹ See p. 530 for the prepared statement of Edwin G. Corr.

Mr. CORR. Mr. Chairman, members of the subcommittee, I am very pleased to be here. I will make my comments brief in order to have time for any questions that you might have.

During the past year particularly, the Government of Peru, with U.S. Government support, has taken some very significant steps toward making its narcotics control programs more effective. The enforcement activities that the Drug Enforcement Agency of our country supports and collaborates in, have continued, and with considerable success. One of the more notable things is that the government, as mentioned here earlier by the DEA representative, has established a special unit that is now located in the Tingo Maria, the Upper Huallaga Valley. We believe it is well equipped, that it is effective, that it is under honest and very vigorous leadership. The very presence of that unit alone has had an effect on the coca growing. That is one indication of the continued Peruvian activity in the field of enforcement.

I would like to mention also that I believe some progress is being made in the judicial field. It is my opinion that although there is still much to be done worldwide with enforcement agencies, in countries that are producers and/or transit countries, and also in the United States, police efforts have outstripped effective efforts in judicial areas. This is particularly true in some developing countries.

In an attempt to try to get at this, in Peru, we have had some specific projects to support the Attorney General's Office and the Minister of Justice. But primarily by using diplomacy and working with the key officials of Peru I believe that progress has been made in the judicial field. In addition to strong Ministers of Justice and very honest and upright judges that have been appointed to the Supreme Court. There is also what is called a Fiscal General by the name of Gonzalo Ortizde Cevallos, who is known for his honesty and integrity, and who has taken a special interest in the judiciary. He has set out to try to correct any inappropriate judicial actions that come to his attention.

An example of this is the case of a notorious narcotics trafficker by the name of Mosca Loca—at least that is the name he goes by. This man has been arrested on several occasions, but somehow or other has always been able to find a way to be released. When the Fiscal General heard that Mosca Loca was again on the verge of being set free he immediately took legal action to have the case remanded for a new trial. It is this kind of commitment and effort that I think is particularly important.

Finally, the Peruvian Government has begun a concerted effort in the Upper Huallaga Valley. You will hear more about that from the AID representative here, Mr. Weber, so I will not go into that in detail, but it is an example of the type of thing that we were talking about earlier, the use of AID programs in carrying out developmental projects that will complement and reinforce narcotics control activities.

I believe that the project that has been developed in the Upper Huallaga is excellent, not only in terms of what it will contribute to narcotics control, but also as a development project. Because of his association with narcotics, I believe it was subjected to criteria and standards that are higher than most development projects and that we will be able to kill two birds with one stone, so to speak, and that