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TO CREATE A SELECT COMMITTEE ON
NARCOTICS ABUSE AND CONTROL

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HEARING

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BEFORE THE

COMMITTEE ON

RULES AND ADMINISTRATION

UNITED STATES SENATE

NINETY-SIXTH CONGRESS

SECOND SESSION

ON

S. RES. 207

TO CREATE A SELECT COMMITTEE ON NARCOTICS ABUSE
AND CONTROL

APRIL 23, 1980

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United States Senate

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CONTENTS

WEDNESDAY, APRIL 23, 1980

	Page
Opening statement of Hon. Clairborne Pell, chairman of the Committee on Rules and Administration	1
Statement of—	
Hon. Dennis DeConcini, a U.S. Senator from the State of Arizona, and sponsor of Senate Resolution 207	2
Hon. Adlai E. Stevenson, a U.S. Senator from the State of Illinois	15
Hon. Sam Nunn and Hon. Charles H. Percy, chairman and ranking minority member, respectively, of the Senate Permanent Subcommittee on Investigations	17
Hon. Joseph R. Biden, Jr., chairman of the Subcommittee on Criminal Justice, Committee on the Judiciary	31
Robert W. Greene, assistant managing editor, Newsday; and Thomas C. Renner, organized crime investigative specialist, Newsday	44
Michael J. Aguirre, professor of history, University of Southern California, Los Angeles	57
Henry Messick, investigative reporter and author, Fort Lauderdale, Fla.; and Thomas Mechling, investigative reporter and author, New York, N.Y.	66
Paul L. Perito, special Washington counsel, National District Attorneys Association	80
Patrick Michael Clawson, executive director, Saginaw Valley Crime Commission, Inc., accompanied by Jon Cisky, chairman, Criminal Justice Department, Saginaw Valley State College, and member, board of directors, Saginaw Valley Crime Commission, Inc.	87
John Thatcher, president, Banana Supply Co., Inc., Miami, Fla.	195
Patrick F. Healy, executive director, Chicago Crime Commission	200
William E. Riley, Federal Investigators Association	209
Paul A. Rowell, acting chief field counsel, Division of Criminal Investigations, Florida Department of Law Enforcement	214
Prepared statement of—	
Hon. Dennis DeConcini	9
Hon. Adlai E. Stevenson	16
Hon. Charles H. Percy	25
Before the Chicago Crime Commission, April 15, 1980	26
Hon. Joseph R. Biden, Jr.	40
Hon. Charles McC. Mathias, Jr., ranking minority member, Subcommittee on Criminal Justice, Committee on the Judiciary	43
Robert W. Greene, assistant managing editor, Newsday	52
Thomas C. Renner, organized crime investigative specialist, Newsday	55
Michael J. Aguirre, professor of history, University of Southern California, Los Angeles	62
Paul L. Perito, special Washington counsel, National District Attorneys Association	83
Patrick Michael Clawson, executive director, Saginaw Valley Crime Commission, Inc., Saginaw, Mich.	108
Supplemental statement	111
Patrick F. Healy, executive director, Chicago Crime Commission	206
Philip Wayne Hummer, president, Chicago Crime Commission	208
John S. McNerney, immediate past national president, Federal Criminal Investigators Association	212
Paul A. Rowell, acting chief field counsel, Division of Criminal Investigations, Florida Department of Law Enforcement	217

Letters to—

Hon. Mark O. Hatfield, ranking minority member of the Committee on Rules and Administration, from Hon. Charles H. Percy, ranking minority member of the Senate Permanent Subcommittee on Investigations, April 18, 1980	29
Hon. Claiborne Pell, chairman of the Committee on Rules and Administration, from—	
Hon. Frank Church, chairman of the Committee on Foreign Relations, April 22, 1980	43
Hon. Donald W. Riegle, Jr., chairman of the Subcommittee on Alcoholism and Drug Abuse, Committee on Labor and Human Resources, April 22, 1980	86
Hon. Dennis DeConcini, from—	
Steve Allen, Van Nuys, Calif., April 17, 1980	224
Virgil W. Peterson, Riverside, Ill., April 7, 1980	224

Miscellaneous—

Summary of the activities of the House Select Committee on Narcotics Abuse and Control—1977, 1978, 1979, and 1980, prepared by the staff of the Committee on Rules and Administration	7
Text of Senate Resolution 207	219
Charts submitted by Mr. Clawson of the Saginaw Valley Crime Commission, Inc.—	
The Elias Cortez Organization	98
Organized Criminal Activity—Persons of Interest—Saginaw-Bay City-Midland, Michigan area	100
Organized Criminal Activities—The Mexican Mafia	102
Organized Criminal Activities—Persons of Interest—Metropolitan Flint, Mich. area	104
Detroit Influences on the Saginaw Valley	106

TO CREATE A SELECT COMMITTEE ON NARCOTICS ABUSE AND CONTROL

WEDNESDAY, APRIL 23, 1980

U.S. SENATE,
COMMITTEE ON RULES AND ADMINISTRATION,
Washington, D.C.

The committee met, pursuant to notice, at 10:02 a.m., in room 301, Russell Senate Office Building, Hon. Claiborne Pell (chairman) presiding.

Present: Senators Pell, DeConcini, and Hatfield.

Staff: William M. Cochrane, staff director; Gerald W. Siegel, chief counsel; Thomas K. Decker, minority staff director; Donald F. Massey, minority counsel; Raymond N. Nelson, professional staff member; Paul G. Goulding, professional staff member; Jack L. Sapp, professional staff member; Robert C. Heckman, assistant chief clerk (auditor); and Peggy Parrish, chief clerk.

OPENING STATEMENT OF HON. CLAIBORNE PELL, CHAIRMAN OF THE COMMITTEE ON RULES AND ADMINISTRATION

The CHAIRMAN. The Committee on Rules and Administration will come to order.

Our first business at this morning's meeting is Senate Resolution 207, introduced by our colleague, Senator DeConcini, and cosponsored by Senators Ford, Leahy, Hatfield, and Schweiker. The resolution proposes to establish a new Senate Select Committee on Narcotics Abuse and Control which, without legislative authority, would conduct a continuing study of the problems of narcotics abuse and control and review any executive department recommendations in this vitally important field.

We, in the Senate, are greatly concerned with the continuing problem of narcotics abuse, including the involvement of organized crime, and we are interested in pursuing every effort to eliminate or at least reduce such abuses and to establish more effective controls at every level of government.

We are mindful that several standing committees of the Senate already have jurisdiction and on-going investigations in this field. Whether an additional committee in the Senate for these purposes is necessary and desirable is the question before us as we open this hearing on Senate Resolution 207.

I would defer at this point to my friend and our colleague and our fellow committee member and sponsor of the resolution, Senator DeConcini, for his statement.

STATEMENT OF HON. DENNIS DeCONCINI, A U.S. SENATOR
FROM THE STATE OF ARIZONA, AND SPONSOR OF SENATE
RESOLUTION 207

Senator DeCONCINI. Good morning, Mr. Chairman. I appreciate the opportunity to appear before you this morning on behalf of Senate Resolution 207, a resolution that I am sponsoring together with Senators Ford, Leahy, Hatfield, Schweiker, and Boren. Our resolution proposes the establishment of a Senate Select Committee on Narcotics Abuse and Control.

I want to insert here, Mr. Chairman, that I realize how busy you are and the committee staff, and I greatly appreciate you finding the time to hear these hearings today for several hours, and the staff of the committee for cooperating with us on the witnesses and my own statement.

I recognize that in making this proposal, Mr. Chairman, I appear to be running counter to the thrust of Senate Resolution 4, which reorganized the Senate committee structure by eliminating and consolidating committees. I am equally cognizant of the fact that I incur the displeasure of a number of distinguished colleagues whose various committees and subcommittees already have formal jurisdiction over various aspects of the drug problem.

Before examining the substantive reasons why such a new committee is imperative, I should like to address the internal political and policy issues. Certainly, I would be the last member of this Senate to oppose the fundamental thrust of Senate Resolution 4. The work done by Senator Stevenson and the other members of the special committee that proposed the resolution was excellent, indeed. The resolution, even though modified on the Senate floor, went a long way towards streamlining the Senate committee structure and making it conform better to the needs of our Nation, enabling us to do our jobs more effectively.

To argue, however, that this resolution should be made the basis for objections to any changes or modifications in the present structure is to set in concrete a document that reflected the needs of the Senate and the country at a given time. As a supporter of Senate Resolution 4, I believe that our resolution to establish a select committee is consistent with that spirit.

The ultimate purpose of the recent reorganization, as I understand it, was to eliminate, as much as possible, the sort of fractured jurisdiction that limits the ability of the Senate to act effectively. One of the major accomplishments of the reorganization was to centralize most jurisdiction over energy in the newly named Energy and Natural Resources Committee. Previously, the jurisdiction was shared in some measure by so many committees that effective policy was virtually impossible.

An analogous situation exists today with regard to the problem of drugs and drug control. Jurisdiction over this fundamental societal problem is also fractured; it is scattered among a number of legislative and investigative committees. For example, oversight over the Drug Enforcement Administration is shared by the Appropriations and Judiciary Committees. However, the U.S. Customs Service, which is primarily responsible for interdiction, is covered by the Finance Committee and a different appropriations subcommittee. The heretofore very effective eradication programs are ad-

ministered by the State Department, which reports to the Foreign Relations Committee. The Government Affairs Committee has jurisdiction over the main issue of organization and reorganization; moreover, its Permanent Subcommittee on Investigations has a general mandate to oversee crime.

Many issues relating to demand reduction, integral both to an understanding of the drug problem and to the design of effective solutions, lie within the purview of the Labor and Human Resources Committee. Active and former military personnel represent a substantial share of the Nation's addict population; solutions to their difficulties, which have a bearing on the universal problem, are being devised within the Armed Services and Veterans' Affairs Committees.

Beyond these more obvious examples, a host of other governmental agencies, including among these—the Internal Revenue Service, the Bureau of Alcohol, Firearms, and Tobacco, the FAA, the CIA, the Agriculture Department, and the FBI—are involved to one degree or another in the drug problem and report to a variety of different Senate committees and subcommittees.

The net result, Mr. Chairman, is that in the area of illicit narcotics we are like the ancient parable of the blind men and the elephant. No one committee or subcommittee in the Senate is able to view the problem in its totality and, thus, to work toward developing a comprehensive strategy. But let me clarify one point in this context. The resolution that we have offered neither contemplates supplanting these many fine committees nor negates the superb work that they have done in the past and will do in the future.

General oversight of different agencies quite properly should remain within the domain of both the relevant standing committee and the relevant appropriations subcommittee. Likewise, we are in no way suggesting that the select committee usurp the proper legislative function of these committees. The select committee would be endowed with no legislative mandate. Neither are we suggesting, Mr. Chairman, that the select committee preempt the general investigative mandate of the Permanent Subcommittee on Investigations.

More importantly, we are simply saying this: The drug problem in the United States has reached crisis proportions and shows every indication of increasing in severity. It is a problem of extreme complexity because of its many dimensions and because of the numerous different Government agencies involved. Let me note parenthetically that it is an effort which is as much a State and local problem as it is a Federal problem. Furthermore, we would argue that, to date, the Federal Government, in particular, has not been able to develop an effective national strategy for attacking and ameliorating this societal cancer. I say this notwithstanding the many gains and, indeed, individual heroics that have characterized the effort.

The most comprehensive analysis of the drug problem is a report prepared over a period of years by the General Accounting Office and released to me in the context of oversight hearings conducted under the aegis of the State, Justice, Commerce, and the Judiciary Subcommittee of the Appropriations Committee. The title of that

200-page study captures the essence of the situation, and it is entitled "Gains Made in Controlling the Illegal Drugs, Yet the Drug Trade Flourishes." Among the report's conclusions is, and I quote, "* * * inconsistent and sometimes conflicting drug policies [which result] in no clear overall direction."

After having read this report and after having conducted approximately 20 hours of hearings on its conclusions, I do not think there is any doubt but that the GAO view is correct. Furthermore, all this information is consistent with my own experience as a prosecutor in an area that for many years was a primary route of heroin trafficking into the United States. Indeed, during my tenure as prosecutor, we were forced out of necessity to develop innovative cooperative efforts among differing enforcement agencies to compensate for the very lack of direction and coordination that should have been emanating from the Congress and from the executive branch of our Government.

It is our belief that a comprehensive policy must be fashioned unless we as a nation are willing to continue to allow a \$50 billion a year illicit traffic to continue. It is, gentlemen of the committee, more of a contagion than a traffic. One-half million Americans are daily users of heroin, and another 1½ million are less frequent users; 13 million Americans are users of stimulants like amphetamines; 6.9 million Americans have used PCP; over 10 million Americans have used cocaine; and at least 43 million Americans have used marihuana. If those few statistics do not send shivers down the collective spine of this committee and the U.S. Senate, then we have become insensitive to what may well be the most fundamental and challenging social problem we have faced.

Unfortunately, this is not a problem that can be solved merely by appropriating more moneys. Over the last decade, we have increased our overall expenditures on narcotics-related activities by more than 17 times—from \$46.5 million to \$814 million. Enforcement expenditures have also increased by over 13 times. Yet, as the GAO study hammers home, the drug trade flourishes.

If there is an answer to this problem, it is surely no simple one, no magical formula that we have simply overlooked. Rather, the solution lies in a creative integration of the many disparate elements of Federal, state, and local law enforcement efforts. We have the resources, but they are scattered and disorganized. It would be the primary function of the select committee to understand the nature of the problem and to arrange the pieces of the solution into a relatively coherent, manageable whole.

Mr. Chairman, let me assure you that I am not going to read this entire statement into the record; a few more pages, and then I will submit the balance.

There is a symbolic dimension of the creation of the select committee which almost equals in importance its formal task. To establish this committee would reflect a level of commitment to the burgeoning drug problem that the Senate has not yet seen fit to make. Not only would it put the criminal and would-be criminal on notice, but it would give heart to the thousands of men and women throughout this country who toil, many at the risk of their personal safety, at what is one of the most thankless and most necessary jobs we have, drug enforcement and control. It would put the

executive agencies on notice that the Senate of the United States would no longer tolerate a status quo that steadily deteriorates, but will demand excellence and cooperation.

In his message accompanying the reorganization plan of 1968, President Johnson stated in words of simple eloquence the goal of the Federal Government, and let me quote just part of it:

America will serve notice to the pusher and peddler that their criminal acts must stop. No matter how well organized they are, we will be better organized. No matter how well they have concealed their activity, we will root them out. The response of the Federal Government must be unified, and it must be total.

In truth, I do not believe that such sentiments have been accompanied by comparable action since the days when Robert Kennedy was Attorney General. Certainly, in recent years, no such commitment has even been slightly evident. Unfortunately, the vacuum of Executive leadership has not been filled in the Congress either. Institutionally, the Senate, at least, has not had a mechanism whereby it could effectively develop and coordinate policy. And with the many time demands on each Senator, the drug problem has occupied only a small portion of the attention and concern of only a few.

By establishing the select committee that we are here proposing, it may be possible for the Senate to reverse the unfavorable trends; it may be possible for us to begin to clear away some of the darkness of a drug problem whose dimensions seem overwhelming; it may be possible to clean up some of our society and to reduce the crime consequent upon drug use. Whether or not the select committee is totally successful—and no human endeavor is ever totally successful—it cannot but help move us in a positive direction.

In fact, Mr. Chairman, I believe that if this committee seriously considers Senate Resolution 207, it should authorize its existence for a limited period of time—perhaps for one Congress only—and then reexamine whether it should continue on the basis of: (a) Whether the need still exists and, (b) whether the committee's performance justifies its continuance.

Furthermore, I would suggest that if such an approach is adopted that the Rules Committee require the select committee to justify what it has done not on the basis of numbers of reports published or days of hearings held, as often happens, but upon hard results. The question the Rules Committee should ask is whether the select committee has really and significantly contributed to the war on illicit narcotics.

On the basis of my conversations with colleagues who would be anxious to serve on such a select committee, I am positive that the President pro tempore of the Senate would find no dearth of individuals who are truly committed to devoting the time and the resources necessary to make the select committee a success. Each one of these individuals recognizes the gravity of the problem, and would be enthusiastic about contributing to its solution.

I am perfectly aware, Mr. Chairman, that there is opposition to the creation of a select committee. As in all such discussions, there is a mixture of both policy and politics. I recognize the legitimate concern that you and others have over the danger of proliferating committees and the fear that some of the excellent work done by the reorganization at the beginning of the 95th Congress might get

undone. These objections can, I believe, be overcome on the ground that a temporary select committee to investigate and propose solutions to a massive, multifaceted problem is completely consistent with the purposes of the reorganization. Unquestionably, the need is there.

But beyond policy, there is politics. No committee or subcommittee looks with favor upon a perceived encroachment of its traditional domain. I vividly recall some of the rather heated discussions that took place both in this room and on the Senate floor when Senate Resolution 104 was being discussed. Yet, I do not view the establishment of this select committee as interfering in any meaningful fashion with the jurisdiction or function or any other committee or subcommittee of the Senate. Nor do I accept as persuasive the argument of any other committee or subcommittee that because it has performed effective oversight over this or that agency, that the task outlined for the select committee is already being accomplished. The facts speak for themselves. The fractured jurisdiction over the drug effort means, quite simply, that without the select committee, it will be business as usual, and that means business without a comprehensive national policy toward drugs.

This committee will no doubt hear testimony from a number of my distinguished colleagues that their committees are doing important and proper oversight. I would like to concur with those remarks in advance. Indeed, I would like to augment them by noting that in the various appropriations subcommittees on which I serve—most notably, that chaired by Senator Hollings—we have done exceptional oversight. Nonetheless, it is that very experience that underscores and reinforces the absolute need for a select committee which is invested with a mandate by the Senate to explore all the dimensions of the drug problem. Oversight over individual agencies does not yield a comprehensive portrait of the Federal drug effort, and certainly, it does not provide the basis for designing a true national drug strategy.

Mr. Chairman, the balance of my statement deals with the involvement of organized crime in the drug area and some history. Mr. Chairman, I also could have asked a number of my colleagues who are cosponsors to testify today in support of it. I felt that it would be more educational to the members of this committee to have some witnesses that have been involved in the enforcement, in the reporting and in the investigative area of this problem to demonstrate the need for a select committee as is proposed.

I would welcome any questions, Mr. Chairman. I do thank you again for your consideration and time that you have set aside for this hearing.

THE CHAIRMAN. Thank you very much indeed, Senator. I have a couple of specific questions.

Your estimate of the size and cost of the committee is what?

Senator DECONCINI. Mr. Chairman, if the Rules Committee elected to create this committee, I would submit an itemized budget of expenditures. Let me say that I have already done some penciling along those lines, and I would feel that this committee could do an adequate job with an appropriation during one Congress of slightly less than \$1 million, roughly \$480,000 per year.

The CHAIRMAN. Would not each of the present standing committees have to continue their respective activities in these areas even after the select committee was set up, if it was set up?

Senator DECONCINI. That is correct, Mr. Chairman.

The CHAIRMAN. Are you able to report to us what the House Select Committee on Narcotics has done during the 4 years of its existence?

Senator DECONCINI. No, sir, I am not.

The CHAIRMAN. Because they have had a similar committee that has been in existence.

Senator DECONCINI. Yes, they have. I would be glad to get any reports; if your staff does not have them, I would be glad to secure those for you.

The CHAIRMAN. Even with the select committee, will not the demands on the Members' time from their other assignments limit the central coordination they could achieve on the select committee? I think we are all so rather spread out now.

Senator DECONCINI. Well, I think, Mr. Chairman, it would have to be a commitment from Members, as it is in any committee that we serve on. We obviously cannot pay attention to all of the work that is loaded upon us. I believe that there are members of this Senate who are willing to make this a priority and devote the necessary time to attempt to find out why it is not working and to attempt to recommend not only a national policy, but the directions for Federal law enforcement to make it work, and not necessarily just spending more money. I believe the commitments are here in this body to make this work in a limited time period.

[A summary of the activities of the House Select Committee on Narcotics Abuse and Control, prepared by the staff of the Senate Committee on Rules and Administration, is as follows:]

SUMMARY OF ACTIVITIES OF THE HOUSE SELECT COMMITTEE ON NARCOTICS ABUSE AND CONTROL—1977, 1978, 1979, AND 1980

(Prepared by the staff of the Senate Committee on Rules and Administration)

The House of Representatives' Select Committee on Narcotics Abuse and Control was created by H. Res. 77, which was agreed to on January 11, 1977. This select committee has no legislative powers, but rather acts in a supportive capacity to the other standing House committees having legislative responsibilities in the area. It serves a factfinding function by holding hearings, publishing reports and, generally, conducts a continuing study and review of the problems of narcotics abuse and control.

1977 activities

According to its 1977 Annual Report, the select committee received funding in the amount of \$722,204. The full committee, which was (and still is) chaired by Lester L. Wolff (D. 6th Dist. N.Y.), met six times in 1977. Nineteen professional and six clerical personnel were on the staff.

The select committee held 10 hearings in 1977 ranging from U.S. narcotics policy vis-a-vis Southeast Asia to Federal narcotics research. The committee issued 12 publications, including a preliminary study on drug abuse in New York City schools, and one on international narcotics control written after a trip by Chairman Wolff and committee member, Ben Gilman (R. 26th Dist. N.Y.) to review United Nations drug control organizations in Geneva, Switzerland. Also, the select committee conducted special two week study missions to Southeast Asia and South America—reports were issued on findings made from these trips.

1978 activities

The select committee received funding in the amount of \$722,204 in 1978. For most of 1978, the committee staff consisted of nineteen professional and six clerical members.

The select committee held several briefings and discussions in 1978 and some of its services were provided to the Senate: (1) It provided the Senate Subcommittee on Permanent Investigations with several briefings on investigations into organized crime in south Florida; (2) it briefed the Senate Subcommittee on Juvenile Delinquency and the Subcommittee on Alcohol and Drug Abuse on hearings concerning PCP and psychotropic substance abuse; (3) it worked with Senator Bentsen's staff on his legislative proposal concerning PCP; and (4) it discussed with Senator Percy's staff the Foreign Assistance Act and the spraying of marijuana with paraquat in Mexico.

The committee compiled a Congressional Resource Guide—a comprehensive review of Federal efforts to control narcotics abuse from 1969 to 1976. According to the select committee's report, the resource guide provides a legislative, organizational and budgetary basis for determining the effectiveness of current programming.

Thirteen special investigations were undertaken in 1978, ranging from a Hawaii-Guam-Thailand-Hong Kong study mission on drug trafficking routes, to the abuse of Talwin and Pyribenzamine—two prescription drugs which, when used together intravenously produces a heroin-like effect.

1979 activities

The select committee's 1979 funding was for \$815,000. There were seventeen professional and four clerical staff members.

The select committee's 1979 report emphasizes its services to members and other standing committees, including three instances of assistance to Senate offices and committees. Eighteen committee hearings were held. Three special investigations were conducted, two of which involved trips overseas. A number of select committee members (7) visited Hong Kong, Thailand, Sri Lanka, Pakistan, and the Soviet Union for a 16-day study mission on narcotics trafficking in those countries. Also, a follow-up mission to Columbia was conducted by the select committee for discussions with the Colombian government. As a result of the mission, the select committee recommended passage of a bill providing for \$16 million to continue interdiction of drug traffic there.

The report noted six substantive legislative initiatives in which select committee members were involved. The legislative actions range from suggesting an increase in the Drug Enforcement Administration's authorization to increasing penalties for smuggling 100 pounds or more of marijuana—from 10 to 25 years or a fine of \$100,000 or both.

1980 Activities—Source, Pat Carpentier, Select Committee Chief Counsel.

Thus far in 1980 the House Select Committee has conducted a number of hearings, examples of which are the following:

- (1) Hearing in Memphis, Tennessee on marijuana use in the schools;
- (2) Hearing in Georgia on drug enforcement problems;
- (3) Hearing in New York on the inflow of Southwest Asian heroin to New York City, which is the major distribution point for this country.

The New York hearing also involved testimony concerning the impact of a \$40 million cut in funds available through the National Institute for Drug Abuse (NIDA) to drug rehabilitation centers and other programs. Many of these hearings represent follow-ups of prior hearings held at the same locations.

The select committee is following and providing input to a number of bills. For example, the committee has asked the House Judiciary Committee to defer considering provisions of the proposed criminal code revisions concerning decriminalization for possession of small amounts of marijuana; they are supporting a bail reform bill which would give judges more discretion in setting the amount of bail in drug cases; and they are also supporting bills providing for alternatives to decriminalization of marijuana through pretrial diversion sentencing.

As for future activities, the select committee is planning an upcoming trip to Israel, India, Pakistan, and possibly to Rome. Chairman Wolff wears two hats on these foreign trips—as a member of the Foreign Affairs Committee (he also chairs the Subcommittee on Asian and Pacific Affairs) and Chairman of the Select Committee. A hearing is also planned on the benefits of marijuana for use in glaucoma treatment, in easing chemotherapy treatment and for other uses.

The select committee staff is deliberating on what recommendations the committee should make to the House at the end of 1980. They will develop proposals as to

how the House should deal with factfinding and legislation on drug abuse problems in the future.

The CHAIRMAN. Senator Hatfield.

Senator HATFIELD. Thank you, Mr. Chairman.

Senator DeConcini, I have just one question. I could ask a number of others, but in the interest of time, I will just propound one.

It is my understanding that the House of Representatives will probably not reauthorize their Select Committee on Narcotics Control and Abuse after it expires at the end of this Congress. How would that affect the operation of the proposed Senate select committee that you are testifying on this morning, and would this proposed committee still make sense in the absence of a House counterpart?

Senator DeCONCINI. Yes, Mr. Chairman, Senator Hatfield, I believe it would. I am not prepared to offer constructive suggestions of what the House committee should have done or should not have done, but I am aware of some of the shortcomings of that effort on the House. Not being a Member of the body, I cannot speak as to the support that it had or did not have from the leadership, from its Members.

I have had an opportunity to discuss this with a number of people—and you will hear some of them today—who have testified before that committee and have felt that perhaps that committee could have moved in a more aggressive manner. I would suggest to you that if the Senate adopted this resolution, that this committee would move in such an aggressive manner.

It is not easy, Mr. Chairman, Senator Hatfield, to attempt to mandate coordinated efforts among law enforcement. I have come from an effort in that area, being the prosecutor. There you have probably the most control, because all law enforcement has to come to you in order to get their cases filed in court and their indictments. Nevertheless I think it can be accomplished with the proper type of forceful demonstration that there is going to be a policy. I believe the House committee has some ways to go in attempting to achieve that.

So the answer specifically to your question, Senator Hatfield, is that I think this committee would be a proper committee at this time, and I would dare say it would have a greater impact than the House committee has had, and could function even without a comparable House committee.

Senator HATFIELD. Thank you, Senator.

The CHAIRMAN. Thank you very much, Senator DeConcini. Now, if you will come up here and wear your other hat as a member of the committee and ask questions of the witnesses.

Senator DeCONCINI. Thank you, Mr. Chairman. I have no questions of this witness. Thank you. [Laughter.]

[The prepared statement of Senator DeConcini follows:]

PREPARED STATEMENT OF HON. DENNIS DeCONCINI

Good morning, Mr. Chairman. I appreciate the opportunity to appear before you this morning on behalf of S. Res. 207, a resolution that I am sponsoring together with Senators Ford, Leahy, Hatfield, Schweiker, and Boren. Our resolution proposes the establishment of a Senate Select Committee on Narcotics Abuse and Control.

I recognize, Mr. Chairman, that in making this proposal I am running counter to the thrust of S. Res. 4, which reorganized the Senate's committee structure by eliminating and consolidating committees. I am equally cognizant of the fact that I incur the displeasure of a number of distinguished colleagues whose various committees and subcommittees already have formal jurisdiction over various aspects of the drug problem.

Before examining the substantive reasons why such a new committee is imperative, I should like to address the internal political and policy issues. Certainly, I would be the last member of this Senate to oppose the fundamental thrust of S. Res. 4. The work done by Senator Stevenson and the other members of the special committee that proposed the resolution was excellent. The resolution—even though modified on the Senate floor—went a long way towards streamlining the Senate committee structure and making it conform better to the needs of our Nation, enabling us to do our jobs more effectively.

To argue, however, that this resolution should be made the basis for objections to any changes or modifications in the present structure is to set in concrete a document that reflected the needs of the Senate and the country at a given time. As a supporter of Senate Resolution 4, I believe that our resolution to establish a Select Committee is consistent with that spirit.

The ultimate purpose of the recent reorganization, as I understand it, was to eliminate, as much as possible, the sort of fractured jurisdiction that limits the ability of the Senate to act effectively. One of the major accomplishments of the reorganization was to centralize most jurisdiction over energy in the newly renamed Energy and Natural Resources Committee. Previously, the jurisdiction was shared in some measure by so many committees that effective policy was virtually impossible.

An analagous situation exists today with regard to the problem of drugs and drug control. Jurisdiction over this fundamental societal problem is also fractured; it is scattered among a number of legislative and investigative committees. For example, oversight over the Drug Enforcement Administration is shared by the Appropriations and Judiciary Committees. However, the U.S. Customs Service which is primarily responsible for interdiction is covered by the Finance Committee and a different Appropriations subcommittee. The heretofore very effective eradication programs are administered by the State Department, which reports to the Foreign Relations Committee. The Governmental Affairs Committee has jurisdiction over the main issue of organization and reorganization. Moreover, its Permanent Subcommittee on Investigations has a general mandate to oversee crime. Many issues relating to demand reduction, integral both to an understanding of the drug problem and to the design of effective solutions, lie within the purview of the Labor and Human Resources Committee. Active and former military personnel represent a substantial share of the Nation's addict population; solutions to their difficulties which have a bearing on the universal problem are being devised within the Armed Services and Veterans' Affairs Committees. Beyond these more obvious examples, a host of other governmental agencies, including among these, the Internal Revenue Service, the Bureau of Alcohol, Firearms and Tobacco, the F.A.A., the C.I.A., the Agriculture Department and the FBI are involved to one degree or another in the drug problem and report to a variety of different Senate Committees and subcommittees.

The net result, Mr. Chairman, is that in the area of illicit narcotics we are like the ancient parable of the blind men and the elephant. No one committee or subcommittee in the Senate is able to view the problem in its totality and thus to work toward developing a comprehensive strategy. But let me clarify one point in this context. The resolution that we have offered neither contemplates supplanting these many fine committees nor negates the superb work that they have done.

General oversight of different agencies quite properly should remain within the domain of both the relevant standing Committee and the relevant Appropriations subcommittee. Likewise, we are in no way suggesting that the select committee usurp the proper legislative function of these committees. The select committee would be endowed with no legislative mandate. Neither are we suggesting, Mr. Chairman, that the select committee pre-empt the general investigative mandate of the Permanent Subcommittee on Investigations.

More importantly, we are simply saying this. The drug problem in the United States has reached crisis proportions and shows every indication of increasing in severity. It is a problem of extreme complexity because of its many dimensions and because of the numerous different government agencies involved. Let me note parenthetically that it is an effort which is as much a state and local problem as it is a federal problem. Furthermore, we would argue that to date the Federal Govern-

ment in particular has not been able to develop an effective national strategy for attacking and ameliorating this societal cancer. I say this notwithstanding the many gains and, indeed, individual heroics that have characterized the effort.

The most comprehensive analysis of the drug problem is a report prepared over a period of years by the General Accounting Office and released to me in the context of oversight hearings conducted under the aegis of the State, Justice, Commerce and the Judiciary Subcommittee of the Appropriations Committee. The title of that two hundred page study captures the essence of the situations, "Gains Made in Controlling Illegal Drugs, Yet the Drug Trade Flourishes." Among the report's conclusions is—and I quote, "Inconsistent and sometimes conflicting drug policies (which result) in no clear overall direction."

After having read this report and after having conducted approximately twenty hours of hearings on its conclusions, I do not think there is any doubt but that the GAO view is correct. Furthermore, all this information is consistent with my own experience as a prosecutor in an area that for many years was a primary route of heroin trafficking into the United States. Indeed, during my tenure as prosecutor we were forced out of necessity to develop innovative cooperative efforts among differing enforcement agencies to compensate for the very lack of direction and coordination that should have been emanating from the Congress and from the Executive Branch.

It is our belief that a comprehensive policy must be fashioned unless we as a nation are willing to continue to allow a \$50 billion a year illicit traffic to continue. It is, gentlemen, more of a contagion than a traffic. One-half million Americans are daily users of heroin, and another million and one-half are less frequent users; thirteen million Americans are users of stimulants like amphetamines; 6.9 million Americans have used PCP; over ten million Americans have used cocaine; and at least forty-three million Americans have used marijuana. If those few statistics do not send shivers down the collective spine of this Committee and the United States Senate, then we have become insensitive to what may well be the most fundamental and challenging social problem we have faced.

And, unfortunately, this is not a problem that can be solved merely by appropriating more monies. Over a recent ten-year period, we have increased our overall expenditure on narcotics-related activity by more than 17 times—from \$46.5 million to \$814.2 million. Enforcement expenditures have also increased—by over 13 times. Yet, as the GAO study hammers home, "the drug trade flourishes." If there is an answer to this problem it is surely no simple one, no magical formula that we have simply overlooked. Rather, the solution lies in a creative integration of the many disparate elements of Federal, State and local law enforcement efforts. We have the resources. But they are scattered and disorganized. It would be the primary function of the select committee to understand the nature of the problem and to arrange the pieces of the solution into a relatively coherent, manageable whole.

But there is a symbolic dimension of the creation of the select committee which almost equals in importance its formal task. To establish this committee would reflect a level of commitment to the burgeoning drug problem that this Senate has not yet seen fit to make. Not only would it put the criminal and would-be criminal on notice, but it would give heart to the thousands of men and women throughout this country who toil—many at the risk of their personal safety—at what is one of the most thankless and most necessary jobs we have, drug enforcement and control. It would put the executive agencies on notice that the Senate of the United States would no longer tolerate a status quo that steadily deteriorates, but will demand excellence and cooperation.

In his message accompanying the reorganization plan of 1968, President Johnson stated in words of simple eloquence the goal of the Federal Government: " * * * America will serve notice to the pusher and peddler that their criminal acts must stop. No matter how well organized they are, we will be better organized. No matter how well they have concealed their activity, we will root them out. The response of the Federal Government must be unified. And it must be total."

In truth, I do not believe that such sentiments have been accompanied by comparable action since the days when Robert Kennedy was Attorney General. Certainly, in recent years, no such commitment has been even slightly evident. Unfortunately, the vacuum of Executive leadership has not been filled in the Congress either. Institutionally, the Senate, at least, has not had a mechanism whereby it could effectively develop and coordinate policy. And with the many time demands on each Senator, the drug problem has occupied only a small portion of the attention and concern of only a few. By establishing the select committee that we are here proposing, it may be possible for the Senate to reverse the unfavorable trends; it may be possible for us to begin to clear away some of the darkness of a drug

problem whose dimensions seem overwhelming; it may be possible to clean up some of our society and to reduce the crime consequent upon drug use. Whether or not the select committee is totally successful—and no human endeavor is ever totally successful—it cannot but help move us in a positive direction.

In fact, Mr. Chairman, I believe that if this Committee seriously considers S. Res. 207, it should authorize its existence for a limited period of time—perhaps, for one Congress—and then re-examine whether it should continue on the basis of: (a) whether the need still exists; and (b) on whether the Committee's performance justifies its continuance. Furthermore, I would suggest if such an approach is adopted that the Rules Committee require the select committee to justify what it has done not on the basis of numbers of reports published or days of hearings held, as often happens, but upon hard results. The question the Rules Committee should ask is whether the select committee has really and significantly contributed to the war on illicit narcotics.

On the basis of my conversations with colleagues who would be anxious to serve on such a select committee, I am positive, Mr. Chairman, that the President Pro Tem of the Senate will find no dearth of individuals who are truly committed to devoting the time and the resources necessary to make the select committee a success. Each one of these individuals recognizes the gravity of the problem and would be enthusiastic about contributing to its solution.

I am perfectly aware, Mr. Chairman, that there is opposition to the creation of a select committee. As in all such discussions, there is a mixture of both policy and politics. I recognize the legitimate concern that you and others have over the danger of proliferating committees and the fear that some of the excellent work done by the reorganization at the beginning of the 95th Congress might get undone. These objections can, I believe, be overcome on the ground that a temporary select committee to investigate and propose solutions to a massive, multi-faceted problem is completely consistent with the purposes of the reorganization. Unquestionably the need is there.

But beyond policy, there is politics. No committee or subcommittee looks with favor upon a perceived encroachment of its traditional domain. I vividly recall some of the rather heated discussions that took place both in this room and on the Senate floor when S. Res. 4 was being discussed. Yet, I do not view the establishment of this select committee as interfering in any meaningful fashion with the jurisdiction or function of any other committee or subcommittee of the Senate. Nor do I accept as persuasive the argument of any other committee or subcommittee that because it has performed effective oversight over this or that agency that the task outlined for the select committee is already being accomplished. The facts speak for themselves. The fractured jurisdiction over the drug effort means, quite simply, that without the select committee, it will be business as usual, and that means business without a comprehensive national policy toward drugs.

This committee will no doubt hear testimony from a number of my distinguished colleagues that their committees are doing important and proper oversight. I would like to concur with those remarks in advance. Indeed, I would like to augment them by noting that in the various Appropriations Subcommittees on which I serve—most notably that chaired by Senator Hollings—we have done exceptional oversight. Nonetheless, it is that very experience that underscores and reinforces the absolute need for a select committee which is invested with a mandate by the Senate to explore all the dimensions of the drug problem. Oversight over individual agencies does not yield a comprehensive portrait of the federal drug effort. And certainly, it does not provide the basis for designing a true national drug strategy.

Mr. Chairman, the resolution I have introduced proposes the establishment of a Senate Select Committee on Narcotics Abuse and Control. As the drug problem continues to grow more serious, we in the Senate must improve upon our past sporadic efforts toward controlling the problem. The Select Committee, which would dedicate all its energies toward bringing this problem under control, is, in my mind and those of many others, absolutely essential. As the recent history of our fight against drug abuse demonstrates, coordination and consistency have often been lacking, and the successes we have achieved have been, at best, transitory.

The Federal Government began to accelerate its response to the drug abuse problem in the mid-1960s. Prior to 1966, dangerous drug control was centered in the Treasury Department. In 1966, as the abuse of non-narcotic drugs—barbituates and stimulants—became more popular, Congress created the Bureau of Drug Abuse Control (BDAC) under the aegis of the Food and Drug Administration in the Department of Health, Education, and Welfare. Its purpose was to enforce laws against the manufacture and distribution of illicit drugs. The Bureau of Customs

continued to exercise its traditional jurisdiction over cases involving smuggling across national boundaries.

In 1968 President Johnson submitted to Congress Reorganization Plan No. 1. The Plan called for the merger of the Bureau of Drug Abuse Control and the Bureau of Narcotics, a branch of the Treasury Department. The new agency, the Bureau of Narcotics and Dangerous Drugs (BNDD) assumed jurisdiction over most aspects of drug enforcement, and was located within the Department of Justice. Congress adopted President Johnson's proposal, which had as its goal coordination of the Government's drug abuse control effort.

In 1970, Congress passed landmark legislation which consolidated and extensively revised Federal drug laws. The Comprehensive Drug Abuse, Prevention and Control Act of 1970 provided for increased research into, and prevention of, drug abuse and drug dependence. It further provided for treatment and rehabilitation of drug abusers and drug dependent persons and strengthened existing law enforcement authority in the field of drug abuse. The emphasis of the previous justification for federal enforcement in the drug abuse field—that is, the Constitutional authority to levy taxes—was shifted in favor of the interstate commerce principle.

In 1972, President Nixon established the Office of Drug Abuse Law Enforcement (ODALE). Its function was to focus on eliminating drug abuse at the street level by establishing task forces to coordinate the federal, state, and local drug enforcement efforts.

In 1973, President Nixon sent to Congress Reorganization Plan No. 2. The Plan recommended abolition of most agencies, including the newly organized Office of Drug Abuse Law Enforcement. The Plan, when enacted, created a new agency, the Drug Enforcement Administration (DEA). Located within the Justice Department, DEA appears to be the Federal Government's major weapon in the war on drug abuse.

DEA is not the only federal agency now involved with the drug abuse problem. In addition to the agencies I referred to earlier, the Immigration and Naturalization Service, the Law Enforcement Assistance Administration, the Coast Guard, the Federal Highway Administration, the Food and Drug Administration and the Defense Intelligence Agency all have jurisdiction over some aspects of drug abuse enforcement. Unfortunately, the result of all these overlapping Federal agencies has been indecision by Committee and inaction by mutual agreement. Agencies treat each other like princely kingdoms, and interagency task forces have the air of diplomatic negotiations. Such an atmosphere of rivalry, competition and complete independence does little to foster the basic goal of law enforcement.

This historical absence of commitment to a single organizational scheme is not the only example of the Federal Government's lack of focus in fighting drug abuse. We have never decided whether to focus our efforts on reducing supply or demand. In reducing supply, several approaches have been taken. We have focuses on interdicting drugs where they are produced, where they enter the U.S., where they are distributed, and on street sales involving small-time pushers and their addicted customers. Arguments can be made in support of each of these approaches; unfortunately, our policymakers have been trying the various approaches without giving any one approach a chance to succeed. With regard to shrinking the demand for illicit drugs, a variety of educational and treatment programs, including the establishment of federally-funded methadone clinics for treatment of heroin addicts, have been tried. Some have worked better than others; none has resulted in bringing about a long-term, significant decrease in the demand for illicit drugs. Undoubtedly, the drug problem would be much worse without the intervention of the governments of the United States and other countries.

Mr. Chairman, Senate Resolution 207 creates a Senate Select Committee patterned after the Select Committee on Narcotics Abuse and Control of the House of Representatives. The Senate Select Committee would have at least one representative from six Committees of the Senate, five of which already have some jurisdiction over narcotics. There include Armed Services; Governmental Affairs; Foreign Relations; Commerce, Science, and Transportation; Labor and Human Resources, and Judiciary. Each of these Committees is concerned with some aspect of drug abuse, but not one of them has the jurisdictional grant to coordinate an all-out, well-directed comprehensive examination of drug abuse and its control. The Select Committee would have both the mandate and necessary interest and support to do what must be done.

Several aspects of the problem demand our immediate attention. I would recommend that the following areas of concern—involvement of organized crime in the drug business, the foreign production of dangerous drugs, and corruption within our

own drug enforcement agencies—be given special attention by the Select Committee.

No one doubts that organized crime controls much of the drug trade in the United States. Since dealing in illicit drugs requires large expenditures and tight coordination, the involvement of organized crime is almost essential to any large-scale narcotics enterprise.

Defining organized crime is not as simple as it once was. While the Mafia is still a force in the drug trade, after an apparent withdrawal from direct involvement during the 1960s, many new organizations, making most of their profit from trade in illicit drugs, have sprung up in major metropolitan areas. While on occasion these organizations have challenged the Mafia for control, in most cases, profitable alliances have developed between the more established and the newer organizations.

Organized crime, and its involvement in the narcotics business, is not a new problem. Several Executive Branch agencies have been actively working to put organized crime out of business. The problem now is more difficult and complex than it once was. Given the increased complexity of the problem, the Select Committee can provide important assistance. An independent, in-depth investigation of this aspect of the drug abuse problem could provide additional information and support for the agencies most directly involved in fighting drug abuse and organized crime. Additionally, our investigation will undoubtedly help us in dealing with corruption in the drug enforcement agencies, a problem I will discuss in a moment.

Since the early 1970s the Federal Government has attempted to bring the drug abuse problem under control by sponsoring eradication programs in source countries. The programs are designed to destroy illicit drugs at their source, before processing and entry into the United States. The United States had used foreign aid money to encourage growth of legitimate crops. Other programs have involved direct grants to foreign countries for use in eradicating narcotics. These programs were successful in Turkey in the early 1970s; this success is demonstrated by the fact that the French Connection, which supplied heroin to the U.S. from Turkey, is not nearly as productive as it once was. The effort to control the flow of heroin from Mexico has also been successful. According to the 1978 report of the National Narcotics Intelligence Consumers Committee, the reduction in heroin supply in the U.S. since 1975 is due in large part to successful efforts in Mexico.

These programs are very important. Once a foreign government's assistance is obtained, our task becomes less difficult. Unfortunately, gaining the assistance of foreign governments is more difficult than in the past. Currently, a large percentage of the heroin is imported from the Golden Triangle—where Burma, Laos, and Thailand meet—and other areas of Southeast Asia. Another area which is quickly becoming a major source of heroin includes such nations as Iran and Afghanistan. I need not speak at length on our difficulties in this part of the world. We cannot, however, throw up our hands and wait for a change in government.

The Select Committee, with its focus on narcotics abuse, can view the problems of eradication with a particular goal in mind. A representative of the Committee on Foreign Relations, as a member of the Select Committee, will be able to offer an appreciation of the broader ramifications of any eradication program. The Select Committee will also be able to view eradication programs in light of their impact on other aspects of the drug abuse control effort.

Corruption within our own drug enforcement agencies is a third area where I believe the Select Committee's role will be important. At this time it is unclear to what extent corruption exists. Few, however, refuse to believe that there is at least some corruption.

The Permanent Subcommittee on Investigations, in its 1975-76 hearings, concluded "throughout the history of the Federal drug enforcement insufficient attention has been paid to integrity and corruption problems." With due respect for my colleagues on the Permanent Subcommittee, and for their hard working staffs, this problem should be considered by a group which can devote all its energy to solving this problem. Further, these problems can best be explored together with other aspects of the drug problem. To fight drug abuse, we need honest government employees. The Select Committee can and will find out which officials are corrupt and see to it that they are prosecuted to the fullest extent possible.

In all these areas, there is a need for review, coordination, and action. The Select Committee will have the mandate, interest and resources to perform these tasks. By including members of the several committees which have jurisdiction over some aspects of the problem, we will gather the necessary expertise and information while streamlining the effort. The issues involved here are of most serious concern to all. Mismanagement and squabbling have given drug traffickers a giant head start. Now is the time for us to close ranks behind a single committee.

Thank you.

The CHAIRMAN. Our next witness is Senator Stevenson, of Illinois. As the chairman of the select committee to study the committee system, Senator Stevenson acquired a vast knowledge, which makes him superbly qualified to assist us in our consideration of the pending resolution.

I, for one, would like to take this opportunity to publicly say what I have said privately to him—how much I regret his decision not to stay in our body. We are happy to welcome you before our committee.

**STATEMENT OF HON. ADLAI E. STEVENSON, A U.S. SENATOR
FROM THE STATE OF ILLINOIS**

Senator STEVENSON. Thank you, Mr. Chairman.

As you indicate, the Senate faced up to its disorganization in 1976 characteristically by creating another committee. It was the Committee on Committees, and I did have the honor to chair that committee and, because of that responsibility, have felt like a self-appointed guardian of the Senate reorganization which has followed since. Therefore, I am grateful for the chance to be here today.

The primary object of that reorganization of the Senate—probably the most extensive reorganization since the formation of the committee system—was to reduce the number of committee and subcommittee assignments. Senators recognized that with as many as 35 subcommittee and committee assignments, it was impossible to do justice to any of them. So the reorganization which you referred to reduced the average number of committee and subcommittee assignments from 18 to 10.5. A half-dozen committees and nearly 60 subcommittees were abolished.

The great danger now and since then has been that history would repeat itself. Memories are short; the Senate indulges itself; it has difficulty saying no; temporary committees are established for some noble purpose, and then they, including the staffs of these committees, acquire an interest in their perpetuity. Temporary committees, as I think you know, become permanent, become a part of the woodwork, and the committees and the number of committee assignments proliferate. Already, notwithstanding the reorganization, we have too many committee and subcommittee assignments.

So I believe very strongly, Mr. Chairman, that this resolution, if approved, would point the Senate in the wrong direction. This committee would have no authority to report legislation. It would study and review narcotics abuse and control along with several other Senate committees.

I urge you to resist the temptation to solve every problem with still another committee. The history is plain. The result of the Senate's succumbing to such temptation is the proliferation of the committee system, of committees and more committee assignments than Senators can handle and, ultimately, the neglect of all the subjects.

Instead of going in that direction, the committee system would be strengthened by reducing still further the number of committees, by rationalizing still further their jurisdictions and concen-

trating responsibility in a minimum number of committees with the authority to act as well as to study.

If something needs to be done to improve Senate attention to narcotics control, that, Mr. Chairman, I believe is the way to go—by reducing and centralizing authority, not proliferating it still further.

Thank you.

The CHAIRMAN. Thank you very much indeed, Senator Stevenson.

Do you have any knowledge of the work that was done in the House by the counterpart that is proposed for this committee or did you in your way follow what was done in the House?

Senator STEVENSON. The recent work in the House? You are not referring to the last Committee on Committees in the House?

The CHAIRMAN. No; no.

Senator STEVENSON. I was familiar with its work. I am not familiar with the current efforts in the House.

The CHAIRMAN. Are you familiar with the work of the House Select Committee on Narcotics; did you have occasion to examine it at all?

Senator STEVENSON. No; I am not, Mr. Chairman.

The CHAIRMAN. Thank you very much. I realize that there is probably nobody in the Senate who has examined the whole committee system structure as you have. We are very grateful for your taking the time to be here.

Senator DeConcini, any questions?

Senator DECONCINI. Mr. Chairman, let me just add my compliments to Senator Stevenson for the fine work he accomplished on the reorganization. I supported him in all but one area, and I think that this body and this country owes him a great deal for the efforts that he did accomplish in having the reorganization.

I have no questions. Thank you, Mr. Chairman.

The CHAIRMAN. Thank you, Senator Stevenson.

[The prepared statement of Senator Stevenson follows:]

PREPARED STATEMENT OF HON. ADLAI E. STEVENSON

Mr. Chairman, I oppose S. Res. 207 which would create a Select Committee on Narcotics Abuse and Control.

The objects of the Senate's reorganization effort in 1977, which I chaired, included the rationalization of committee jurisdictions as well as reductions in the number of assignments for Senators. The Senate dramatically reduced the assignment load on individual Senators from an average of 18 committees and subcommittees to 10.5 with the workload more evenly distributed. A half-dozen committees and nearly 60 subcommittees were eliminated. The Senate recognized that only through reorganization were Members going to be able to do justice to their assignments.

Proposals, such as the one embodied in S. Res. 207, put us in danger of returning to a situation of having a bloated and over-extended committee system where our time as Senators is divided among a myriad of committees and subcommittees.

Mr. Chairman, the proposed committee you are asked to consider would have no authority to initiate legislation. It can only in the words of the resolution itself " * * * conduct a continuing comprehensive study and review of the problems of narcotics abuse and control * * * ."

Being out of the mainstream of the legislative process, it would be less effective in shaping the necessary legislation and in overseeing programs and policies of the Federal Government affecting narcotics abuse and control than existing jurisdictions.

History is in some danger of repeating itself. We must show more discipline in the face of the ancient temptation to create more committees.

Once a committee gets established and the staff gets put in place, acquiring its own interest in the perpetuation of that committee, we will have permanently added another burden to the heavy workload Senators already face.

Every subject matter and everyone affected by that subject matter will suffer if we succumb to those old habits with the inevitable result that our responsibility is fractured and our ability to respond coherently and comprehensively on each issue is gone.

The CHAIRMAN. Our next witnesses are Senators Nunn and Percy, who are chairman and ranking minority member, respectively, of the Permanent Subcommittee on Investigations of the Governmental Affairs Committee. Because of these and other assignments, both of them are very knowledgeable on the subject of narcotics abuse and control and, from the viewpoint of their committee positions, very knowledgeable on the workings of the executive branch of the government in this regard.

Senator Nunn?

STATEMENTS OF HON. SAM NUNN AND HON. CHARLES H. PERCY, CHAIRMAN AND RANKING MINORITY MEMBER, RESPECTIVELY, OF THE SENATE PERMANENT SUBCOMMITTEE ON INVESTIGATIONS

Senator NUNN. Mr. Chairman, members of the committee, thank you for allowing me to testify today on Senate Resolution 207. I also want to thank Senator Percy, the ranking minority member of our committee, as I often do, for his complete, total, and bipartisan support of the efforts of the Permanent Subcommittee on Investigations.

Among other things, Senate Resolution 207 would empower the proposed select committee to study various aspects of the drug problem, including international narcotics trafficking, enforcement, narcotics-related violations of the Internal Revenue Code, organized crime, and the approach of the criminal justice system with respect to narcotics law violations.

I mention these specific areas because, as I read over Senate Resolution 207, the list sounds very much like a compilation of the activities of the Permanent Subcommittee on Investigations that we now have ongoing. The fact is that our subcommittee has been and is now engaged in these same areas of investigation—international trafficking, enforcement, organized crime, narcotics-related violations of the Internal Revenue Code, and the approach of the criminal justice system with respect to narcotics violations.

Before I describe specifically some of our investigations, I would like to tell you about the history of the Permanent Subcommittee and its role in investigating organized crime, narcotics trafficking, and labor racketeering.

The subcommittee has existed since 1946, but it made a name for itself during the 1950's and 1960's under the chairmanship of the late Senator John L. McClellan. The so-called Valachi hearings of 1963 painted one of the clearest pictures of organized crime up to that time. It is interesting to note that the official title of the Valachi hearings was "Organized Crime and Illicit Traffic in Narcotics." Those investigations led to a number of laws being passed, including key provisions of the Omnibus Crime Control and Safe Streets Act of 1968 and the Organized Crime Control Act of 1970.

The subcommittee continued its work during the past decade with what I believe was a notable record of success. Under Senator Jackson's chairmanship, PSI's investigation of organized crime's role in the stolen securities racket resulted in legislation being passed to create a reporting and validation system for missing, lost and stolen securities. It also resulted in a bill, introduced by Senator Percy, to strengthen Federal jurisdiction over stolen securities and to make the counterfeiting of securities a Federal crime. In addition, the investigation was a catalyst that caused financial institutions to tighten their own controls.

At the direction of Senator Ribicoff, the chairman of the full committee, members of the subcommittee staff conducted an exhaustive investigation of computer crime and security. S. 240, the Federal Computer Systems Protection Act, grew out of that inquiry.

In the labor racketeering area, the subcommittee exposed fraud and abuse in the operations of severance pay life insurance plans by certain labor union locals. We also brought to light a massive insurance fraud scheme perpetrated against several labor union pension, health and welfare funds, including the Teamsters Central States Fund. These investigations resulted in a number of criminal convictions and in the Labor Department's greatly beefing up its Office of Inspector General, which I think is one of the positive achievements in the last several years. One of those convicted, Joseph Hauser, has since been assisting the FBI in the so-called Brilab investigation.

Convictions also resulted from our investigation of fraud and abuse in the Federal guaranteed student loan program, and our inquiries into fraud in various Federal health care programs resulted in legislation and administrative changes in the CHAMPUS and medicare/medicaid programs.

During the past 2 years, Senator Percy took the lead in investigations into two very important areas of criminal activity—arson for profit and professional motor vehicle theft. Both of these inquiries examined how organized crime takes advantage of these crimes for profit, and Senator Percy and I have introduced legislation to deal with both of these problems.

These investigations covered a wide range of criminal activities, and they reflect the subcommittee's sweeping mandate to investigate fraud and abuse in all branches of the Federal Government as well as organized crime, including organized narcotics rings, on a national scale.

While we were busy on these various investigations, a substantial part of our time was spent in overseeing the Federal narcotics enforcement effort. Since 1974, we have held 35 days of public hearings and a number of executive sessions at which we examined many aspects of the narcotics problem.

These inquiries began in 1974 when the subcommittee examined the manner in which Federal drug enforcement personnel had investigated allegations that Robert Vesco possibly had been involved in financing a major heroin operation. That first investigation exposed a number of examples of mismanagement and inefficiency within the Federal drug enforcement establishment, and it led us into an extensive overview of all our national narcotics

enforcement efforts. I might add that it also led to a shaking up and changing of considerable personnel in the Drug Enforcement Administration.

During 1975, 1976, and 1977, we held 20 days of hearings on the performance of DEA and the other agencies with drug enforcement responsibilities. Those hearings demonstrated a number of serious problems, ranging from faulty cooperation among the various agencies to integrity problems within DEA and its predecessor agency, the Bureau of Narcotics and Dangerous Drugs. We also examined the approach of the criminal justice system to narcotics violations, especially the pattern of lenient sentences and low-bail requirements for narcotics traffickers.

As a matter of fact, Mr. Chairman, there are several pending pieces of legislation—and I know that Senator DeConcini has sponsored or cosponsored some of them—that I think would go a long way toward making our Federal narcotics effort more effective, if we could get the attention of Congress and get this legislation moving. I know Senator Biden is going to testify later. I am very pleased with the great interest he has shown in the overall area of narcotics, because he is on the legislative committee dealing with this subject, and we are trying to work very carefully and closely with him.

Our investigation of the enforcement side of the narcotics problem led to a number of commendable actions being taken within the Justice Department and DEA to rectify the problems we exposed. Some progress has been made, but as various studies and the huge volume of illegal narcotics demonstrate, there still is much to be done within the executive branch if we are to successfully attack the flourishing drug trade and the untold billions of dollars in untaxed profits it generates for organized criminals. I might add that there is also a great deal to be done in the legislative branch.

When I became chairman of the Permanent Subcommittee early last year, I realized that there also was much more that the subcommittee could do and should do in the areas of organized crime, narcotics trafficking, and labor racketeering. As I have explained, we had an excellent record of achievement in a variety of areas. However, I felt it was time for the majority staff to concentrate on updating our knowledge of organized crime syndicates, narcotics rings and labor racketeering, and to develop strong recommendations for legislative and administrative action.

In order to accomplish this task, we have assembled in the last 12 months a staff of attorneys and criminal investigators skilled in seeking out and prosecuting organized criminals and narcotics dealers. They are all experts in their field, and I want you thank you, Chairman Pell, and also Senator Hatfield for the assistance, the Rules Committee has rendered us in our efforts to have some of the top Federal agents detailed to our staff from the FBI, DEA, and from the Labor Department. I believe that we have the finest quality staff that has ever been assembled, at least in the recent years on Capitol Hill, in the overall area of organized crime, narcotics, and labor racketeering.

We certainly do not have the number that some committees have had in the past. I believe that Senator McClellan at one time had

over 150 lawyers and accountants looking into organized crime. We are not of that magnitude, and hopefully will not have to become that large; but nevertheless, we do have a very topnotch quality staff and it can be expanded rapidly as the need arises.

Our new chief counsel is Marty Steinberg, who was head of the Organized Crime Strike Force in Buffalo, N.Y., and for several years served as a special attorney with the Miami Strike Force. Our general counsel is LaVern Duffy, who has been on our staff for 27 years and had primary responsibility for the Valachi hearings in 1963. Our deputy chief counsel, Mike Levin, was assistant attorney in charge of the Miami Strike Force and also served with the Strike Force in Providence, R.I.

Our chief intelligence officer is Jack Key, a widely respected criminal investigator who worked for 12 years with the Florida Department of Law Enforcement. Our chief investigator is Bill Colombell, a distinguished FBI agent who is on detail to our staff. Another detailee, FBI Agent Ray Maria, was the case agent in the recent Longshoremens' Union corruption investigation in the Southeast. DEA Agent Ray Worsham, also on detail, is a specialist in international narcotics trafficking rings. Labor Department Agent Don Zell, a former DEA agent, has extensive experience both in the narcotics and labor racketeering areas. Our staff director and chief legislative counsel, Bill Goodwin, has had 10 years of experience on the staffs of the Judiciary and Governmental Affairs Committees. Our assistant counsel, Peter Sullivan, worked for several years with the enforcement branch of the Securities and Exchange Commission and has great expertise in investigating financial crime and labor racketeering.

Even before we had all our staff assembled, we launched an investigation which might be termed, in the words of Senate Resolution 207, "narcotics-related violations of the Internal Revenue Code." Starting with a look at the immense profits generated by the drug trade, our investigators found that Federal law enforcement was being hampered by the failure of IRS to participate in financial investigations of the kingpins who run narcotics rings. Without the IRS on the case, DEA is virtually unable to pierce the veil of secrecy which protects those at the top of any drug organization.

Our December hearings on this issue spurred the Carter administration to revise the policies and procedures of the Internal Revenue Service so that its agents can once again cooperate with the other Federal agencies in organized crime and narcotics cases. We are just beginning to get the results of the administration's deliberations, and they have announced several changes and hopefully will be announcing several more in the coming weeks. I also must add that changes in the law also will be needed to correct this situation, and Senator DeConcini and myself and Senators Ribicoff, Long, Talmadge, Percy, Chiles, Jackson and others have introduced bills to accomplish this end, and I am very hopeful that this package of legislation will receive approval this year. I do not think there is anything more important legislatively in the battle against narcotics and organized crime than these bills which are on the agenda now.

We plan also to look at the financial side of international narcotics trafficking, the so-called money flow of the trade. We hope to have hearings on that this year. In the meantime, we are cooperating with Senator Biden's Criminal Justice Subcommittee in an investigation of heroin trafficking from the Middle East and the efforts of DEA to stem that rising tide which is taking place right now. In addition, we will be examining traditional organized crime's involvement in narcotics.

Next week we plan to hold hearings on the use of violence by organized crime and narcotic rings. This will primarily focus on cases in Florida and New York and Missouri. These violence hearings are the initial part of a long-range program of investigations, extending over 3 or 4 years, to expose the present-day structure of organized criminal groups, including narcotics rings. In effect, our subcommittee will be going back to its roots in conducting these organized crime investigations.

Mr. Chairman, I point these things out to show that the permanent subcommittee is active in many of the areas that would be assigned to the proposed select committee, especially those areas dealing with organized crime. We have a very capable staff on board and enough money in our budget to get us off to a good start—although, as I testified earlier before the Rules Committee, I think that everyone should be on notice that as we get further into these areas that we may very well have to come to the Rules Committee and ask for additional assistance. We are not going to do that until it is absolutely necessary, until we can document the need for it and exactly what these additional staff people would be doing.

I might point out further that much work already is being done by various committees with jurisdiction over the narcotics problem, and there is much cooperation among us. As I said, we are working very closely with Senator Biden's Criminal Justice Subcommittee. Another example occurred last December when we had planned and scheduled hearings on the teenage drug use problem, particularly the use of marihuana by teenagers. However, we deferred to Senator Mathias, who chaired excellent hearings on the subject in the Judiciary Committee. In other words, we are trying to cooperate, and we believe we are avoiding duplication between the obvious overlaps we have in this area.

Mr. Chairman, in general, I agree with Senator Stevenson in that the Senate should refrain from creating select committees, and that the existing committees should carry out their responsibilities under the Standing Rules of the Senate.

I must add, however, that Senator DeConcini has an excellent background in law enforcement. He can and has and, I think, will continue to make a substantial contribution to the Senate's consideration of organized crime and narcotics-related violations. He has already taken a lead in amendments to the Tax Reform Act, which I have already alluded to, and it has been my pleasure to work with him in this respect. That legislation, in my view, is the single most important proposal that Congress has considered in recent years as far as its potential for significantly improving law enforcement.

I look forward to continuing to work with Senator DeConcini in improving Federal law enforcement efforts, whatever the Rules Committee and the Senate may decide. If your Committee and the Senate should decide to create a select committee on narcotics, I want to make it absolutely clear in advance that this new committee would have the complete cooperation of the Permanent Subcommittee on Investigations.

I do not for a minute pretend that the Permanent Subcommittee on Investigations or any other existing committee can give 100 percent oversight to organized crime and narcotics law enforcement efforts. We cannot do that anymore than the Foreign Relations Committee can give complete oversight to all of the complicated, complex international dealings of the United States, anymore than the Armed Services Committee can comprehensively, 100 percent give oversight to the armed services of our Nation, or anymore than the Finance Committee can give total oversight to the tax code, or the Education Committee can know every facet of education. No committee can do 100 percent of what should be done in the oversight area, and I think that ought to be clear for the record.

Our own staff resources have declined in recent years because of inflation. Each year for the last 4 or 5 years, we have absorbed the increases in inflation, except for this year when we asked for a 7-percent increase. In all likelihood, we will have to ask the Rules Committee for additional resources as we dig deeper in the organized crime area. But, Mr. Chairman, I purposefully did not hire anyone back until we could get top people. Our staff last year was never more than about a third or maybe a half filled until the end of the year, because I was trying to put together for the first time a team of people that could work together in the narcotics area. What we have had in the past in PSI is excellent staff people, but they have been left over from various chairmen who have had varying priorities. We have not had a team approach for the overall area of organized crime and narcotics. Now, we are in a position to have that, because we have a staff that has been hired for that specific purpose, with that expertise and with that experience.

In summary, Mr. Chairman, the Permanent Subcommittee on Investigations already has investigative jurisdiction in the areas requested for the proposed select committee. Other committees have legislative jurisdiction. PSI is heavily involved in investigative activities in this area.

No committee or subcommittee can completely oversee the Federal law enforcement activities, and we do not pretend to be able to cover all important details of the overall Federal law enforcement effort. We will continue to do the best we can with the resources allocated, and we will ask for additional resources when we can clearly document our need.

While I do not favor creating a select committee on narcotics, I want to emphasize my respect for Senator DeConcini and my willingness to draw on his expertise on a continuing basis. If the Rules Committee and the Senate decide to create a select committee, PSI will cooperate as fully as possible and do all we can to avoid duplication in this important area.

The CHAIRMAN. Thank you very much, Senator Nunn.

Senator Percy?

Senator PERCY. Thank you, Mr. Chairman. I would ask that the full text of my comments be incorporated in the record.

Mr. Chairman, I would like to simply say that I am pleased by these hearings. I am extraordinarily concerned about the narcotics epidemic that has swept the country in recent years. My own state of Illinois has been a receiving point for a flood of heroin and other illicit narcotics from Mexico. Youngsters who would otherwise grow up to be productive citizens are becoming addicted to mind-destroying and body-weakening drugs, and many are turning to crime to support their habits, threatening innocent citizens with the loss of property or even the loss of life.

Organized crime is becoming more and more involved in reaping literally billions of dollars of illicit profits from narcotics that may finance other illicit activities. On April 15, 1980, I addressed the Chicago Crime Commission to describe how new organized crime groups, attracted largely by enormous narcotics-generated profits, have broken the old ground rules honored by the old crime groups. Today, no one is immune from organized criminal violence and intimidation, including Federal judges, prosecutors, police, grand jurors, and even journalists.

I would ask unanimous consent to submit for the record a copy of my remarks before the Commission for your perusal, and am pleased to welcome to Washington, Phil Hummer, the president of the Chicago Crime Commission, and Pat Healy, its very able executive director.

Mr. Chairman, finally, in my verbal comments, I would like to just indicate my own pride at the work that the Permanent Subcommittee on Investigations has done in the field of narcotics-related investigations. Narcotics oversight actually began with consideration by the former Government Operations Committee, now Governmental Affairs, of which the subcommittee is a part, of President Nixon's Reorganization Plan No. 2 of July 1973 which actually created the Drug Enforcement Administration. As my esteemed colleague and chairman of our subcommittee, Sam Nunn, has told you, we have held 35 days of public hearings into the narcotics problem since 1974.

I would like to comment on the tremendous contribution that Senator Dennis DeConcini has made to this effort. He really is an absolute authority in the field. And inasmuch as we have 6 days of hearings beginning Monday on organized crime, I know Senator Nunn, who shares my very, very high regard for my esteemed colleague, and I would cordially welcome him to participate with us in those hearings. I know our staff would bring him right up to date before Monday on what we are undertaking; this is only part of a continuing series of organized crime hearings that we have planned.

Now, I happen to concur with my colleague, Senator Stevenson, that there is a proliferation of committees in the Senate. I have joined in the effort to reverse this trend, and I support the position that he has taken as the chairman of the committee that recommended reorganization. Even though it abolished one committee on which I was the ranking member and I hated to see that committee

go out of business, I supported the concept that we needed to focus our attention on fewer committee assignments.

Both Senator Nunn and I want to see a step-up in the effort—in the Senate to examine mob influence in narcotics and, therefore, want to gain as much as we can from Senator DeConcini. However, I feel the major effort can be carried out within the mandate of our subcommittee. Whatever the decision of the Rules Committee, I know that both of us will stand together to support the wishes of the Senate. In any event, I can assure you of the full minority cooperation with the majority in carrying out the subcommittee's mandate.

My written comments detail the subcommittee's record, our plans, and are highly supportive of the leadership that Senator Nunn has provided. I have noted Senator Nunn's efforts to put together, I think, one of the finest subcommittee staffs we could have, which we will now vigorously use to examine the role of organized crime, particularly in narcotics trafficking.

I thank the Chair very much, and I thank my colleague.

The CHAIRMAN. Thank you very much, Senator Percy, for being with us, and Senator Nunn.

In view of the fact that narcotics crime and problems are pretty closely related to criminal activity as a whole, do you think that a committee that is set up to deal just with narcotics will be able to have a broad enough mandate to cover the field effectively?

Senator NUNN. I think there are obvious overlaps between organized crime elements and narcotics; I do not think they can be completely separated. I believe any committee going into narcotics would have to get into organized crime also. They are not always the same. In narcotics, there are a lot of different players, but a great number of what we call traditional organized crime elements have moved and are continuing to move into the narcotics area.

The CHAIRMAN. So the focus would have to be maybe enlarged, as opposed to limiting itself just to narcotics?

Senator NUNN. I believe that any comprehensive investigation of narcotics would have to get into the broad area of organized crime to some extent. That is the approach we are taking, and I believe any other committee doing that would have to take a similar approach.

The CHAIRMAN. Thank you very much.

Senator DeConcini?

Senator DeCONCINI. Mr. Chairman, I only want to thank Senator Nunn and Senator Percy for their remarks, and also thank them for the work of the permanent subcommittee on a couple of the projects that I know they have devoted a lot of time on—arson for profit, professional motor vehicle theft, and, recently, illicit profit by organized crime in the narcotics area.

I have read some of the hearing transcripts, and some of the people on my staff have been there, and I know the thoroughness with which the PSI has devoted the time, and I know the time that the Senators have put in. Also, let me thank Senator Nunn for his effort in the Internal Revenue, in the legislation that you just recently introduced, which I was very pleased to be a cosponsor of.

I have no questions.

The CHAIRMAN. Thank you very much.

Senator NUNN. Thank you, Mr. Chairman.

[The prepared statement and accompanying materials submitted by Senator Percy are as follows:]

PREPARED STATEMENT OF HON. CHARLES H. PERCY

Mr. Chairman and members of the Committee, I deeply appreciate the opportunity to appear before you to discuss the need to authorize the creation of a select committee to investigate narcotics abuse.

First, let me state that I am extremely concerned about the narcotics epidemic that has swept this country in recent years. My own state of Illinois has been a major receiving point for a flood of heroin and other narcotic drugs from Mexico. Youngsters who would otherwise grow up to be productive citizens are becoming addicted to mind-destroying and body-weakening drugs. Many turn to crime to support their habits, threatening innocent citizens with the loss of property or even loss of life.

Organized crime is becoming more and more involved in reaping literally billions of dollars of illicit profits that may finance other illicit activities. Just last week, I addressed the Chicago Crime Commission to describe how new organized crime groups, attracted largely by enormous narcotics generated profits, have broken the old ground rules honored by the old crime families. Today, no one is immune from organized criminal violence and intimidation including federal judges, prosecutors, police, grand jurors and even journalists.

I would like to submit for the Record, a copy of my remarks before the Commission for your perusal.

Second, I am proud of our Subcommittee's oversight in narcotics related matters. That oversight actually began with consideration by the Governmental Affairs Committee of President Nixon's Reorganization Plan No. 2 of July 1973 which created the Drug Enforcement Administration. As my esteemed colleague and Chairman of our Subcommittee, San Nunn, has told you, we have held 35 days of public hearings into this problem since 1974. It was our Subcommittee's hearings into allegations of low morals, poor performance, and lack of integrity by certain personnel, within DEA and its predecessor agency that paved the way for important reforms instituted by the present Administrator, Peter Bensinger. I am proud of my own efforts of support which led to Peter Bensinger's coming to Washington from Chicago to head up the Drug Enforcement Administration. Under extremely difficult circumstances, Mr. Bensinger has restructured and remotivated the Drug Enforcement Administration into an effective tool in containing the flood of narcotics coming into this country. Without his efforts, and those of dedicated agents in his department, the problem would be much worse than it is today.

We are now working closely in this oversight function with Senator Biden, Chairman of the Criminal Justice Subcommittee. With great diligence, but without much publicity, his Subcommittee has been holding hearings into the awesome problem of preventing a tidal wave of heroin from Iran, Pakistan and Afghanistan from engulfing this country.

Third, as you know, Senator Nunn has committed the Subcommittee to a long-term investigation and study of organized crime. To carry this out, the Chairman has brought in superbly qualified counsel and criminal investigators who have had many years of experience in narcotics cases. For example, the new chief counsel, Marty Steinberg, was formerly the chief trial attorney of the Justice Department Strike Force in Miami and head of the Strike Force in Buffalo. Mr. Steinberg prosecuted forty major organized crime, narcotics, and labor racketeering cases while with the Justice Department—many in Miami, the number one port of entry for illicit drugs into this country. And, as it has for more than 25 years, the Subcommittee continues to rely on the experience and good judgment of LaVern Duffy, General Counsel.

Already, we are making progress. Last December, in five days of hearings, we examined how the Internal Revenue Service has been virtually eliminated from the fight against organized crime because of policy changes in the mid-1970s and because of the Tax Reform Act of 1976. That Act, well intended to protect the privacy of individuals, severely limits the disclosure of tax information to law enforcement agencies. Our hearings convinced us that the Act went further than necessary in this regard. Therefore, Senator Nunn and I, together with six other senators, have introduced a package of legislation designed to return IRS to the forefront of the fight against big-time narcotics trafficking, while at the same time maintaining important privacy interests.

I have written of these Subcommittee efforts in a recent letter to Senator Hatfield. I would like to submit a copy of that letter for the Record.

In sum, I agree with my learned colleague from Illinois, Senator Stevenson, that the important reforms that he authorized in 1977, and which have proven to be successful, would be partially defeated with the creation of a select committee that would divert us from our other committee assignments. At a time when we are asking executive agencies to slash their budgets, is it prudent to create a select committee to investigate narcotics abuse when the Permanent Subcommittee on Investigations has a proven record of performance and a strong commitment backed up by superb talent? That is a question that the Rules Committee and the Senate must decide.

This coming Monday, the Subcommittee begins six days of hearings on organized crime and the use of violence, including its involvement in narcotics trafficking. I invite every member of this Committee to attend these hearings to see this effort first hand or to study the Subcommittee reports when published.

I appreciate, again, this Committee permitting me to express my views.

Thank you.

REMARKS BY HON. CHARLES H. PERCY BEFORE THE CHICAGO CRIME COMMISSION,
APRIL 15, 1980

When Phil Hummer invited me to address you this afternoon, I gladly accepted for a number of reasons.

First, the Chicago Crime Commission quite rightly has earned a national reputation for being an effective and persistent force in the fight to contain organized crime in Metropolitan Chicago. For over 60 years, the Commission, with its broad-based support in the business community, has provided a national model for what concerned citizens should be doing to stop crime in their community. Every single person in this room should be commended for supporting the work of this fine Commission. (Pause.)

The second reason I accepted was because of my own deep concern that organized crime, both here and elsewhere, has become much more dangerous in recent years. At one time, traditional organized crime played by a set of ground rules tantamount to those imposed in time of war by the Geneva Convention. Representatives of the criminal justice system, although hated, were respected and left alone except for occasional battlefield skirmishes. Innocent bystanders were almost left unharmed, even during the most savage of killings.

Regrettably, today a new breed of organized criminal has emerged and he doesn't play by the old rules. Some of these criminals are attracted by the enormous profits to be made on the tidal wave of narcotics destined for Chicago and elsewhere. Dope dealers become multi-millionaires overnight, and "cocaine cowboys" play a deadly game of "shoot 'em up". New criminal groups ply the heroin trade in the Southwest and right here in Chicago. On the West Coast, other new criminal syndicates are now dominating certain criminal activities. Younger members in the traditional organized crime families, such as the Purple Gang in New York City, demonstrate their effectiveness to their elders by their crude use of force.

All of these have been joined by even a newer element of organized criminal: the motorcycle gangs. Some of the gangs are now heavily armed and dangerous. Some have been hired by traditional organized criminals on a contract basis to terrorize legitimate businessmen.

Additionally, gang members that terrorized California prison systems are now back on the street using the same murderous tactics they wielded in prison on innocent members of the community.

All of this adds up to something that I have been saying for years: that organized crime, if it ever was, is no longer dominated by any one ethnic group, despite attempts by Hollywood to focus on the activities of organized crime members of one particular descent.

These new groups and the younger members in the traditional groups are adding a new dimension to their violent activities. All too often they are targeting police, grand jurors, and prosecutors for violent retribution. At the Permanent Subcommittee on Investigations' hearings last year on professional motor vehicle theft and chop shops, we heard from an Illinois Secretary of State's investigator who had a pipe bomb planted at the front door of his home early one morning because of his zealous enforcement activities. Fortunately, his dog sniffed out the bomb seconds before it was to detonate. In another case, our investigators learned of an Assistant Cook County State's Attorney whose wife was being followed by hoodlums because

of the prosecutor's vigorous fight against vehicle theft. A Massachusetts state trooper told us of a murder contract out on his life because he wanted to stop chop shops.

National attention was recently focused on the murder of a federal judge in San Antonio, Texas who apparently threatened the drug empire of one of the emerging new breed of organized crime families. Last year, in Washington, D.C. a federal prosecutor was shot as he walked away from the courthouse in a midst of a major narcotics trial.

Organized crime today no longer leaves the innocent alone. In the Miami area, a group of narcotics smugglers have converted a van into a "war wagon," complete with automatic weapons and revolvers, and gun ports with one-way mirrors. They drive the "war wagon" into close range of their competitors, and then, indiscriminately, spray not only the intended target but also innocent bystanders who just happen to be in the way.

The enormous profits to be made from illegal narcotics trafficking may explain the emergence of many of these new families. Our Subcommittee staff estimates that narcotics trafficking is now the leading source of revenue to the criminal element in this country. The street value of illicit drugs has been estimated by federal law enforcement to be between \$44 and \$64 billion annually. The total proceeds from various illegal activities has been estimated by our staff at between \$121 billion to \$168 billion annually. That is more than the Gross National Product of 172 countries in the world and is approximately the entire GNP of Spain.

In short, we are no longer dealing with predictable felons who play by a known set of rules and leave the general populace alone, but rather callous sociopaths and psychopaths who have become increasingly ruthless and dangerous.

They have taken advantage of new technology, using weapons such as the MAC-10 Ingram Submachine gun that is easily concealed because it is only 20 inches long and weighs six pounds. It can shoot 60 rounds of ammunition in five seconds. It can be purchased on the illicit market for \$2,000, including a silencer to deaden the sound. It is particularly dangerous because the shooter tends to spray entire target areas with bullets endangering innocent bystanders. At least with the hand held revolver, most criminals were forced to take aim to be certain of striking their target. An estimated 3,000 of these submachines are now in circulation and are easily accessible to organized crime. In fact, the Bureau of Alcohol, Tobacco, and Firearms (ATF) reports that several MAC-10s have been confiscated from organized crime linked individuals right here in Metropolitan Chicago. Before I left Washington, I was informed that a newer version of the MAC-10, the MAC-11, has shown up on the streets. It is half the weight of the MAC-10 and one-third shorter.

ATF has also seized innocent looking "assassination kits," that have been used by contract hit men hired by organized crime to distance themselves from their lethal crimes. It is simple, but deadly. It includes a special waterproof .22 calibre "survival" revolver used by sportsmen that is attached to a silencer and secreted in a briefcase. The trigger is attached to a ring under the handle. The bullet emerges from a very small opening in the side of the case. Because of the effectiveness of the silencer, when a victim is hit and suddenly falls to the ground, most onlookers, perhaps even the victim himself, will initially believe that he has suffered a heart attack.

The third reason why I wanted to come here is to report a potentially promising development in the struggle against organized crime. For the first time since the early 1960s, under our distinguished Chairman, Senator Sam Nunn of Georgia, the United States Senate Permanent Subcommittee on Investigations plans a long-term study of organized crime in America, including Chicago.

Many of you remember the appearance of Joseph Valachi before the Subcommittee in 1963 when he told the story of organized crime in America.

Following the Valachi hearings, the Subcommittee moved into other areas, but remained firmly committed to investigate organized crime. Shortly after I became the Ranking Minority Member, I directed my staff on the Subcommittee to pay particular interest to organized criminal activities in Chicago, including possible corruption in the labor unions.

In 1977, for instance, we held hearings into how funds from the Chicago-based Teamsters Central States Health and Welfare and Pension Funds were parcelled out to known organized crime associates in Las Vegas and Southern California in the form of real estate loans.

In 1978, the minority staff held hearings into arson-for-profit in the United States. One witness at our arson hearings with strong ties to organized crime was a soldier for the Rochester, New York mob. He was directly involved in eleven arson-for-profit fires. He testified that arson-for-profit is increasingly becoming the domain of organized crime.

Senator Nunn and I have recently introduced legislation that will make arson-for-profit a federal crime. While the primary responsibility for fighting arson will remain with state and local law enforcement, I am hoping that once this is enacted into law, professional arsonists who are now torching buildings in Uptown and Lakeview will think twice before they leave people homeless, and turn decent communities into areas that look more like war zones.

Another major area of interest has been chop shops and vehicle theft. The Subcommittee minority staff put on five days of hearings in late November of last year that documented how organized crime, through extortion and intimidation, has come to dominate chop shop activities in Metropolitan Chicago.

That is why I have introduced legislation in the Senate that provides a multifaceted approach to deter vehicle theft and chop shop operations. One section of the bill expands the federal government's anti-racketeering or RICO statute to include organized car theft and chop shop activities. If enacted into law, the Motor Vehicle Theft Prevention Act of 1979 will permit the federal government to seize the entire assets of organized crime-operated chop shops. This is particularly important because chop shops are now relocating in northwest Indiana and even southwest Michigan in order to flee the aggressive and effective actions taken by Illinois officials.

I am pleased to report to you that yesterday, the Senate Criminal Justice Subcommittee of the Judiciary Committee under the leadership of its Ranking Republican, Senator Charles McC. Mathias, Jr., of Maryland, held hearings in Baltimore on the bill. Hearings are planned for next month in the House of Representatives. I am hoping that the Congress will act quickly so that President Carter can sign this bill into law this year. (Pause.)

But organized crime is into far more than chop shops. That is why Senator Sam Nunn of Georgia, my friend and Chairman of the Subcommittee, has developed a systematic plan to attack organized crime in America by exposing its new face, its increasing sophistication, and hopefully developing more effective laws that will address this new wave of indiscriminate violence and assassination.

First, our upcoming hearings, scheduled to begin April 28, will, in no uncertain terms, inform the public that today's mobsters are not noble and glamorous felons as they are sometimes portrayed on the screen. The hearings will also demonstrate that organized crime is not simply the provider of illegal services to those who want them, but that they are trying, all too often successfully, to subvert legitimate businesses. They are a danger to every law-abiding citizen.

The Subcommittee wants to describe how violence has been used to take over legitimate businesses throughout America. For example, we plan to examine the attempted takeover of an urban development project in one of our major cities. It started out with high hopes. It was very successful, too successful because it attracted the interest of organized crime that wanted its share of the action. The results were murders, bombings, and arson. This is the kind of activity that could happen in any city and it should be exposed.

We are serious about this effort to expose organized crime. Our new chief counsel is the former head of the Justice Department Strike Force in Buffalo and Miami. He has put together a crack team of investigators and attorneys that include personnel from various federal and local agencies.

Although we plan to raise the consciousness of the American public about the dangers of the new generation of organized crime, we also hope to review our present laws and determine whether changes are necessary to give law enforcement in Chicago and elsewhere the tools they need to combat organized crime.

Senator Nunn has suggested some possible legislative changes. I would welcome your own comments and suggestions before I make up my own mind. He recently noted that the Justice Department favors additional federal jurisdiction to investigate and prosecute murder-for-hire. Contract killings are definitely on the upswing and are a threat to every member of society.

Second, our Subcommittee will explore the need for increased sentencing for those who commit violence in connection with the commission of a federal crime.

Third, we will explore whether to make it easier for federal prisoners to cooperate with the authorities. Currently, federal judges lose jurisdiction over a prisoner 120 days after he or she is imprisoned. Incredibly, many parole boards, which then take over, have penalized cooperating prisoners who come forward with new information that may incriminate them in crimes they were never prosecuted for. This practice must stop. Prisoners who cooperate should be rewarded for exposing themselves to additional risks instead of being punished.

Fourth, we will look into the need to tighten up federal bail requirements. In all too many cases, defendants have been known to resume their life of crime and intimidation once out on bail and often never show up on their day of trial.

Fifth, although I've been a consistent supporter of freedom of information legislation, we will examine the need to take additional precautions to safeguard confidential informants who may be placed in jeopardy because of insufficient precautions taken to sanitize a federal investigative report later given out to a defendant.

In one area, we have already taken some action. Last December, we held five days of hearings on illegal narcotics profits. Those hearings focused on the reasons why the Internal Revenue Service has ceased to be an effective force in the fight against organized crime.

Traditionally, the IRS has been the last resort in bringing sophisticated criminals to justice. The upper echelon of crime may never touch the contraband, but they are the ones making the big money.

A case in point is one of the Nation's most notorious gangsters. For years, Al Capone dominated the Chicago crime scene, having a hand in bootlegging, gambling, prostitution, and an estimated 200 gangland killings. Capone never maintained a bank account, never signed a check or receipt, never bought property in his own name. He paid for everything in cash out of a strongbox he kept under his bed. IRS went after him on the basis of his net worth and net expenditures. After combing sales records throughout Chicago, including the number of towels he took to the laundry, he was brought to trial on 22 counts of tax evasion. Despite his attempts to have the tax agents testifying against him killed, and to bribe and intimidate the prospective jurors, he was convicted and sentenced to 11 years in prison. It is no wonder that organized crime kingpins have always feared the IRS.

Yet, at the very time that illegal narcotics profits are skyrocketing the IRS has turned its back on the problem. In 1974, the 80,000-person agency applied 927 total staff years to tax investigations of suspected narcotics traffickers. Five years later in 1979, the number of staff years was down to 300.

We also reviewed the dramatic consequences of the Tax Reform Act of 1976 in limiting cooperation between IRS and other federal law enforcement agencies. The disclosure provisions of the Act were well intended to protect the privacy of the individual. However, in some instances, according to the convincing testimony we received, the Act went further than was necessary. Therefore, Senator Nunn and I, and six other Senators last month introduced amendments to "fine tune" the act. This will help to ensure that law enforcement can vigorously pursue organized criminal activity and the upper levels of narcotics trafficking by following the complex trail of financial transactions that today mark many of organized crime's illegitimate enterprises.

In sum, our Subcommittee's plan to look into organized crime is intended to not only sound the alarm about the new wave of organized crime, but to seek out appropriate legislative initiatives to help in the fight against organized crime.

Without moving now, we will soon find ourselves falling hopelessly behind in the struggle against organized crime. We must move to stop the intimidation of legitimate businessmen. And most importantly, we must tell organized crime in no uncertain terms, that we will not, for one moment, tolerate the killing of police, prosecutors, judges, and the innocent. We have no other choice than to act now and to act decisively.

Thank you.

U.S. SENATE,
Washington, D.C., April 18, 1980.

Hon. MARK HATFIELD,

*Ranking Minority Member, Committee on Rules and Administration,
U.S. Senate, Washington, D.C.*

DEAR MARK: The Committee on Rules and Administration is scheduled to hold a hearing on April 23 to consider Senate Resolution 207, introduced by Senator DeConcini, which would create a Select Committee on Narcotics Abuse and Control. As I understand it, the proposed select committee would have a continuing responsibility to study and review the problems of narcotics abuse and control with special attention given to the involvement of organized crime in narcotics trafficking. I would like to comment on what the Permanent Subcommittee on Investigations of the Governmental Affairs Committee is doing in this regard.

On November 13, 1979, Senator Nunn, Senator Ribicoff, Senator Jackson and I wrote to Senator Pell concerning the Permanent Subcommittee on Investigations. The Subcommittee has had a long-standing interest in the narcotics problem. We

noted then that the Subcommittee was soon to hold hearings on illegal narcotics profits.

Under the able leadership of Senator Nunn, and through the diligent efforts of the Subcommittee's highly-professional staff which includes former members of Justice Department strike forces, the FBI, DEA, and Labor Department, five days of hearings were held in December 1979. They focused on the billions of dollars of profits generated from narcotics trafficking. This included a review of efforts within the federal government to detect, investigate and prosecute major narcotics dealers. In particular, we looked carefully at the use of the Internal Revenue Service in this effort.

The Subcommittee received testimony from both federal and state prosecutors about the narcotics money flow that annually sends billions of dollars out of the country. This money often undergoes a series of paper transfers through several fictitious accounts, destined to be wired to off-shore banks, or converted into cashiers checks to be carried to foreign locations. We also learned that the people who are orchestrating these illegal and enormously lucrative operations operate with little fear of arrest because only the most complex and detailed financial investigations can make them vulnerable to successful prosecution.

Federal and state law enforcement officials also testified that the IRS should be one of the most effective agencies in combatting narcotics traffickers and organized crime. However, the IRS has been virtually eliminated from the fight against crime due to two factors: (1) A change in attitude during the 1970's about the proper IRS role in law enforcement activities; and (2) the passage of the Tax Reform Act of 1976 which severely limited the disclosure of personal and corporate tax information from the IRS to other law enforcement agencies.

As a result of these findings, I joined with Senator Nunn and six other senators in introducing a package of legislation designed to return the Internal Revenue Service to the forefront in the fight against organized crime and big-time narcotics trafficking. I believe the Subcommittee established a strong record for the consideration of this legislation which will once again permit IRS to use its expertise in fighting organized crime.

The December hearings were a point of departure for inquiries later this year that will document the flow of money generated by narcotics into foreign banks and secret bank accounts, the laundering of funds, and the infiltration of legitimate businesses by narcotics traffickers.

This investigation of narcotics trafficking is a significant and substantial part of Senator Nunn's plan to conduct a long-term investigation of organized crime. The Subcommittee intends to expose organized crime's incredible and fearsome spread into areas of legitimate business, and determine whether new legislation or additional resources are needed by federal law enforcement to cope with this development.

Beginning on April 28, the Subcommittee intends to hold five days of hearings on mob violence. These hearings will highlight case examples of mob violence in different regions of this country. One likely example will concern organized criminal groups that have used force and violence in Southern Florida to create a narcotics empire. These hearings will expose organized crime for its violent methods of operations and are aimed at dispelling the widely held notion that organized crime is just a provider of illegitimate services to those who can pay the price. Hopefully, these hearings will generate great public interest in this serious law enforcement problem and, if appropriate, lay a groundwork for further legislative recommendations.

The Subcommittee is continuing to cooperate with other Senate committees and subcommittees which have legislative interests in narcotics control and organized crime. We have had especially fine cooperation from Senator Mathias and Senator Biden on the Criminal Justice Subcommittee of the Judiciary Committee. A number of legislative initiatives first considered by this Subcommittee have been referred for hearings and further action. For example, earlier this week the Criminal Justice Subcommittee held a hearing on professional motor vehicle theft and "chop shops." This hearing followed our 15-month investigation and November 1979 hearings which demonstrated that motor vehicle theft is growing at an alarming rate, and that in some of our major cities, organized crime has come to dominate professional vehicle theft. Senator Biden and I have introduced legislation that we believe will greatly help to fight the problem. Our Subcommittee also stands ready to assist other committees with interests and responsibilities in various aspects of the narcotics and related law enforcement problems. I am enclosing for your information copies of both our vehicle theft and narcotics profits hearings.

It is now as important as ever for the Senate to increase its efforts to solve the illicit narcotics problem. On the basis of the record established by the Permanent Subcommittee on Investigations, I believe it is well equipped to conduct the thorough and professional investigations that are needed to document organized crime's involvement in these criminal activities.

I would certainly appreciate the opportunity to testify along with Senator Nunn at the hearings on S. Res. 207 so that the facts which I have brought to your attention can be made a part of the public record. I am confident that the public record will also reflect that the Permanent Subcommittee on Investigations is intent on being in the first line of attack against narcotics traffickers and organized crime.

Warmest personal regards,

CHARLES H. PERCY.

The CHAIRMAN. Senator Biden is our next witness. Senator Biden is the chairman of the Judiciary Committee's Subcommittee on Criminal Justice, which is another one of the Senate subcommittees sharing jurisdiction in this area.

In this regard, Senator Biden sent us a letter some time ago in which he said:

A select committee with no legislative authority can do little more than identify issues, recommend action and rely on standing committees to achieve results. The efforts would be duplicated by standing committees considering their recommendations. We would respectfully suggest we do not need any assistance in identifying the issues; we know what they are. We are concerned about dealing with them.

You and Senator Mathias sent me a letter some time ago with these thoughts in it. We would be interested in your statement.

STATEMENT OF HON. JOSEPH R. BIDEN, JR., CHAIRMAN OF THE SUBCOMMITTEE ON CRIMINAL JUSTICE, COMMITTEE ON THE JUDICIARY

Senator BIDEN. That is correct, Mr. Chairman, and thank you. I appreciate the courtesy that both you and Senator DeConcini have extended to me, allowing me to come on at this point.

As you have been made aware, Senator DeConcini's committee and mine is now holding hearings on oversight of the Criminal Division at this very moment. I am chairing those hearings, and not that it should concern my two Democratic friends, but I have left the committee in hands of a Republican in order to come over here, Senator Thurmond at that.

As chairman of the Subcommittee on Criminal Justice, I feel compelled to offer my observations about Senate Resolution 207 to create a Select Committee on Narcotics Abuse and Control. Although such a select committee would not directly affect the jurisdiction of our subcommittee, the one which I chair and of which Senator DeConcini is a member, I think it would undoubtedly impact upon our work. At least as I read the resolution, it would not in any way deal with our legislative jurisdiction.

I view narcotics use and abuse as perhaps the most serious domestic problem facing not only the young people of this country, but our Nation. I think it is of the gravest potential threat to the social fabric of this Nation. I cannot think of any other single issue that impacts more widely upon the fabric of our society than the narcotics problem.

In the short time that I have had oversight responsibility in this area, I have firmed up a conclusion and a prejudice with which I came to the job as chairman of that committee. Organized crime, fortunately or unfortunately, depending on your perspective and

the ability to deal with it, has not taken hold of the entire drug area. But the fact of the matter is that the early expressions of optimism by this administration and the last two administrations have overstated our ability to gain control of the narcotics problem in this country. Indeed, we are in for a very significant increase in heroin use in this country, and we are already experiencing an epidemic use of marihuana and chemical substitute drugs among our young children.

The most terrifying aspect of that, I should point out, Mr. Chairman, is that the age of use is steadily declining. You no longer go into the high schools; you go into the grammar schools and the junior high schools to witness the beginning of this dependence upon drugs.

My dedication to these issues of narcotics control derives not simply from my experience as the recent chairperson of this subcommittee. As a criminal defense attorney prior to being elected to the Senate, I represented both the purveyors and the victims of narcotics. Furthermore, one of the major planks in my initial election campaign in 1972 was the need for the Federal Government to be more aggressively involved in its efforts to gain control over the heroin epidemic which was swamping our country at that time and which, I must add and reemphasize, is about to come in a wave that will exceed the previous one, and it is going to come shortly.

I have only been in a position to do something about the problem in terms of directing a subcommittee for the past year. Although I became chairman of the Subcommittee on Criminal Justice in June of 1978, it was not until Senator Kennedy reorganized the committee in early 1979 and gave our subcommittee jurisdiction over DEA in April of 1979 that I really gained a firm handle on the matter in terms of jurisdiction. I have not gained a firm handle on the matter in terms of the problem, merely in terms of the jurisdiction. Up to that time, there was a good deal of internecine warfare going on within the committee as to whom would have jurisdiction of what committee, even who would chair the committees and what the makeup of the committees would be, for a number of complicated reasons not relating to the drug problem. In that short year, Senator Mathias, the ranking minority member, and I have focused on three critical areas.

I want to emphasize here that the Criminal Justice Subcommittee could focus its legislative interests on a whole range of issues, because it has a very broad jurisdiction and very broad concerns. The criminal jurisdiction, the criminal laws of this Nation are, by definition, very expansive. But we had made from the outset the first order of business sitting down with the ranking Minority member and then, before any discussion of a select committee was ever raised, contacting and visiting with Senator Nunn to begin what had never been done before, to the best of my knowledge in this Congress, at least in my 8 years of being here and Senator Nunn's 8 years. We established a totally coordinated effort and to maximize the time and energies of the subcommittee on the question of narcotics and organized crime. We sat down and discussed how we would divide up that responsibility so we would not overlap.

I do not have the staff investigative capability, nor is it my prerogative, as chairman of the Criminal Justice Subcommittee—as a legislative subcommittee—to have a large investigative staff. And as we submitted our budget to this committee, which came later, we were able to rely upon Senator Nunn's subcommittee to direct its efforts along the same lines we were interested in, and we did that. We checked; we sat down and we actually discussed staff members. I think it is a little unusual that two totally different committees and subcommittees within those committees—that the chairmen of those committees would sit down and actually go over the staff allocation, as if we were on the same committee, to make sure that we did not duplicate what the other was doing.

The point I really want to make here, Mr. Chairman, is that I think that the criticism leveled, not just by Senator DeConcini, but by others, as to the lack of focus on narcotics and organized crime is an accurate one, and because of that, for that very reason, my subcommittee reorganized itself along the lines of pursuing that issue and took what is viewed in this hallowed Chamber as the extraordinary step of going to another committee, another chairman and saying, "Look, I am not even going to begin to hire people until you tell me whom you have hired to make sure we know that we do not overlap in terms of our effort."

As I said, Senator Mathias and I decided on the focus. There were so many things we could do. We could focus all our time on grand jury reform, which is a pet project of mine and, I think, a crying need. We could focus our efforts on a whole range of other issues. But we decided we would focus the bulk of the efforts of that subcommittee in the area of drugs and organized crime.

First, we used my position on that subcommittee, my position on the Judiciary Committee, the Intelligence Committee and the Foreign Relations Committee to focus on the foreign policy and intelligence aspects of narcotics control. There was an unwritten agreement between Senator Nunn and I that although he had the jurisdiction to be able to deal with that, that because of my particular position on those other committees, I and the legislative subcommittee might be particularly suited for that effort.

As this committee well knows, the most socially disruptive and physically harmful narcotic is heroin—a product that is exclusively an import from foreign countries. Therefore, the first priority of the subcommittee is to understand how we use the foreign policy apparatus—it cannot be divested from that—the intelligence community and the foreign operations of DEA to monitor and attempt to control the production and trafficking of this narcotic into the United States.

Unfortunately, I assumed this responsibility at a time when a burgeoning production and trafficking of opium began to emerge out of Southwest Asia—not Southeast Asia, but Southwest Asia—at the same time that our relationship with those host governments totally deteriorated. The Russians invaded Afghanistan; Pakistan is in disarray, and Iran is gone, and that is where it is all being produced.

I committed a substantial amount of my own time and the staff's time and energies in attempting to understand the problem and to develop an international initiative in this area. It is obvious that

without the cooperation of the opium-producing countries, domestic law enforcement efforts are incredibly more difficult, if not hopeless.

The second area where Senator Mathias and I have concentrated our energies has been one where, quite frankly, Senator Mathias is much more of an expert than I, and I hope he will testify to it, and that is the alarming consumption of marihuana among young people, and what connection, if any, there may be with the attempt of organized crime, as heroin had abated for the past 5 years, to gain control of the trafficking of this very, very widely consumed and highly profitable product.

We began our investigation in this area with an inquiry into the so-called head shops and drug paraphernalia companies, companies that are in some cases deliberately attempting to market marihuana to young adolescents. Second, we conducted comprehensive hearings on the health consequences of marihuana use in an attempt to reexamine the conventional wisdom that marihuana is not a significant health hazard. These hearings, which I believe were very thorough and objective, have shaken not only my attitude, but hopefully the attitude of those who have become acquainted with the study, and when we bring it to the floor for changes in the criminal code, hopefully the attitude of the entire U.S. Senate. I hope it will begin to shake the attitude of the Nation that, in fact, there are serious health consequences. The old saw that we have heard for the last 10 years that marihuana is not a whole lot worse than a cocktail after dinner is just a bunch of malarkey. Senator Mathias, I think, has established a very, very comprehensive and medically competent record to sustain the point that that is not correct.

I might emphasize at this point that regardless of where you might come out on the decriminalization of marihuana issue, this large exposure of young people to marihuana and the drug culture, combined with the climbing young unemployment, should be of grave concern to us all, particularly at a time where we are deluged with massive amounts of Southwest Asian heroin.

The third area of emphasis had to do with my own particular interest in the quality of narcotics intelligence collection and analysis, not only at DEA—and that is important, DEA, and they have much, in my opinion, to improve—but also at the CIA and the other intelligence agencies. I used my position on the Intelligence Committee to order a staff task force to analyze the intelligence collection capability of DEA and the rest of the intelligence community, and to prepare a report and conduct hearings on this subject earlier this year. The 4-man task force interviewed 55 individuals within the executive branch and conducted a field trip to Mexico, south Florida, and to the DEA Intelligence Center in El Paso, and came back with recommendations for improvements in the intelligence area.

Our subcommittee has in this 1 year conducted 8 days of hearings—actually 9 if you count the 1 day of hearings I chaired at the Intelligence Committee. We have heard from over 75 witnesses in these hearings on all the subjects described above. Between the two foreign trips that the Intelligence Committee staff and my staff and myself have taken, we have interviewed over 25 foreign gov-

ernment and police officials, U.S. Embassy, and DEA personnel stationed abroad.

Now, I might add that we are about to publish a report that is a consequence of the trip the chairman and I took not only with regard to the foreign policy implications of the situation in the eastern Mediterranean, but, as part of that trip, Mark Gitenstein, chief counsel of my subcommittee, was along on that, and we also conducted extensive interviews and will be filing a report. The report—much of it will have to be classified—will be on the efforts in Turkey, Greece, and Italy, to thwart the reestablishment of this new wave that we anticipate what, I think, is going to be more appropriately referred to as the Sicilian Connection.

What have been our accomplishments? We have begun initiatives within the NATO Alliance to attempt to develop a multinational, multilateral narcotics strategy within the NATO countries. The chairman is much more cognizant of the situation in Europe than I, and so he will not be surprised to learn that when I addressed the NATO assembly about 5 months ago I suggested that within the NATO charter it was totally within the parliamentarians scope, responsibility, and it was an absolute necessity for them to begin to focus not only on multilateral military questions, but on the more insidious question of drug trafficking. At the time we were getting little response from Germany, Italy, or anywhere else. Now, we have the nine foreign ministers and interior ministers saying we have to give a higher focus and visibility to international trafficking. We find that now that the Germans outstrip us in terms of heroin deaths per thousand, meaning heroin consumption. They all of a sudden have a new vital interest in this.

So we are beginning to formulate for the first time, for the first time ever, a consensus among the Western European nations, most of the target nations, of this vast production of heroin, a need for a unified effort. In November of this year, I presented this plan to NATO, and it has been well received and is beginning to bear fruit.

Two, we have begun to insist that the administration take a more realistic look at what the possibilities are for using foreign assistance to get nations to reduce their opium consumption, production. They have been overly optimistic, in my opinion, particularly DEA, about how, in fact, they are going to be able to repeat their successes in Turkey of some years ago. Pakistan today is not Turkey yesterday, nor is Iran or Afghanistan, and I think we have to be realistic and hard-nosed about what is about to happen.

Three, through our foreign travels, we have talked with officials in the major transit countries—Turkey, Greece, and Italy—to sensitize them to our concerns about the burgeoning new heroin traffic, and they are sensitized. They are even beginning in Italy, for example, with the aid of the DEA here and with my staff, to attempt to reorganize from the top their entire drug enforcement agency—they do not have a central one—within Italy. They are seeking our help. The German Interior Minister came to my office, and Chancellor Schmidt and I discussed the question of how do they establish a unified, single agency to deal with this problem in Germany—a major breakthrough conceptually in terms of how we are going to begin to deal with what is finally becoming recognized as an international problem.

Just last week, we held 1 day of hearings with DEA and questioned them rather rigorously on their ability to target organized crime elements who are attempting to reconnect the so-called French Connection with this Southwest Asian heroin through Sicily.

Fifth, in the near future we will be preparing a thorough staff report on the trip to the Middle East and, hopefully, we will come up with additional international and diplomatic initiatives, but, ultimately more important, a more realistic, sound, cold-blooded assessment of just how bad we are about to have it and what we should be prepared to do.

Sixth, on the marihuana matter, using our hearing record on the subject, Senator Mathias is going to ask the Senate to reexamine the penalty structure of possession and use and trafficking of marihuana. We are going to continue to determine what elements, what aspects of organized crime infiltrate that burgeoning business.

Seventh, on the intelligence front, we are making recommendations in the context of the general intelligence budget authorization which suggest a tightening up of the quality of intelligence analysis of DEA and CIA, and recommending more cooperation and an increase in the coordination between these agencies, and we are going to question some of the cutbacks that are taking place in the CIA right now as it relates to this particular area.

This summer, we intend to go public with a major subcommittee study on the whole question of how present statutes and investigative techniques might be improved to immobilize large trafficking organizations by seizing assets. Senator Nunn has described how his committee has examined the role of IRS and the various privacy restrictions on the exchange of information and how this has hindered efforts to immobilize and seize assets. We are examining the problem from a different perspective.

Being charged with the oversight of the Criminal Division and DEA, we are attempting to determine why the so-called racketeer-influenced corruption organizations statute, the so-called RICO statute, passed by my subcommittee when it was chaired by Senator McClellan, is not being used more often. The statute allows a U.S. attorney to seize ill-begotten gains from narcotics trafficking. As we all know, most traffickers are able to continue their trafficking enterprises from behind prison bars; it does not seem to dissuade their organization or their efforts. It is not enough to simply arrest and convict traffickers, but we also must completely disrupt the trafficking apparatus.

With the assistance of GAO, we are examining every single major trafficking prosecution in the last 5 years in which Justice sought to seize assets to determine why assets were not actually seized. We are, however, doing more than simply relying on GAO and their accounting experts to determine what is happening with the assets in these major trafficking organizations. I have members of my staff—incidentally, two former prosecutors, with an accumulated 10 years of experience—interviewing every assistant U.S. attorney in the country who has handled a forfeiture case in the last few years.

This massive study will result in hearings, hopefully sometime in June or July, at which time we will question both the Criminal

Division and DEA on what one Justice official labeled as their "dismal record" in this critically important enforcement area.

I have laid out our activities thus far and implied what they are going to be in the future, and you have heard from Senator Nunn and you have heard from Senator Stevenson and you have heard from Senator Percy. I do not believe that it is particularly appropriate to create a select committee. Quite frankly, there is not all that much at stake for the Criminal Justice Subcommittee, because under the resolution, none of the legislative jurisdiction will be affected.

I do not contend that our program, in cooperation with Senator Nunn's subcommittee, is ideal or is likely to stop major drug trafficking in the next year or two. But we are doing as well as any select committee could do, if I may respectfully suggest, in attempting to understand the problem and to propose realistic legislative and administrative remedies for the problem.

We honestly believe that a select committee will simply duplicate what is already underway. Indeed, a select committee without legislative authority is likely to feel required to conduct sensational exposé hearings. We do not feel that that is what is necessary at this point. Those hearings have already been conducted in the narcotics area; indeed, they were conducted several years by the Permanent Subcommittee on Investigations.

The problems in narcotics control are deep-seated problems of organized crime and of agrarian poverty that forces people to turn to opium, marihuana, and cocaine production when no other economic resources are available in the host countries. These are the enemies upon which we should be focusing our resources.

I am learning that there are problems at DEA and with coordination and cooperation between DEA and the State Department. I should note parenthetically that up until the last 10 months, Mathea Falco at the State Department had trouble getting anybody at State even to listen to how the drug problem cannot be handled domestically. If you are going to get a handle on organized crime and/or trafficking, it has to begin internationally, because that is where it starts; that is where it is produced. Also, there is a need to coordinate with local organizations and, to some extent, with foreign police and with other agencies in the Federal Government.

I believe these problems are manageable. I believe that we will, in our studies, quietly and constructively lay out alternatives that the administration might follow—be it modifications in the structure of the agency or revisions in the RICO statute to make it easier to forfeit assets or hiring more financial investigators at DEA. But these remedies are remedies that can be accomplished just as easily through solidly documented staff reports and calm debates in committee and on the floor of the U.S. Senate.

We do not believe a select committee will be any more effective than the standing committees in identifying the underlying issues. However, if there are members of this committee or elsewhere in the Senate who would like to recommend additions to our agenda, we would be most happy to hear them, and I am sure that Senator Nunn and other subcommittee chairmen feel the same way.

In conclusion, Mr. Chairman, let me say that I do not find the debate over whether to create a select committee to be the most constructive one we should be engaged in. I feel that our energies and the talents of all those involved in this discussion will be better spent in attempting to target these energies on the causes of the problems that we have described above.

If I may reiterate, there seems to be a crystal clear consensus that in order to gain control over the most serious aspects of drug trafficking and, in turn, impact upon organized crime and understand its impact, we have to start at attempting to deal with the production, the source. Next, establishing how the trafficking network operates—who controls it, where it is, what the host governments are involved in, what the passthrough nations are doing, what is happening internationally. In that regard, we must focus on the coordination and, I might add here, the lack of coordination between the CIA, State, and DEA. And, third, we must work out the need to coordinate—what Senator DeConcini is more expert on than I and, than probably anyone in the U.S. Senate—local, State, and Federal law enforcement agencies.

Now, I would like to respectfully suggest that I think that the combination of Senator DeConcini's—your Appropriations Subcommittee, Dennis—Senator Nunn's Subcommittee on Governmental Affairs, and my subcommittee could work in considerable unison here. I think—and maybe it is presumptuous to suggest this—I think maybe much of this came about as a consequence—and I may be at fault for it; the reason why we are spending this time debating on how to approach the issue, rather than approaching it, and I may be at fault, because probably what should have been done is there should have been more publicity, at least among our colleagues, as to how this new effort was being approached. I think perhaps a select committee would be appropriate if Senator Nunn had not refocused his efforts once he became chairman of that subcommittee and if Senator Mathias and I had not refocused the efforts independent of the establishment of a new committee. Had everyone been aware of that, I suspect maybe we would not be this far down the line.

I think the combination of the committees that the three chairmen of the subcommittees, Senator DeConcini, Senator Nunn, and myself, happen to serve on can do the job, they overlap. Senator DeConcini is on my subcommittee. I would be delighted, Dennis, if you want to be involved in and conduct hearings on and run with the idea of dealing with the emphasis on the lack of coordination with local officials and lack of DEA's efforts, for you to do that. There is plenty of room; there is plenty of need; there is plenty of requirement for time.

But the idea that I would like to leave you with, Mr. Chairman and Senator DeConcini, is that the issue has been refocused; it has been refocused beginning 18 months ago. It is not an idle refocus; it is not something that we are not committed to, Senator Nunn and myself, and, I am sure, Senator DeConcini, and that is that there must be a good deal more information and emphasis on both the apparatus and structure of international drug trafficking and its domestic consequences.

Right now in the subcommittee which Senator DeConcini and I serve on—and neither of us can be there for this reason—right now, we are questioning and have begun to question the Criminal Division on what it just recently established as a consequence of pressure that our subcommittee put on them—an entire new capability within the Criminal Division that deals with the need to learn, to understand, and have an ability to deal with international financial institutions and banking institutions. These fellows are not unsophisticated, as I am sure Senator DeConcini knows better than I.

So the point is that we are going to spend, I estimate, whether or not there is a new committee authorized by the Rules Committee in the U.S. Senate—it is going to take another good year before all the pieces are in place and before we can make some major recommendations relating to reorganization of the administrative end of it and reorganization of the departments, and the emphasis which we think we could realistically come to this Congress with.

I do not want to underemphasize the significant importance of the major new flow of heroin that is going to come rolling into this country. It is going to make what occurred in the late 1960's and early 1970's blanch by comparison; it is astonishing. It would infect almost every aspect of the everyday behavior of Americans.

It is estimated that over 50 percent—and some say as high as 70 percent—of all violent crime in America is directly attributable to drugs and the need for people to get the money to have a hit, whatever that hit happens to be for.

I will stop with this, Mr. Chairman, but there are growing estimates that the reason that South Florida is flourishing while the rest of the country is in the throes of an economic recession is because of all that illicit money that happens to be there as a consequence of drug trafficking. We have not substantiated that yet, but we have strong prejudices and beliefs—not only me, but the agency.

But the bottom line is, Mr. Chairman, unless we focus the public's attention on how much the drug problem is infecting even legitimate businesses in this country and the banking institutions in this country, and unless we learn how to be as sophisticated as those who deal in organized crime and international trafficking are, we stand to lose more than we could lose by any external threat that I can immediately imagine, short of a major confrontation with the Soviets.

I am sorry for going on so long, but obviously I feel strongly about this. As Senator Nunn said in perfect "senator-eze," I would say that regardless of what this committee does, we are not going to alter our agenda. We will cooperate with whoever is running this special committee.

In the event that there is no new select committee established, I not only ask but I implore the assistance of anyone who has an interest in this to become involved with my subcommittee in trying to get a handle on the problem. Thank you very much, Mr. Chairman.

The CHAIRMAN. Thank you very much, Senator Biden. I know full well the intensity of your interest in this subject matter and the fact that your subcommittee is moving into this area.

Senator DeConcini?

Senator DECONCINI. Mr. Chairman, I have no questions. I do want to thank Senator Biden on the record for the cooperation of the Criminal Law Subcommittee on the Judiciary Committee in helping us conduct some oversight hearings by the Appropriations Committee in Arizona regarding the GAO report. His assistance in processing paperwork and subpoenas was helpful in getting on the record some of the real problems that we have in the lack of coordination. I appreciated it very much, Senator. I have no questions.

Senator BIDEN. One last comment, Mr. Chairman. I want to point out, and I am not being solicitous, nobody knows more about this than Dennis DeConcini. Nobody knows more about the problems relating to drugs and organized crime, in my opinion, in the U.S. Senate than Senator DeConcini.

I would suggest that in the event that there is a select committee established, the Senate would obviously be making no mistake, if you had Senator DeConcini chairing this committee. He would be the single most appropriate person.

In the event that you do not establish that committee, I would also suggest that in light of the fact that the Senator has now heard of our interest and the cooperation of Senator Nunn and I, that I am prepared not only to be involved, but to share the jurisdiction of the subcommittee on which he serves with Senator DeConcini to pursue those areas which he knows better than I and which he is more capable than I of pursuing.

I say that in all seriousness, and I am not just being solicitous because he happens to be a member of my own party, although it would be harder to say if he were a Republican. [Laughter.]

That was a joke; note that they laughed. Thank you very much.

The CHAIRMAN. Thank you very much indeed, Senator Biden. [The prepared statement of Senator Biden is as follows:]

PREPARED STATEMENT OF HON. JOSEPH R. BIDEN, JR.

As chairman of the Subcommittee on Criminal Justice I feel compelled to offer my observations about S. Res. 207 to create a Select Committee on Narcotics Abuse and Control. Although such a select committee would not directly affect the jurisdiction of our subcommittee, it will undoubtedly affect our work.

I view narcotics use and abuse as perhaps the most serious domestic problem facing our young people and the gravest potential threat to the social fabric of our Nation. In the short time that I have had oversight responsibility in this area I have come to the conclusion that those in the administration and elsewhere who have expressed optimism about the narcotics problem have overstated the case. Indeed we are in for a very significant increase in heroin use and we are already experiencing an epidemic of marijuana use among young children.

My dedication to the issue of narcotics control derives not simply from my experience in this subcommittee. As a criminal defense attorney prior to being elected to the Senate I represented both the purveyors and victims of narcotics. Further, one of the major planks in my initial election campaign in 1972 was the need for the Federal Government to become more aggressive in its efforts to gain control over the heroin epidemic which was swamping our country and which I knew from experience was the driving force behind the violent crime wave of the late 1960's.

I have only been in position to do something about the problem for approximately one year. Although I became chairman of the Subcommittee on Criminal Laws and Procedures in June 1978, it was not until Senator Kennedy reorganized the committee in early 1979 and gave our subcommittee jurisdiction over DEA in April 1979

that I really gained a firm handle on this matter. In that short year Mac Mathias, the ranking minority member and I have focused on three critical areas.

First, I have used my position on the Judiciary Committee, the Intelligence Committee and the Foreign Relations Committee to focus on the foreign policy and intelligence aspects of international narcotics control. As this committee well knows the most socially disruptive and physically harmful narcotic is heroin—a product that is exclusively an import from foreign countries, therefore, the first priority of the subcommittee is to understand how we use the foreign policy apparatus, the intelligence community and foreign operations of DEA to monitor and attempt to control the production and trafficking of this narcotic into the United States.

Unfortunately, I assumed this responsibility at a time when a burgeoning production in trafficking of opium began to emerge out of southwest Asia. I committed a substantial amount of my own and the staff's time and energies in attempting to understand this problem and to develop some international initiatives in this area. It is obvious without the cooperation of opium producing countries domestic law enforcement efforts are hopeless.

The second area where Mac Mathias and I have concentrated our energies has been one where quite frankly Mac Mathias has become much more of an expert than I, and that is the alarming consumption of marijuana among young people. We began our investigation in this area with an inquiry into the so-called "Head Shops" and drug paraphernalia companies, companies that are in some cases deliberately attempting to market marijuana to young adolescents. And secondly, we conducted comprehensive hearings on the health consequences of marijuana use in an attempt to re-examine the conventional wisdom that marijuana is not a significant health hazard. These hearings, which I believe were very thorough and objective, have shaken my attitude and beliefs about marijuana and I hope all members of the Senate will take a hard look at what we found. I might emphasize at this point that regardless of where you might come out on marijuana descriminalization, this large exposure of young people to marijuana and the drug culture combined with climbing youth unemployment should be of grave concern to us all, particularly at a time when we may be deluged with massive amounts of Southwest Asian heroin.

The third area has to do with my particular interest in the quality of narcotics intelligence collection and analysis not only at DEA also at CIA and the other Intelligence agencies, I used my position on the Intelligence Committee to order a staff task force to analyze the intelligence collection capability of DEA and the rest of the Intelligence Community and to prepare a report and conduct hearings on this subject earlier this year. That four man task force interviewed 55 individuals within the executive branch and conducted a field trip to Mexico, South Florida and to the DEA Intelligence Center in El Paso and came back with recommendations for improvements in the intelligence area.

Our subcommittee has in this one year conducted eight days of hearings, actually nine if you count the one day of hearings I chaired at the Intelligence Committee. We've heard from over 75 witnesses in these hearings on all the subjects described above. Between the two foreign trips that the Intelligence Committee Staff and my staff and myself have taken, we've interviewed over 25 foreign Government and police officials, U.S. Embassy and DEA personnel stationed abroad.

What have been our accomplishments though?

(1) We've begun initiatives within the NATO Alliance to attempt to develop a multilateral narcotic strategy within the NATO countries. In November of this year I presented a plan to NATO which has been well received and is beginning to bear some fruit.

(2) We've begun to insist that the administration take a more realistic look at what the possibilities are of using foreign assistance to get the Pakistanis to reduce their opium production.

(3) Through our foreign travels we've talked with officials in the major transit countries—Turkey, Greece and Italy—to sensitize them to our concerns about this burgeoning new heroin traffic.

(4) Just last week we held one day of hearings with DEA and questioned them rather vigorously on their ability to target the organized crime elements who are attempting to reconnect the so-called "French Connection" with this Southwest Asian heroin through Sicily.

(5) In the near future we will be preparing a thorough staff report on our trip to the Middle East. Hopefully we will come up with additional international and diplomatic initiatives that might stem this potential heroin epidemic.

(6) On the marijuana matter, using our hearing record on the subject, Mac Mathias is going to ask the Senate to re-examine the penalty structure for marijuana.

na and the marijuana trafficking penalties contained in the new Federal Criminal Code Bill.

(7) On the intelligence front we will be making recommendations in the context of the general intelligence budget authorization which suggest a tightening up of the quality of intelligence analysis of DEA and CIA, and an increase in coordination between those agencies and we are going to question some of the cutbacks that are taking place in the CIA right now in this area.

This summer we intend to go public with a major subcommittee study on the whole question of how present statutes and investigative techniques might be improved in immobilizing large trafficking organizations by seizing assets. Senator Nunn has described or will describe how his committee has examined the role of IRS and the various privacy restrictions on the exchange of information and how this has hindered efforts to immobilize and seize assets. We are examining the problem from a different perspective.

Being charged with oversight of the Criminal Division and DEA we're attempting to determine why the so-called racketeer influenced corrupt organizations (RICO) statute passed by this subcommittee when Senator McClellan was chairman, is not being used more often. That statute allows a U.S. Attorney to seize ill-begotten gains from narcotics trafficking. As we all know most traffickers are able to continue their trafficking enterprises from behind prison bars.

It is not enough simply to arrest and convict traffickers but we must completely disrupt the trafficking apparatus.

With the assistance of GAO we are examining every single major trafficking prosecution in the last five years in which Justice sought to seize assets to determine why assets were not actually seized. We are, however, doing more than simply relying on GAO and their accounting experts to determine what's happening with the assets in these major trafficking organizations. I have members of my staff, incidentally two former prosecutors, with an accumulated ten years of experience, interviewing every assistant U.S. attorney in the country who has handled a forfeiture case in the last few years.

This massive study will result in hearings hopefully sometime in June or July at which time we will question both the criminal division and DEA on what one Justice official labeled as their "dismal record" in this critically important enforcement area.

I have laid out our activities thus far and our planned activities in the future simply to underscore a point that Senator Stevenson and Senator Nunn will make or have already made—that it is inappropriate to create a select committee especially a select committee without legislative authority when the standing committees are making an honest effort to come to grips with the problem.

I don't contend that our program is ideal or is likely to stop major narcotic trafficking this year or next. But we are doing as well as any select committee could do, I believe, in attempting to understand the problem and to propose realistic legislative and administrative remedies for the problem. We honestly believe that a select committee will simply duplicate what we will do. Indeed a select committee without legislative authority is likely to feel required to conduct sensational exposé type hearings. We don't feel that's what is necessary at this point. Those hearings have already been conducted in the narcotics area indeed, they were conducted several years ago by the Permanent Subcommittee on Investigations.

The problems in narcotics control are deep seeded problems of organized crime and of agrarian poverty that forces people to turn to opium, marijuana or cocaine production when no other economic resources are available. These are the enemies upon which we should be focusing our resources and our creative energies. I am learning that there are problems at DEA and with coordination and cooperation between DEA and State and local organizations and to some extent with foreign police and with other agencies in the Federal Government. I believe these problems are manageable. I believe that we will, in our studies, quietly and constructively lay out alternatives that the administration might follow—be it modifications in the structure of the agency or revisions in the Rico Statute to make it easier to forfeit assets or hiring more financial investigators at DEA. But these remedies are remedies that can be accomplished just as easily through solidly documented staff reports and calm debates in committee and on the floor of the Senate.

We don't believe a select committee will be any more effective than the standing committees in identifying the underlying issues.

However, if there are members of this committee or elsewhere in the Senate who would like to recommend additions to our agenda, I would be most welcome to hear them and I am sure that Senator Nunn and the other subcommittee chairmen feel the same way.

In conclusion let me say that I do not find the debate over whether to create a select committee a constructive one. I feel that our energies and the talents of all those involved in this discussion will be better spent attempting to target their energy on the causes of the problems that I've described above.

The creation of a huge new expensive select committee is not the answer.

The CHAIRMAN. Now, I would like to read a letter from the chairman of the Foreign Relations Committee, Senator Church, who could not be with us this morning.

Dear Mr. Chairman: I am writing to you in opposition of Senate Resolution 207, to create a Select Committee on Narcotics Abuse and Control.

The Foreign Relations Committee has jurisdiction over the international narcotics control program which is authorized in the annual foreign assistance legislation. I do not feel that a select committee would significantly benefit the Foreign Relations Committee's efforts in carrying out its legislative responsibility in this area, because a select committee would not be best suited to balance the international political and narcotics control aspects of these programs.

In addition, a select committee is not required because there has been close coordination between the various committees involved with narcotics abuse and control. For example, Senator Biden, a member of the Foreign Relations Committee, serves as chairman of the Judiciary subcommittee which is responsible for domestic narcotics control authorizations. Staff of the committees have worked closely to exchange information on matters of mutual concern.

Finally, I oppose this resolution because it would lead to the unnecessary proliferation of committees. It is inconsistent with the 1978 Senate reorganization which attempted to reduce the number of committees to eliminate duplication of effort. Senate Resolution 207 would require nine Senators to serve on the select committee. An additional committee assignment for Senators would only serve to dilute their other committee responsibilities.

I appreciate your consideration in this matter. With best wishes, Sincerely, Frank Church, Chairman.

I would add here that Senator Mathias has just requested that a statement in opposition to the resolution be placed in the record following the statement of Senator Church.

[The prepared statement of Senator Mathias follows:]

PREPARED STATEMENT OF HON. CHARLES MCC. MATHIAS, JR., RANKING MINORITY MEMBER, SUBCOMMITTEE ON CRIMINAL JUSTICE, COMMITTEE ON THE JUDICIARY

Mr. Chairman, I want to thank you for inviting me to testify at this hearing. As the Ranking Minority Member of the Subcommittee on Criminal Justice, I fully support the Chairman, Senator Biden, in his opposition to Senate Resolution 207 that would create a Select Committee on Narcotics Abuse and Control.

The Criminal Justice Subcommittee has been very active on issues relating to the abuse of drugs in this country. In the last year, Senator Biden and I have focused on two specific problems relating to drug abuse by children. First, we held a day of hearings in November to investigate the effects of the paraphernalia industry on drug abuse among children. The testimony presented convinced me that the sale of drug paraphernalia makes the use of drugs more appealing and suggests to impressionable youngsters that the authorities approve of their use of drugs. As a result of the hearing, the Mid-Atlantic Trade Accessories Association has voluntarily agreed to prohibit the sale of all drug paraphernalia to minors. Senator Biden and I may hold more hearings later this year to see if federal legislative action is appropriate, or if we should defer to the states in this sensitive area of federal-state relations.

Second, the Subcommittee has been investigating the health hazards of marijuana use in order to determine the merits of reduction of penalties for the possession of marijuana, as proposed by S. 1722, the Criminal Code Reform Act. In January, I chaired two days of hearings to investigate the health hazards of marijuana. Thirty-five witnesses from across the country testified at the hearings. I think we established a comprehensive record that will help our distinguished colleagues decide if we should reduce penalties for possession at this time.

This record demonstrates the vigor with which the Criminal Justice Subcommittee has exercised its jurisdiction in this terribly important area, and I think it would be wise not to dilute the Senate's authority in its fight against drug abuse.

The CHAIRMAN. Now, we come to our first panel of investigative reporters who represent the Investigative Reporters and Editors Association: Mr. Bob Greene of Newsday and Mr. Tom Renner of Newsday.

Thank you for being with us, gentlemen. It will help make better use of our time if each witness could confine his testimony to the only question which is properly before this committee, and I refer to the question mentioned in my opening statement: Is an additional Senate committee on drug abuse and narcotics control necessary within the structure of our Senate. That is the main question.

Concerning the problem itself, narcotics abuse, there is no argument on that; we all agree it is a dreadful problem. That, we take as a fact as we start out.

Also, the written statements of the witnesses will appear in full in the record. So I would ask the witnesses, if they would, to confine their statements to the issue before us: Is a select committee necessary within the structure of the Senate, or would it duplicate already extant committees.

So we now will move ahead, if we may, with Mr. Greene and Mr. Renner.

STATEMENTS OF A PANEL CONSISTING OF ROBERT W. GREENE, ASSISTANT MANAGING EDITOR, NEWSDAY; AND THOMAS C. RENNER, ORGANIZED CRIME INVESTIGATIVE SPECIALIST, NEWSDAY

Mr. GREENE. Mr. Chairman, my name is Robert Greene. I am the assistant managing editor of Newsday in New York, and the executive board chairman of the Professional Association of Investigative Reporters and Editors in this country.

I am pleased to appear here this morning to assist your inquiry into illegal narcotics traffic and the need for a special select committee of the U.S. Senate with legislative oversight in this area.

Mr. Chairman, I think, in summarizing this whole problem, I would like to go to corporate America and say that the most important thing that we consider is the bottom line, and this is the bottom line of a problem that, as you pointed out just a moment ago, we have been very well aware of since the early 1970's. As a matter of fact, in 1966 I worked with another reporter, and we first brought to the attention, I think, of the American public the fact that narcotics had spread from the urban ghettos into the totality of American youth. At that time, on Long Island, we identified nearly 35 percent of our youth as regular users of one form or another. Now, I mentioned the bottom line. Today, that statistic stands just the same. Experimentation is even greater.

In 1972—and this is particularly with reference to what Senator Bayh said—I headed a team of 14 reporters that worked in the United States and traveled to 14 foreign countries in a year-long study of the international heroin trade. Some of us lived with the peasants in the remote plains of Turkish Anatolia. We worked with Turkish smugglers as they transported the morphine base through various countries into warehouses in Munich. We delved into the operations of French heroin refiners. We exposed officials of the French Government and members of the French intelligence service who facilitated the flow of heroin into the United States. We

spent many months delving into the delivery structure of heroin within this country and the effectiveness of our law enforcement and prevention programs in this area.

It was in 1972 and 1973 that former President Nixon declared his all-out war on heroin addiction and the Congress appropriated in that period of time alone \$719 million to support this war. Almost all of this appropriated money was budgeted for law enforcement programs. An integral part of this Federal program was obtaining the agreement of the Turkish Government to ban production of the heroin poppy in their country.

In 1973—and I am going to the bottom line, because I just want to point out how much we have talked about this problem, how much we have budgeted for this problem and how little our results are now—it was my privilege to testify on this very subject before a distinguished subcommittee of this chamber headed by Senator Abraham Ribicoff of Connecticut. I testified at that time that our efforts to eliminate America's heroin problem by eliminating the Turkish poppy crop were simplistic and doomed to failure. This prediction was based upon the simple equation that the demand in this country for heroin is so imperative that as soon as we eliminate one source, another source will develop. We proceeded with our ban in Turkey at enormous cost to the United States in the military advantages we had enjoyed in that area, and it availed nothing. The source of supply switched to the Golden Triangle and Mexico.

We still have an unlimited source of supply of heroin in this United States. You have not heard to this day of a panic on the streets of the United States of heroin users because they cannot get it. That same source of supply is coming.

I also testified at that time that despite dedicated efforts of the U.S. Bureau of Customs, the Bureau of Narcotics and Dangerous Drugs, and other Federal and local law enforcement agencies, competitive friction between the various agencies severely hampered their effectiveness. Although Congress has made valiant efforts to remedy this problem, distrust and jealousy between Federal and local law enforcement agencies still continues to hamper effective law enforcement in many parts of the United States.

I think I stressed most, however, in my testimony in 1973, and it is still the basic point today, was that almost no work at all was being done in this country on an organized basis to seek out the root causes of our drug culture.

As long as there is an imperative demand for drugs, there will be suppliers of drugs. The profits to be gained by supplying drugs are so immense that no sentence short of death will deter potential suppliers. The drug culture in this country is like a disease. Unless we find the cause of that disease and cure it, we will be spending millions of dollars each year on law enforcement and faced with the necessity of spending millions each year into the infinite future, and our bottom line will be just the same as it has been over this past 10 years—we still have the same problem. We cannot reduce our efforts to apprehend those who provide the supply, but we will never win unless we eliminate the demand, and we can never eliminate the demand until we learn why young Americans need narcotic substances.

Of all of the money that has been appropriated through the years, Senators, I challenge you to find any significant amount that has been devoted to attempting to determine the reason why there is a demand amongst our youth for narcotics in this country. That is the disease. All we hear about law enforcement, and everything else, is very important, but this is not getting to the cause. The cause is the demand, and as long as the demand stays, all the policing we do in the world is not going to cure the problem, and the last 10 years is a perfect example of that. The problems remain the same; we still have the same problems we were able to identify in 1966, 1972, 1977, and now today.

The drug epidemic continues unabated. The only change is an increase in the variety of narcotic substances used by the public. This, in itself, creates additional law enforcement problems, as our agencies attempt to stem the flow of drugs from an infinite number of sources.

There is a progressive proliferation of supply systems. When narcotics was solely confined to the inner cities, wholesale distribution was in the hands of a small, easily identified organized crime group in this country. Now, all kinds of people are into narcotics business—not just organized crime, which is all that we have heard about this morning. They include judges, lawyers, prosecutors, doctors, garage mechanics, and even newspaper reporters. The supply systems are now so numerous that they are almost impossible to tabulate, measure, and track.

Because money must be invested and because illegal money must be hidden, narcotic suppliers are severely impacting the economy in a number of our States, and it is only a matter of time before this money moves into the national economic system. We have already seen what has happened when untaxed gambling money has been reinvested into legitimate business.

Federal and local law enforcement agencies, with some glowing exceptions, continue to operate as rivals for information, and this results to the detriment of law enforcement in general. Furthermore, the enormous amount of money available for bribes has started to take its toll on law enforcement officers. Thirty years ago, New York City's narcotics squad was one of the best in the business; it is now constantly beset with scandal. The same thing, to a greater or lesser degree, is happening more or less to all of our enforcement agencies.

There is a huge disparity from State to State in penalties, enforcement, laws, and sentencing for narcotic crimes. This lack of uniformity creates general disrespect for the law and virtual havens for some narcotic supply systems.

And we still devote little or no money to learning the cause of the disease in America.

In 1957, it was my privilege to serve this chamber as a staff investigator on the Senate Select Committee on Improper Activities in the Labor and/or Management Field. The chairman of that committee was the late Senator John McClellan of Arkansas, and counsel was the late Senator Robert F. Kennedy. That committee was mothered by the Permanent Senate Subcommittee on Investigations.

The reason was apparent. For many years, the Permanent Senate Subcommittee on Investigations had done yeoman work on subjects ranging from internal security to organized crime. The work of this committee had resulted in much beneficial legislation. But it was the judgment of the U.S. Senate that labor racketeering, particularly that form of labor racketeering manifested by James R. Hoffa as the head of the International Brotherhood of Teamsters, posed a unique and massive threat to our basic institutions and laws. The Senate Subcommittee on Investigations could have been empowered to make this investigation. The Senate Labor Committee could have been empowered to make this investigation. Both would have had logical jurisdiction.

But it was the judgment of the Senate that the problem was of such magnitude, so widespread, so diverse, so involved, that an investigation of this scope and the preparation of adequate legislation could only be accomplished by a special select committee of the Senate. The judgment of the Senate proved correct. The Senate created a special committee to deal with a highly special and threatening problem.

We face just such a problem today. Can any of us say that the enormous problem of narcotics in this country today, impacting the lives of our citizens and our economy, is any less important than the control of the International Brotherhood of Teamsters by James R. Hoffa?

Numerous committees of this Senate and the House have expended years attacking this problem on a patchwork basis. Despite the heroic work of these committees, the problem has grown and become even more threatening. Once it threatened only an age group of people. Now it threatens our whole economy. Meanwhile, the myriad problems facing the Senate Subcommittee on Investigations continue, as outlined by Senator Nunn this morning—problems of organized crime, problems of stock fraud; all of these other problems faced by that committee with only seven investigators. Organized crime continues, however, unabated. Corruption on all levels of government continues unabated. There is too much to do and too few people to do it.

This is why it is now imperative, in my judgment, for the Senate to once again seek special solutions for a very special problem. I feel that a select committee would be an important step in the right direction.

I might point out that the Senate labor rackets committee, the Senate Select Committee on Improper Activities in the Labor and/or Management Field, at one time had 130 investigators working for it, of which I was privileged to be one. The reason was because the Senate judged that this was an enormous problem and it should be properly funded. There are committees, Senators, and there are committees. If you have a committee that is improperly staffed, improperly counseled to go after a major target, it will not achieve that target. The Senate decided that labor racketeering was a proper target in 1957. It funded that committee; it gave it entire reign, under John McClellan, to go after this problem, and the results are there.

I can only point out that we need a properly funded committee—not the Senate Subcommittee on Investigations with seven investi-

gators split between all types of things besides narcotics, which, as one of the Senators said, devoted 35 days of hearings to narcotics since 1974. I might point out, Senators, that that is 5 days of hearings per year devoted to what we all regard as one of the most serious problems afflicting America today. I think we can do better. I think we must have a committee that can concentrate solely on this project, not just organized crime—the causes of narcotics addiction, the reasons for it, the lack of uniformity in our laws, the abuses and corruption that go on within the whole enforcement area—to put it all together, to come up, as we have said before, with one basic national policy, one basic way of approaching this, not just as a law enforcement problem, but as a medical problem, a law enforcement problem, a legal problem, and a problem that afflicts our society.

Thank you. With me is Mr. Renner.

The Chairman. Thank you, Mr. Greene. Mr. Renner?

Mr. RENNER. My name is Thomas Renner. I am the organized crime investigative specialist for Newsday.

Mr. Chairman, Senators, Mr. Greene, I think, has hit at the heart of the problem. What I believe is desperately needed now is one select committee on narcotics to take a continuing and in-depth look at what is taking place in the smuggling of narcotics into this country by organized and, if you will, some disorganized crime elements.

It is not just needed because the narcotics economy has become an enormous, \$60 billion a year business enabling organized crime to infiltrate and buy into the very fabric of State and local economies; it is needed because there is no one Senate committee that has the resources necessary to concentrate solely on this problem, overseeing and insuring the coordination of the Federal agencies that are charged with dealing with narcotics smuggling into this country and who are all too often competing with each other.

The current Permanent Subcommittee on Investigations, while it has done a remarkable job over the last two decades, is simply not equipped to handle the problems that it has to deal with—from labor racketeering and witness protection to organized crime growth, prison murders, public corruption, and narcotics. The subcommittee's investigative forces are spread far too thin, with so many areas of investigation to turn their attention to that they cannot adequately deal with any one problem in depth without neglecting one or more areas that should be thoroughly investigated and reported.

I have spent more than 25 years with Newsday, most of that time dealing with and investigating organized crime and narcotics. Never in that 25 years have I seen the narcotics problem reach the proportions that it has today. Ten years ago, even 5 years ago, the leaders of Cosa Nostra crime groups warned and even killed members of their organizations who dealt in narcotics. Today, the profits are so enormous and the competition so keen from Colombian, Cuban, Mexican, Middle East, and Asian crime groups that the Cosa Nostra is back in the business with both feet and with bulging pockets. Few of those organized crime groups engaged in the traffic and financing that traffic are caught.

At the root of this problem, in my estimation, is the lack of a coordinated Federal, State, and local attack on narcotics. In 1976-77, for example, I spent 6 months working undercover with Mr. Greene in Arizona, and during that time, I dealt with scores of law enforcement agencies at Federal, State, and local levels. It was clear from the outset that many of those agencies, primarily Federal, charged with stopping the flow of narcotics were not and still are not coordinating their efforts.

While billions of dollars worth of marihuana and heroin flowed across the border of Arizona, Texas, California, Florida, as well as New Mexico, agents of Customs, the Border Patrol, the DEA and other agencies were busy fighting over who should make arrests, whether narcotics should be seized at the border or convoyed to the ultimate buyers to infiltrate and catch the ring leaders and financiers behind the traffic. Customs wanted to convoy; DEA said seizures should be made at the border. Along the entire stretch of the Arizona border, there was only one portable radar unit in place to monitor low-flying smugglers who buzzed in over the mountains by the score each night. At the top, the bureaucrats of these agencies were busy telling congressional committees they were working together. At street level, the agents I met with clearly spelled out the fact that they were not only instructed to, quote, "do their own thing," but to, in fact, not trust agents of sister agencies with confidential material.

In December of 1977, less than a year after the Arizona project highlighted the narcotics flow and cited the lack of coordination, the Comptroller General of this country filed a special report to Congress stating that multiagency enforcement efforts had not been effective in stemming the flow of drugs as well as aliens. The report noted specifically that at that time 89 percent of the heroin traffic, 75 percent of the marihuana and one-third of the cocaine traffic, plus one-third of the dangerous drug traffic, was entering the United States through the Mexican border points. All of this took place despite U.S. funding of a Mexican poppy eradication program and a so-called coordinated effort on the part of narcotics, Customs, and Immigration agents together with that of State agencies. In truth, there was little coordination, and agencies failed to exchange pertinent information and timely data.

Last year, after many months of work, I wrote an investigative article on the traffic in arms for drugs. I questioned agency bureaucrats at the top in Customs, ATF, and DEA who said there was no problem. At the same time, I interviewed scores of street agents, intelligence experts, and informants around the country who produced a mountain of conclusive evidence that there was, in fact, a major arms for drugs traffic flowing across the borders to Mexico, South and Central America, and the Middle East, with terrorist, revolutionary, and organized crime groups involved as well as small individual organizations, and that hundreds of millions of dollars were involved. One of the major points of this story was the fact that much of the documentation for this traffic had been sanitized and kept from investigators of the Permanent Subcommittee on Investigations, who had had neither the time nor the resources to pursue the problem adequately.

Former investigators of that subcommittee told us, in fact, that the hierarchy of the DEA and Customs were less than cooperative in providing them with reports, and that attempts to interview intelligence analysts were often blocked. In at least one instance, an intelligence agent that two committees wanted to talk to was, quote, "sent out of town," unquote, on the eve of the arrival of congressional investigators.

The ex-Senate investigators also conceded that they had been given, in fact, a sanitized version of an analytical report by the El Paso Intelligence Center of the growing arms-drug traffic. They also noted that they simply did not have the time, the manpower, and the resources necessary to devote to get the necessary facts because of the multiplicity of investigations that they had to pursue as committee investigators.

DEA, Customs, and ATF bureaucrats have not only denied that there was a problem, but have spent an inordinate amount of time and effort attempting to locate and punish with internal investigations those concerned and dedicated field and street agents who dared talk to me, confirming the authenticity of documents we had obtained that proved the existence and growth of such traffic, including the report that the subcommittee was never privy to see in its entirety. Several agents told me that both the Justice Department and Treasury Department agencies were so concerned with leakage of material on the true nature of the narcotics traffic that they had devised a means to identify any agency Xeroxing machine used to copy documents that were passed on to congressional or media representatives and then to identify the sources of those documents.

Much of this interagency jealousy, lack of cooperation, intelligence hoarding, failure to coordinate and attempt to punish dedicated agents trying to cut through interagency redtape to fight narcotics could be stopped if we had a select committee with the investigative personnel and funding to keep constant tabs on the agencies supposed to be fighting the narcotics problem that is in place.

Only last December, evidence of the interagency lack of cooperation was cited by Florida Attorney General Jim Smith, who noted before the Subcommittee on Investigations that the principal complaint of Florida law enforcement agencies was, quote, "a lack of uniform Federal policy on interagency cooperation in narcotics enforcement," unquote. Mr. Smith noted that each agency they deal with—DEA, IRS, the FBI, Customs, the Border Patrol, the Treasury Department—has a different set of rules and responsibilities, and that the Federal agencies on the east coast of Florida might have a different degree of cooperation than their counterparts on the west coast of Florida.

A well-known mob informer whom I wrote a book with several years ago, Vincent Teresa, pinpointed the problem rather succinctly in 1973 when he said, quote: "We"—meaning organized crime—"talk to each other. Law enforcement does not."

That problem in narcotics enforcement, in my opinion, has and will continue to be the case, particularly at Federal and State levels, unless and until there is one committee focusing its attention on these Federal agencies, forcing them not only to talk to

each other, but to work with each other, pressing for results in investigations and the expenditure of hundreds of millions of dollars in public funds, and providing public disclosure to force changes in leadership that fails to dance to one central tune of fighting the narcotics flow.

Thank you.

The CHAIRMAN. Thank you very much indeed, gentlemen.

Senator DeConcini?

Senator DeCONCINI. Mr. Chairman, thank you; only a couple of quick questions.

First, thank you, Mr. Greene, Mr. Renner, and Newsday, for your relentless efforts toward exposing organized crime and narcotics. The State of Arizona owes you a great deal also for the IRE investigative reporting that was done there a couple of years ago.

Mr. Greene, I just want to compliment you on pointing out and underscoring the problem of the lack of resources that have been devoted to trying to find out why people use drugs, and I think a select committee should concentrate on that very heavily.

One of the questions I wanted to ask Mr. Greene or Mr. Renner is, do you believe, from your experience, that the problem that both of you mentioned—particularly you, Mr. Renner—of the lack of coordination among law enforcement has it really been exposed, and I do not mean in the sense of tearing down any law enforcement agency, but has really been exposed to the people in the executive branch, who have ultimate authority or to the legislative branch that appropriates some \$800 million in the area of law enforcement for narcotics at the Federal level. Could you comment on that?

Mr. GREENE. Certainly not, sir. The whole idea, for example, of creating the DEA came in 1972-73 after the fights between the Federal Bureau of Narcotics and Customs became a scandal. Major cases were being lost that were being documented again and again, as agents fought over evidence on the streets.

DEA came along, in an attempt to try and put that situation together, but there are still fights between Customs and DEA at the border. DEA, in many instances, does not share information with local agencies. Local agencies do not share information with each other or with DEA; DEA does not share with other agencies. Furthermore, we now have the problem with the IRS, which cannot share information with any other agency.

Really, the whole ball game, despite all that we have attempted to do with it, is still proceeding exactly the same way. Everybody is marching to a different drum, and marching in a different direction.

Mr. RENNER. I might add, Senator, that I know of prior hearings in which investigations were made into various agencies, but no concentrated effort has ever been made in the coordination of activities. A good example of that was that hearing on arms for drugs; they were so busy complimenting each other that nobody really got to the nub of the problem.

Mr. GREENE. Senator, could I add another point? Despite what other nations say that they will do with us in attempting to hit the source of supply, there is a great deal of concern. Senator Biden stressed that the most important thing we have to do is get to the

source of supply. I disagree; I think that that has been an erroneous attitude of our Government for years, and it has not worked.

Turkey was a perfect example of it. The minute we shut down Turkey, it came in from the Golden Triangle. The minute we concentrated on that, it came in from Mexico. The minute we concentrated on Mexico, it is back to Afghanistan. As long as you have the demand, it will be there.

Furthermore, no matter what they may assure you in foreign governments, I can tell you from personal experience that most of it is an exercise in sophistry. In 1972, we took two—and this was when the U.S. Government said that Turkey was cooperating, France was cooperating, and Italy was cooperating, and we had finally stopped the traffic through Europe.

We took two 1-kilo plastic bags of powdered sugar; now, nobody can tell whether that is heroin or not, unless you taste it. We put it in a suitcase, leaving Turkey; got onto an airplane without having our suitcases inspected, and landed in Vienna, Austria, and walked out of the airport with those two kilos.

We then took a BMW and drove it down into Yugoslavia. We put the 2 kilos out on the front seat of the automobile and drove across the Yugoslavian border to Germany; nobody bothered to look. We drove all the way across Germany and got to the French border and said, "Let us give them a better test." We put the two simulated kilos of heroin up on the dashboard of the car and drove slowly up to customs, and they waved us by.

We then turned around the next day and put it on the dashboard again—and this is the crossing in Strasburg—and went as slowly as we could, pointing to it on the dashboard, and we were waved by. We went into Switzerland with it on the dashboard, came back to France, went down to southern France and water-crossed to Italy with it on the dashboard and came back, pointing, slowing, and finally coming from Italy to France blowing our horn. Nobody would pay any attention to us.

When we hear about the great cooperation from foreign countries, I beg you again, Senators; do not rely on it as your bottom dollar.

Senator DECONCINI. Your point is that we should not expect that the effort of foreign governments is going to do something about this problem here?

Mr. GREENE. Be the cure-all of it; yes, sir.

Senator DECONCINI. I have no further questions. Thank you, gentlemen.

The Chairman. Thank you, gentlemen, very much indeed for being with us.

Mr. GREENE. Thank you.

[The prepared statements of Mr. Greene and Mr. Renner are as follows:]

PREPARED STATEMENT OF ROBERT W. GREENE

Mr. Chairman and distinguished members of this committee, I am pleased to appear here this morning to assist your inquiry into illegal narcotics traffic and the need for a special select committee of the United States Senate with legislative oversight in this area.

I would like to briefly state my qualifications in this area. In 1965, I spent three months as a reporter working exclusively with the New York City Police Department Narcotics Squad to study the problem of heroin addiction and narcotic en-

forcement in the New York City area. In 1966, with reporter Martin Schram of Newsday, I co-authored a 22-part series for Newsday, noting for the first time in the American press that the use of marijuana and harder drugs had spread from the ghetto areas of America's large cities and was now epidemic throughout America among young people between the ages of 12 and 25. In preparing this series, Mr. Schram and I spent more than seven months moving with young people who were enthusiastically embracing the drug culture. We estimated at the time that experimentation with marijuana or pills had been conducted by nearly 65 percent of Long Island youths in this age category and that nearly 30 percent were regular users of marijuana, pills, heroin or a combination of all or some of these. Subsequent to the publication of this series I testified before numerous committees of the New York State Legislature and was instrumental with others in obtaining the passage of legislation outlawing the sale of codeine-based cough medicine without a prescription, classifying tranquilizers and barbiturates as dangerous drugs, mandating drug education in New York State's public school system, and imposing criminal penalties while driving under the influence of drugs.

The problem, however, continued to grow on Long Island and elsewhere in America. In the year 1971, 47 youngsters on Long Island (population 2,700,000) died of heroin related causes. Thousands of other young lives were ruined. Most of these children came from solid, middleclass families in areas where there were fine school systems, extensive recreation facilities, and competent, caring youth programs.

In 1972 I headed a team of 14 reporters that worked in the United States and travelled to 14 foreign countries in a year-long study of the international heroin trade. Some of us lived with peasants in the remote plains of Turkish Anatolia to watch poppies being grown, harvested, and poppy gum being initially diverted into the world heroin market. We moved with Turkish smugglers as they transported this morphine base through various countries into warehouses in Munich, Germany. We delved into the operations of French heroin refiners. We exposed officials of the French government and members of the French intelligence service who facilitated the flow of this heroin into the United States. And we spent many months delving into the delivery structure of heroin within the United States and the effectiveness of our law enforcement and prevention programs in this area.

It was also in 1972 and 1973 that the former President Nixon declared his "all-out war" on heroin addiction and the Congress appropriated \$719,000,000 to support this war. Almost all of this appropriated money was budgeted for law enforcement programs. An integral part of this federal program was obtaining the agreement of the Turkish government to ban production of the heroin poppy in their country.

In 1973 it was my privilege to testify on this very subject before a distinguished sub-committee of this chamber headed by Senator Abraham Ribicoff of Connecticut. I testified at that time that our efforts to eliminate America's heroin problem by eliminating the Turkish poppy crop were simplistic and doomed to failure. This prediction was based upon the simple equation that the demand in this country for heroin is so impressive that as soon as we eliminate one source, another source will develop. We proceeded with our ban in Turkey at enormous cost to the United States in the military advantages we had enjoyed in that area and it availed nothing. The source of supply switched to the Golden Triangle and Mexico.

I also testified at that time that despite dedicated efforts of the U.S. Bureau of Customs, the U.S. Bureau of Narcotics and Dangerous Drugs and other federal and local law enforcement agencies, competitive friction between the various agencies severely hampered their effectiveness. Although the Congress has made valiant attempts to remedy this problem, distrust and jealousy between federal and local law enforcement agencies still continues to hamper effective law enforcement in many parts of this United States.

The thing I stressed most, however, in my testimony was that almost no work at all was being done in this country on an organized basis to seek out the root causes of our drug culture.

As long as there is an imperative demand for drugs, there will be suppliers of drugs. The profits to be gained by supplying drugs are so immense that no sentence short of death will deter potential suppliers. The drug culture in this country is like a disease. Unless we find the cause of that disease and cure it we will be spending millions each year on law enforcement, and faced with the necessity of spending millions each year into the infinite future. For every supplier imprisoned, another supplier takes his place. We cannot now reduce our efforts to apprehend those who provide the supply, but we will never win until we eliminate the demand. And we can never eliminate the demand until we learn why young Americans need narcotic substances.

It is interesting to note that of the \$719,000,000 allocated in the war against drugs by Congress from 1971 through 1974 almost no money was earmarked towards determining the cause of this disease.

In 1976 and 1977, I headed a team of some 30 reporters representing the American press in a seven-month investigation of crime and corruption in the State of Arizona. This investigation sponsored by Investigative Reporters and Editors, was a response to the assassination of Don Bolles a reporter employed by the Arizona Republic in Phoenix.

One phase of that investigation dealt with the emergence of Arizona as one of the principal corridors into the United States for a wide variety of narcotic substances originating in South America, Central America and Mexico. These substances principally were heroin, cocaine and marijuana. We were able to identify 23 major smuggling rings operating through that corridor, five of which are wholly or partly controlled by Cosa Nostra crime families from New York City, Detroit and Chicago.

We learned that there are as many as 800 pilots, 550 of them in the Phoenix area alone, who make a full time living flying drugs from Mexico into more than 2,000 clandestine landing strips in Arizona.

We learned that the flow of marijuana through this state is so great, that law enforcement authorities no longer feel it is worthwhile to target specific marijuana investigations.

Virtually the same can be said of Florida. And the same things are happening on a lesser scale along the deserted shorelines near major cities up the entire length of the East Coast into New England and the West Coast to the State of Washington.

The amount of money involved is staggering. Authorities now estimate that drug traffic in this country is a \$68-billion-a-year, tax-free business. It has already enormously inflated land values in Florida, Arizona and other places in this country as dealers frantically seek means of investing drug profits.

But still the problems remain the same. We still have the same problems that we were able to identify in 1966, in 1972, and in 1977.

1. The drug epidemic continues unabated. The only change is an increase in the variety of narcotic substances used by the public. This in itself creates additional law enforcement problems as our agencies attempt to stem a flow of drugs from an infinite number of sources.

2. A progressive proliferation of supply systems. When narcotics was solely confined to the inner cities, wholesale distribution was in the hands of a small, easily identified organized crime group in this country. Now all kinds of people are into narcotics business. They include judges, lawyers, prosecutors, doctors, garage mechanics and even newspaper reporters. The supply systems are now so numerous that they are almost impossible to tabulate, measure, and track.

3. Because money must be invested and because illegal money must be hidden, narcotic suppliers are severely impacting the economy in a number of our states and its is only a matter of time before this money moves in to the national economic system. We have already seen what has happened when untaxed gambling money has been reinvested into legitimate business by organized crime.

4. Federal, state and local law enforcement agencies, with some glowing exceptions, continue to operate as rivals for information and results to the detriment of law enforcement in general. Furthermore the enormous amount of money available for bribes has started to take its toll of law enforcement officers. Thirty years ago, New York City's Narcotic Squad was one of the best in the business, now it is beset with scandal. The same thing, to a greater or lesser degree, is happening more and more to our other enforcement agencies.

5. There is a huge disparity from state to state in penalties, enforcement, laws, and sentencing for narcotic crimes. This lack of uniformity creates general disrespect for the law and virtual havens for some narcotic supply systems.

6. We still devote little or no money to learning the cause of the disease in America.

In 1957, it was my privilege to serve this chamber as a staff investigator on the Senate Select Committee on Improper Activities in the Labor and/or Management Field. Chairman of that committee was the late Senator John McClellan of Arkansas. Counsel to the committee was the late Senator Robert F. Kennedy. That committee was mothered by the permanent Senate Sub-Committee on Investigations.

The reason was apparent. For many years the permanent Senate Sub-Committee on Investigations had done yeoman work on subjects ranging from internal security to organized crime. The work of this committee had resulted in much beneficial legislation. But it was the judgement of the United States Senate that labor racketeering, particularly that form of labor racketeering manifested by James R. Hoffa

as head of the International Brotherhood of Teamsters, posed a unique and massive threat to our basic institutions and laws. The Senate Sub-Committee on Investigations could have been empowered to make this investigation. The Senate Labor Committee could have been empowered to make this investigation. Both would have had logical jurisdiction.

But it was the judgement of the Senate that the problem was of such magnitude, so widespread, so diverse, and so involved, that an investigation of this scope and the preparation of adequate legislation could only be accomplished by a special select committee of the Senate. The judgement of the Senate proved correct. The Senate created a special committee to deal with a special and threatening problem.

We face just such a problem today. Numerous committees of this Senate and the House have expended years attacking this problem on a patchwork basis. Despite the heroic work of these committees, the problem has grown and has become even more threatening. Once it threatened only an age group of people. Now it threatens our whole economy. Meanwhile, the myriad problems facing the Senate Sub-Committee on Investigations continue. Organized crime moves unabated. Corruption on all levels of government also continues. There is too much to do, and too few people to do it. This is why it is now imperative, in my judgement, for the Senate to once again seek special solutions for a very special problem. I feel that a special select committee on narcotics would be a giant step in that direction.

PREPARED STATEMENT OF THOMAS C. RENNER

Mr. Greene has hit at the heart of the problem. What is desperately needed now is one Select Committee on Narcotics to take a continuing and in depth look at what is taking place in the smuggling of narcotics into this country by organized and, if you will, often disorganized criminal elements.

It is needed not just because the narcotics economy has become an enormous, \$60 billion a year business enabling organized crime to infiltrate and buy into the very fabric of state and local economies * * * it is needed because there is no one Senate committee that has the resources to concentrate solely on this problem, overseeing and insuring the coordination of the federal agencies that are charged with dealing with narcotics smuggling in this country, but all to often competing with each other.

The current permanent Senate subcommittee's investigations, while it has done remarkable work over the last two decades, is simply not equipped to handle all the problems that it has had to deal with, from labor racketeering, and witness protection, to organized crime growth, organized prison murders, public corruption and narcotics. The subcommittee's investigative forces are spread thin, with so many areas of investigation to turn their attention to that they cannot not deal with any one problem in depth without neglecting one or more areas that should be thoroughly investigated and reported on to the public.

I have spent more than 25 years with Newsday, most of that time dealing with, investigating and reporting on organized crime. Never in that 25 years have I seen the narcotics problem reach the proportions that it has today. Ten years ago, even five years ago the leading Cosa Nostra criminal groups warned and even killed members of their organizations dealing in narcotics. Today, profits so enormous and competition so keen from Colombian, Cuban, Mexican, Middle East and Asian Crime groups, Cosa Nostra is back in the business with both feet and bulging pockets. Few of those organized crime engaged in the traffic and financing that traffic are caught.

At the root of that problem, in my estimation, is the lack of a coordinated federal, state and local attack on narcotics. In 1976-77, for example, I spent six months working undercover for Mr. Greene on the Arizona project. During that period I dealt with scores of law enforcement agencies at federal, state and local levels. It was clear from the outset that many of those agencies * * * primarily federal * * * charged with stopping the flow of narcotics were not and still are not coordinating their efforts.

While billions of dollars worth of marijuana and heroin poured across the Arizona, Texas, California, Florida and New Mexican borders, agents of Customs, Border patrol, DEA and other agencies fought over who should make arrests, whether narcotics should be seized at the border or conveyed to the ultimate buyers to infiltrate and catch the ring leaders and financiers behind the traffic. Customs wanted to convey, DEA said seizures should be made at the border. Along the entire stretch of the Arizona border there was only one portable radar unit in place to monitor low flying smugglers who buzzed in over the mountains by the score nightly. At the top, the bureaucrats of these agencies told congressional committees they were working together. At street level, the agents I met with clearly spelled

out the fact that not only were they instructed to "do their own thing" but not to trust agents of sister agencies with confidential material.

In December, 1977, less than a year after the Arizona project point highlighted the narcotics flow and cited the lack of coordination, the Comptroller General filed a special report to congress stating that multiagency enforcement efforts had not been effective in stemming the flow of drugs as well as aliens. That report noted, specifically that at that time 89 percent of the heroin traffic (5.2 metric tons), 75 percent (2,700 tons) of the marijuana and one third of the cocaine traffic (4-5 tons) plus one third of the dangerous drugs (16 million dosage units) entered the U.S. through Mexican border points. All this took place despite U.S. funding of a Mexican poppy eradication program and a so called coordinated effect of narcotics, customs, and immigration agents together with that of state agencies. In truth, there was little coordination, agencies failed to exchange pertinent and timely data.

Last year, after many months of work, I wrote an investigative article on the traffic in arms for drugs. I questioned agency bureaucrats at the top in Customs, ATF, and DEA who said there was no problem. At the same time I interviewed scores of street agents, intelligence experts and informants across the country who produced a mountain of conclusive evidence that there was a major arms for drugs traffic flowing across the borders to Mexico, South and Central America and the Mid East, with terrorist, revolutionary and organized groups involved as well as small individual organizations and that hundreds of millions of dollars was involved. One of the major points of this story was the fact that much of the documentation for this traffic had been sanitized and kept from investigators of the permanent subcommittee who had neither the time nor resources to pursue the problem properly.

Former investigators of that subcommittee told us, in fact, that the hierarchy of the DEA and Customs were less than cooperative in providing them with reports and that attempts to interview intelligence analysts were often blocked. In at least one instance, an intelligence agent that two committees wanted to talk to was "sent out of town" on the eve of the arrival of congressional investigators. The ex-Senate investigators also conceded that they had been given a sanitized version of an analytical report by the El Paso Intelligence Center (EPIC) of the growing arms-drugs traffic. They also noted that they simply did not have the time, manpower and resources necessary to devote to get the necessary facts because of the multiplicity of investigations that they had to pursue as committee investigators.

DEA, Customs, Alcohol Tobacco and Firearms bureaucrats have not only denied there was a problem, but have since spent an inordinate amount of time and effort attempting to locate and punish with internal investigations those concerned and dedicated field and street agents who dared talk to me, confirming the authenticity of documents we had obtained proving the existence and growth of such traffic, including the report that the subcommittee was never privy to see in its entirety. Several agents told me that both Justice Department and Treasury Department agencies were so concerned with the leakage of material on the true nature of the narcotics traffic that they had devised a means to identify any agency xeroxing machine used to copy documents passed on to congressional or media representatives and then to identify the source of those documents.

Much of this interagency jealousy, lack of cooperation, intelligence hoarding, failure to coordinate and attempt to punish dedicated agents trying to cut through interagency red tape to fight narcotics could be stopped if a Select Senate committee with the investigative personnel and funding to keep constant tabs on the agencies supposed to fight the narcotics problem was in place. Only last December, evidence of the interagency lack of cooperation was cited by Florida Attorney General Jim Smith who noted that the "principal complaint" of Florida law enforcement agencies is a "lack of uniform federal policy on interagency cooperation in narcotics enforcement." AG Smith noted that "each agency they deal with—DEA, IRS, the FBI, Customs, the Border Patrol, the Treasury Department—has a different set of rules and responsibilities" and that federal agencies on the east coast might have a different degree of cooperation than their counterpart on the west coast.

A well known mob informer who I wrote a book with several years ago * * * Vincent Teresa * * * pinpointed the problem rather succinctly in 1973 when he said: "We (organized crime) talk to each other * * * law enforcement don't." That problem in narcotics enforcement, in my opinion, has and will continue to be the case, particularly at a federal level, unless and until there is one committee focusing its attention on these federal agencies * * * forcing them to not only to talk to each other, but work with each other, pressing for results in investigations and the expenditure of hundreds of millions of dollars in public funds, and providing public

disclosure to force changes in leadership that fails to dance to one central tune of fighting the narcotics flow.

The CHAIRMAN. Our next witness is Mr. Michael Aguirre, University of Southern California Department of History.

Mr. Aguirre, do you want to proceed? You may have a full statement you would care to put in the record.

STATEMENT OF MICHAEL J. AGUIRRE, PROFESSOR OF HISTORY, UNIVERSITY OF SOUTHERN CALIFORNIA, LOS ANGELES, CALIF.

Mr. AGUIRRE. I will do that, and confine myself to addressing some of the questions that have been raised during the course of this hearing.

Mr. Chairman, it is an honor, of course, to testify before you.

The CHAIRMAN. Without objection, your statement will appear in full in the record.

Mr. AGUIRRE. Thank you.

It is very important today that we devote as much time to a consideration of the reasons for the resolution as we do to the reasons why it should not be enacted.

My experience is derived from my service as an assistant U.S. attorney in the Southern District of California, where I prosecuted drug cases for the U.S. Government in the busiest drug district in the United States. I was also an assistant counsel to the U.S. Permanent Subcommittee on Investigations during part of the time that it was conducting investigations into narcotics and the Drug Enforcement Administration. Finally, I am presently an adjunct professor of history at the University of Southern California, where I teach a course on the history of organized crime in America.

Mr. Chairman, I have listened very carefully this morning to Senator Percy and Senator Nunn concerning the reasons why the proposed select committee should not be created. What I would like to do, as I mentioned earlier, is to confine my oral testimony to responses to some of the questions that have been posed by members of the committee as well as by the individual Senators who have testified.

First, it is important to understand that the House Select Committee on Narcotics Abuse and Control was created in 1976. I have discussed its work with some of its staff members; I have reviewed some of its hearings and its reports. That House committee has done some very valuable work and generated some valuable information that will be eventually manifested in additional legislation.

The fact of the matter is that we are faced with an extraordinary drug abuse problem, and over the years our standing committee—the Permanent Subcommittee on Investigations—has not been able to marshal the resources necessary to do something effective about the problem. Let me give you an example.

In 1975, the Permanent Subcommittee on Investigations conducted a very extensive investigation into the Drug Enforcement Administration—the lead Federal drug law enforcement agency that had been created in 1973. There was an interim report issued by the subcommittee in 1976. Here is what the interim report found.

One, the DEA, as presently structured, may not be capable of effectively concentrating resources on high-level violations and dis-

rupting the flow of narcotics into this country. Second, the methodology used primarily in internal Federal narcotics efforts in the past, with a particular emphasis on indiscriminate, undercover techniques and the drug bust tactics, had not produced satisfactory results and should be revamped. Three, personnel integrity problems had resulted from the dominance of undercover strategy, as well as the lack of an independent, fully staffed investigative unit.

This was the last report issued by the permanent subcommittee in the drug area, which was almost 4 years ago. The report noted that the Drug Enforcement Administration had inherited many personnel and integrity related problems, including many instances of seriously unresolved allegations lodged against senior officers of DEA, incomplete integrity investigations, improperly closed integrity investigations. Those revelations led to a reorganization of the Office of Inspection within the Drug Enforcement Administration, and a stated concern to take effective action about them.

Whether or not those unresolved allegations have ever been effectively dealt with has never been determined.

Recently, the Permanent Subcommittee on Investigations conducted hearings on illegal narcotics profits; there were hearings on December 7, 11, 12, 13, and 14 of last year. One of the great problems with the report produced from these hearings is that there is not a single bit of independent, corroborative, investigative work that has gone into it. This is basically a statement of the executive agencies.

The problem with only allocating four or five staff members which is the present investigative compliment of the investigations subcommittee, for short periods of time to put together quick and interesting hearings without doing the independent investigative work is that we begin to build a closed information system, where information is shifted back and forth from the executive branch over to the legislative branch and then back to the executive branch, with no independent work done.

However, when you are talking about a multibillion-dollar industry, as we are here, spread out throughout the United States, and really internationally, there is no way that five investigators can do much about the problem, aside from just organizing summary-type hearings. The permanent subcommittee's hearings were fine as far as they went. They were aimed at the worthy goal of reforming the Internal Revenue Code provisions that restrict IRS agents from sharing information with other Federal law enforcement agencies. However, they did not produce new information.

The only way we are going to get new information is if a select committee with a specific responsibility can, for a given period of time, develop their own information and their own tools for evaluating the effectiveness of the drug enforcement effort.

Presently the Senate relies on executive agency information when it issues its reports concerning the amount of heroin that was imported into the United States. It may use information reflected in the GAO report, which is again an extension of the basic information that was provided by DEA. Let me give you an example:

Two years after the Drug Enforcement Administration was organized, hearings of the Permanent Subcommittee on Investigations

indicated that the DEA's own evaluative tools showed that the heroin problem was considerably worse; that is, the purity of heroin on the street was considerably higher and the number of heroin-related deaths was considerably higher.

At that point, DEA committed themselves to doing something about the problem. In 1979 DEA Administrator Bensinger testified in hearings before the Investigations Subcommittee that substantial progress had been made in reducing the amount of heroin imported into the United States and that it really was not a DEA enforcement problem, but that the problem was with IRS.

So DEA was no longer the focus of the permanent subcommittee's attention; it became the IRS, and IRS investigations into the financial matters of drug dealing. When the evidence became very clear at the beginning of this year that the amount of heroin in the country had skyrocketed, DEA Administrator Bensinger came before the Criminal Justice Subcommittee and said, "Well, that is because of the unstable conditions in the Middle East—Iran, Pakistan, and Afghanistan—and that is where the drugs are coming from."

The fact of the matter is, if all we do is continue the same course of action that we have been taking over the last 5 years—that is, repeat our past mistakes and not learn from them—we are never going to reduce the problem or get it under control without the Senate's own independent action.

Now, what kind of independent action do we need? The Permanent Subcommittee on Investigations, if you look at its jurisdiction—and I know that someone has mentioned this before—it extends to national security; it includes all oversight over efficiency and fraud in Government agencies, which includes everything. It includes health care; it includes organized crime; it includes labor racketeering.

In 1976 when I was employed by the Permanent Subcommittee on Investigations, I was employed to come back and participate in a rather similar kind of situation as what we are presented with here. In 1974 and 1975, there had been a great many revelations about the national problem of labor racketeering—the Teamsters Union, unresolved organized crime activities in labor unions across the United States, and in management.

A resolution had been introduced into the U.S. Senate by Senator Griffin, calling for the creation of a select committee to investigate organized crime and labor racketeering. The Permanent Subcommittee on Investigations issued a press release and indicated that a select committee was not needed, because the Permanent Subcommittee on Investigations would look into the matter and conduct extensive investigations into labor racketeering.

What happened? Three staff members were hired; there was no extensive investigation into labor racketeering and organized crime. The reports that were issued, in part, were reports based on information and investigations that had been conducted several years earlier; the information had just not been released until that time. And now we do not hear anything about labor racketeering; we do not hear anything about the news release that was issued about the extensive hearings that were going to take place into labor racketeering.

What has happened now? There has been a resolution introduced directed at organized crime and drug abuse in this country, promulgated as a result of the continuing problem in the face of the five standing committees. We hear again that it is not necessary; that the Permanent Subcommittee on Investigations will look into the matter and that they have ongoing investigations. I submit to you that if they do have an ongoing investigation today, then why has there not been a request for more investigators submitted to this committee?

As I mentioned earlier the present complement of investigators on the Permanent Subcommittee on Investigations is five, and it is not possible for them to do an adequate investigative job in a multibillion-dollar drug industry. It is equivalent in a sense to conducting an audit of Exxon. Can you imagine trying to get a handle on Exxon with five investigators, with all of their worldwide operations? You could not do it, and you cannot do it with drugs either. With drugs it is much more difficult, because you are talking about a subterranean and secretive set of operations.

Now, Senator Stevenson indicated that select committees and special committees were generally not necessary and that they tended to become permanent committees. I would point out to you that his very committee was a select and special committee, and so that must underscore the fact that there are times and problems which justify special committees.

Then it becomes a question of whether or not the problem today is serious enough to justify a special committee; and if it is serious enough, whether or not the special committee will become permanent. Taking the latter questions first, there are numerous instances in which special committees were created to deal with special problems, solved those problems, and then went out of existence.

In 1950 and 1951, Senator Estes Kefauver's Special Committee to Investigate Organized Crime in Interstate Commerce came into and went out of existence. The labor racketeering investigations during the mid-1950's, the Watergate hearings—there are numerous examples. The nonpermanent nature of the proposed committee is especially underscored by the stated intentions of Senator DeConcini and the proponents of this resolution, that it not be permanent.

Senator Nunn indicated that the reason that there had been a decrease in the staff size in the Permanent Subcommittee on Investigations was because of inflation. But I would point out that the requests of the Permanent Subcommittee on Investigations have not been directed over the past few years at increasing the staff size, because there has not been a commitment of effort consistent with the heritage of the subcommittee established when Robert Kennedy was chief counsel and Senator McClellan was chairman.

The reason the Select Committee to Investigate the Improper Activities in the Labor or Management Field was effective due to its numerous accountants and investigators who worked across the United States. There were numerous investigators and attorneys working here in Washington, and you had people working around the clock. The difference between 5 investigators and 100 investiga-

tors and accounts, which was the size of the select committee's staff, in terms of the work product, is obvious.

Finally, with respect to Senator Biden's remarks, I would only offer one point, and I think he perhaps mentioned it himself. This committee will not interfere with the jurisdiction of the Criminal Laws Subcommittee of the Judiciary Committee, because it is not intended to be a legislative committee.

At the same time, the Criminal Justice Subcommittee does not have the ability nor the stated intention of becoming an investigative committee. So it seems to me that the two would complement each other quite well.

I have nothing further. I would be happy to answer any questions that you might have.

The CHAIRMAN. Senator DeConcini.

Senator DeCONCINI. Thank you, Mr. Chairman.

Mr. Aguirre, thank you very much for those observations and background regarding some of the testimony given this morning. In October, I believe it was, the University of California conducted an organized crime seminar. Is part of your statement the findings of that seminar?

Mr. AGUIRRE. In November 1979, the University of Southern California conducted a national conference on organized crime, which was the first conference since 1950, chaired by then Attorney General Howard McGrath. U.S. attorneys, attorneys general from across the United States, and Governor Babbitt of Arizona met and conferred for a 2-day period on the problem of organized crime in the United States. As you recall, Senator, we had the opportunity of having you address the conference.

One of the questions that was before the conference was the creation of this select committee, and it was presented to the conference not in a formalized way, but by way of Senator DeConcini's speech and by way of discussion that took place at the conference.

I would remind you that there has not been an assemblage of the breadth and scope of the people who were at the conference for 30 years in the organized crime area. They were deeply concerned about the fact that the Senate was not making progress, and were very supportive of the resolution to create the select committee, as it was outlined in your address.

Senator DeCONCINI. And that conference was composed of law enforcement officials, educators, and both Federal Government, and local government people, is that right?

Mr. AGUIRRE. Federal, State, and local law enforcement officials; district attorneys from a number of counties across the United States; State attorneys general; U.S. attorneys. We had sent out over 150,000 invitations to people all across the United States.

The stated purpose of the conference was to try to come up with a national strategy to combat organized crime, which really, in all frankness, had not really been faced by the U.S. Senate or the U.S. House of Representatives, or the executive branch since the mid-1950's and early 1960's.

Senator DeCONCINI. And narcotics was an integral part of the discussion at that conference?

Mr. AGUIRRE. The latest thinking from the organized crime experts who attended the conference was that narcotics represented the greatest growth industry for organized crime in the United States, and that we were doing very little about comprehending that fact and acting upon it. The Drug Enforcement Administration does not have the appropriate intelligence capability; no one is overseeing the development of that intelligence capability. They have not developed a training capability. The Justice Department has not developed the enforcement capability or the prosecutorial capability. All of these things are facts.

One hundred years from now, if the drug problem in this country continues on the path that it is, and they look back on today and they reread these hearings and they look back on our record, I think they are going to see that we knew what needed to be done and we failed to take action because of jurisdictional disputes and because a lack of attention or a lack of dedication to the problem. I think that would be a very sad situation.

I do not see any hope for that situation not occurring, however, unless the select committee is created.

Senator DeCONCINI. Thank you, Mr. Aguirre. I have no further questions, Mr. Chairman.

The Chairman. Thank you very much, Mr. Aguirre, for being with us. You certainly have a fund of expert knowledge; we appreciate it.

[The prepared statement of Mr. Aguirre follows:]

PREPARED STATEMENT OF MICHAEL J. AGUIRRE

Mr. Chairman and members of the committee, I appreciate the opportunity your invitation affords me to comment on the wisdom and need for creating the Senate Select Committee on Narcotics Abuse and Control. My testimony is based upon my experience as an Assistant United States Attorney in the Southern District of California, as an Assistant Counsel to the Senate Permanent Subcommittee on Investigations, and as Chairman of the University of Southern California's 1979 National Conference on Organized Crime. In addition, it is based upon my research as a Professor of History at the University of Southern California, where I teach the history of organized crime.

Drug abuse in America has many familiar faces. To those living through the nightmare of poverty in America's cities, it means escape. To the children of affluence, a form of experimentation and rebellion. To members of our Armed Forces, a way of avoiding the drudgery of military service. To the wives and husbands of some of our public officials, a means of coping. To doctors and nurses, drug abuse means overdose and young lives irretrievably lost. To the authorities, it means more crime to finance usage. And to some organized crime experts, drugs serve, in the words of Senator DeConcini, "as the nexus between organized crime and American society."

The drug world has some not so familiar faces. Its financiers, corrupt public officials who fail to perform their duty, officials in other countries who encourage cultivation and exportation, new criminal organizations in America extending and consolidating their territory and profit, and licit drug companies that divert hundreds of millions of drug dosage units for illicit sales.

The composite picture is a very unpleasant one, as a recent General Accounting Office report found:

1. 1.7 million Americans have used heroin, 453,000 have a daily habit, 110,000 are in treatment;

2. 13 million Americans have used stimulants such as amphetamines and several million do so on a regular basis;

3. 6.9 million have used PCP and millions do so regularly (deaths up 18 percent; emergency visits 88 percent, use by 12-18 year olds has doubled up to 5.8 percent and DEA projects usage will increase);

4. Total drug sales are estimated at 50 billion dollars.

The trend of drug abuse seems to be worsening despite the expenditure by the federal government of \$5.5 billion over the past decade aimed at its eradication, and despite the fact that thousands have gone to jail for possessing and selling drugs.

The one consistent salient fact is that since 1960, there has been a continuous increase in the demand for drugs in America, and we have done little to understand and act upon the basic causes of this development. We have been inconsistent, subsidizing the cultivation of tobacco for cigarettes which we know kill thousands of Americans each year, at the same time, incarcerating countless young Americans for possessing marijuana. Too much of our drug policy has been based upon the untruthful supposition and myth that if we can just put more people in jail, the drug problem will go away.

We should remember President Kennedy's observation that "the great enemy of the truth is very often not the lie—deliberate, contrived, and dishonest—but the myth—persistent, persuasive, and unrealistic."

From a legislative oversight point of view, we have been undisciplined in following up on inadequacies in federal enforcement policy and serious integrity allegations aimed at drug enforcement officials. Too often drug abuse issues have been sensationalized and politicized at the cost of more effective and honest policy. In short, we need to begin again, and, as a first and essential step, I urge you to approve Senate Resolution 207, which would establish the Select Committee on Narcotics Abuse and Control.

As Senator DeConcini noted, when he submitted Senate Resolution 207, "At present, jurisdiction over narcotics abuse and control is scattered among at least five standing committees." The work of those five committees, Judiciary, Labor and Human Resources, Foreign Relations, Governmental Affairs and Armed Services over recent years has been effective in many individual aspects but ineffective in formulating an overall approach to attacking drug abuse. It was to redress a similar problem that your colleagues in the House of Representatives formed their own Select Committee on Narcotics Abuse and Control in 1976.

The Select Committee's basic mandate would be to: "conduct a continuing comprehensive study and review of the problems of narcotics abuse and control." Its focus would include, but not be limited to, ten basic areas:

1. International trafficking;
2. Enforcement;
3. Prevention;
4. Narcotic-related violations of the Internal Revenue Code of 1954;
5. International treaties;
6. Organized crime;
7. Drug abuse in the Armed Forces of the United States;
8. Treatment and rehabilitation;
9. Approach of the criminal justice system with respect to narcotics; law violations and crimes related to drug abuse;
10. Review of executive branch recommendations relating to programs or politics affecting narcotics abuse or control.

Please permit me to address four of these areas that deserve careful in-depth attention by Congress and why a select committee is needed to complete the job.

International trafficking

The most conspicuous fact about most of the drug traffic today is that it is carried out on a world-wide basis and a global strategy is needed to combat it. The promulgation of such a strategy will necessarily involve, in addition to our domestic enforcement agencies, the State Department's Bureau of International Narcotics Matters, the Agency for International Development, the United Nations Fund for Drug Abuse Control, the Organization for Economic Cooperation and Development, and diplomatic and law enforcement officers of several nations. Developing sufficient detailed and reliable information to assure the Senate that a realistic, effective global strategy is being formulated and carried out will be a herculean task that will require substantial time and effort.

Examples of other international trafficking problems that deserve the attention of the Senate include:

- (A) International drug financing mechanisms;
- (B) Impact on the balance of payments of narco-dollars;
- (C) Extent of foreign government official involvement in drug cultivation and exportation;
- (D) Flow of American armaments for drugs to Central and Latin America;
- (E) Export drug policies of U.S. companies;
- (F) Effectiveness of crop cultivation programs;

(G) Development of evaluative tools for determining the source country of drugs imported into the U.S.

Enforcement

What the Permanent Subcommittee found in 1976 is equally true today, and that is that although "The DEA has been this nation's 'lend agency' in drug enforcement [for seven years] the nation's illicit drug traffic has grown. Congress has no assurance that DEA's performance will improve next year or the year after that." *

There are a great many contributing fundamental and unresolved enforcement questions that go back as far as 1973. The last report issued by the Permanent Subcommittee on Investigations dealing with drug enforcement, as interim report entitled "Federal Narcotics Enforcement released July 19, 1976," found after an extensive investigation and hearings that:

1. Federal agencies, as presently structured, may not be capable of effectively concentrating resources on high-level violations and disrupting the flow of narcotics into this country;

2. The methodology used primarily in internal Federal narcotics efforts in the past, with the particular emphasis on indiscriminate undercover techniques and "drug bust" tactics has not produced satisfactory results and must be revamped;

3. Personnel integrity problems have resulted from the dominance of undercover strategy as well as the lack of an independent, fully staffed investigative unit.

The report noted that the Drug Enforcement Administration had inherited many personnel integrity-related problems from predecessor agencies, including many instances of seriously unresolved allegations lodged against senior officers, incomplete integrity investigations, and improperly closed integrity cases. This latter subcommittee revelation, together with action taken by some officials within DEA, led in mid-1975 to a complete reshaping of the DEA's internal Office of Inspection (now Office of Internal Security and Inspection) coupled with an apparent determination to resolve longstanding allegations of corrupt and irregular conduct. Whether this apparent determination was actualized is still an unanswered question.

As recently as October 1979, the General Accounting Office found a number of unresolved enforcement problems still hampering drug enforcement efforts, inadequacies that have a striking resemblance to the earlier findings in the 1976 Interim Report of the Permanent Subcommittee on Investigations.

The GAO 1979 report noted in part that:

1. Organizational difficulties between Federal agencies had diluted law enforcement efforts at the international borders (same noted at page 183 of interim report);

2. Unclear Federal, State, and local enforcement roles had hampered attacks on drug traffickers;

3. Inconsistent and sometimes conflicting drug policies had resulted in no clear overall direction;

4. DEA and the law enforcement community had moved slowly in effectively using conspiracy laws to immobilize major drug traffickers;

5. The Department of Justice had not adequately planned or directed the prosecutive efforts against major traffickers;

6. Policy and legislative mandates had restricted Internal Revenue Service's role in drug enforcement;

7. The FBI had not been a significant force in the fight against major traffickers to date;

8. Delays had diminished the usefulness of the Bank Secrecy Act in investigating the enormous profits of drug traffickers;

9. Federal and State control of the diversion of licit drugs at the retail level had been largely nonexistent;

10. Intelligence had frequently received too little priority;

The 1979 annual report of the House Select Committee on Narcotics Abuse and Control reached similar findings including the determination that: "The Congress has long recognized the Federal Government's contributing failure to provide a central mechanism to establish drug policy and be accountable for its effective implementation.

In short, there are numerous, long standing and serious enforcement problems that have not been adequately attended to by standing committees of the Senate. A stronger commitment of resources, in the form of the proposed select committee is required if the Senate is to resolve these outstanding issues.

* Interim Report, Federal Narcotics Enforcement, Permanent Subcommittee on Investigations 1976, p. 182.

Prevention

Prior to 1969 most drug abuse funds were used for law enforcement aimed at limiting the supply of drugs; however, in the past decade emphasis has shifted to reducing demand. This change is reflected in the fact that \$3.4 billion (62 percent) of the \$5.5 spent on drug abuse by the Federal government has been for demand reduction programs. My expertise does not extend to the prevention side of the drug abuse problem. However, I would point out to the Committee the following:

1. The General Accounting Office has recently determined that there is an unmet need for centralized direction of drug abuse and drug traffic prevention;
2. There is an unmet need to do substantially more social science research to identify the courses of drug abuse.

Organized crime

Aside from the human costs of drug abuse the most disturbing and dangerous aspect of drug trafficking is the growth opportunity it provides for old and new criminal organizations and public corruption. We were told at the National Conference on Organized Crime by Messrs. Virgil Peterson and Hank Messick how a similar condition existed during the prohibition era when large numbers of Americans continued to consume alcohol during the period 1920 to 1930 despite its illegality. The distribution systems that were established then by criminal organizations to deliver alcohol to thousands of speakeasies evolved eventually into a nationwide crime syndicate the existence of which was exposed by the Senate Special Committee on Crime, chaired by the late Senator Estes Kefauver. Today we are still living with the consequences of prohibition's impact on organized crime, and we are now learning of a whole new generation of heroin, marijuana, and cocaine gangs that are operating out of Latin and Central America and elsewhere.

The organized crime aspect of the drug abuse problem has not been effectively explored by any Congressional committee. The general criticism that the Organized Crime Section of the U.S. Department of Justice has failed to develop a national strategy to combat organized crime (documented in the March 1977 GAO Study, Federal Strike Forces, Not Getting the Job Done) is particularly relevant in the drug organized crime context.

The proposed Select Committee could remedy this glaring oversight by providing the resources and long-term commitment needed to assure the development and execution of a comprehensive organized crime/drug strategy. Specifically the committee could focus on the following main areas:

1. Development within DEA or other appropriate agency of an effective organized crime/drug intelligence capability;
2. Development of an organized crime/drug training capability within DEA or other appropriate agency;
3. Development of evaluative tools to measure the extent of organized crime involvement in the drug trade;
4. Development of organized crime/drug enforcement criteria and priorities;
5. Development of evaluative tools for measuring executive department efforts in the organized crime/drug enforcement area.

Completing the foregoing organized/drug agenda will require extensive times and study over a two-year period, at least.

Conclusion

To curtail international drug trafficking, to strengthen enforcement, to extend drug prevention efforts and to control the power of organized crime over the drug trade are essential goals that will not be effectuated absent strong leadership by the United States Senate. The Senate standing committees having jurisdiction over one area of the drug problem or another have been unable to carry out the long term comprehensive investigative and oversight functions needed to insure a more successful drug abuse abatement program. Although each of the standing committees have done outstanding work in some areas of drug abuse, it is essential that the Senate combat the overall problem directly and comprehensively by establishing the proposed select committee as detailed in Senate Resolution 207. Although creating the select committee may result in a temporary loss of jurisdiction by some standing committees and some expense, we would all be wise to remember that "The value of a sentiment is the amount of sacrifice you are prepared to make for it." I hope the sentiment of this committee to eradicate drug abuse in our country is strong enough to undergo the sacrifice of creating an effective and properly financed Select Committee on Narcotics Abuse and Control.

The CHAIRMAN. Our next witnesses are a panel of authors and reporters on the subject of organized crime: Henry Messick and Thomas Mechling, if they would come forward.

Incidentally, which is Thomas Mechling?

Mr. MECHLING. That is Hank Messick, and I am Tom Mechling.

The CHAIRMAN. Did you run for the Senate in 1956?

Mr. MECHLING. Yes.

The CHAIRMAN. I remember raising some money for you at that time and, in fact, contributing to your campaign.

Mr. MECHLING. I remember.

The CHAIRMAN. I must say that that was 4 years before I ran and you look a lot younger now.

Mr. MECHLING. Thank you.

The CHAIRMAN. That is what happens if you do not run and succeed. [Laughter.]

Mr. MECHLING. My responsibilities are not quite as great as yours.

The CHAIRMAN. Your full statements will appear in the record, if you would care to comment on them orally. What we are interested in, as you know, is not an emphasis on the scope of the problem—which we agree is great—but in what way a select committee could do a job that is not now being done; whether there is a structural failure in the Senate, or whether the same job could be done if individuals in the Senate were sufficiently charged to do it. I think many things are done by individuals as much as by structure.

Senator DeCONCINI. Mr. Chairman, may I ask the witnesses to give just a brief background of what their involvement in these areas are, because these are a couple of outstanding, recognized experts, as are the other witnesses that have been before us this morning, and I would just like the record to show that.

STATEMENTS OF A PANEL CONSISTING OF HENRY MESSICK, INVESTIGATIVE REPORTER AND AUTHOR, FORT LAUDERDALE, FLA.; AND THOMAS MECHLING, INVESTIGATIVE REPORTER AND AUTHOR, NEW YORK, N.Y.

Mr. MESSICK. Mr. Chairman, I am rather happy that I had a chance to sit in this morning, because I think I better understand now what is wrong with the problem of narcotics in this country and why nothing much has been done about it.

I am going to talk, unfortunately, at a little length about the nature of the problem, because I do not believe after what I have heard this morning that the Senate fully understands what the problem is.

The CHAIRMAN. I would interrupt here to say that I am going to have to leave shortly. Senator DeConcini will preside, and the meeting will then be recessed after this panel until 2:30 this afternoon, when we will reconvene in this chamber.

Good luck, if you should ever run for the Senate again, except do not do it in Arizona or Rhode Island. As I recall, you ran in New Mexico, did you not?

Mr. MECHLING. Nevada.

The CHAIRMAN. Thank you.

[Whereupon, Senator DeConcini assumed the Chair.]

Senator DeCONCINI. Mr. Messick.

Mr. MESSICK. My name is Hank Messick. I am a former newspaper reporter and the author of 17 nonfiction books on organized crime and corruption. Currently, I am an associate professor at Florida Atlantic University, where I attempt to teach future journalists how to ask questions.

Recently, Senator DeConcini asked me to collect on his behalf information about the narcotics traffic for presentation to this committee. The report that follows is based upon the information collected. Of necessity, I cannot identify some of my sources, but the data they provided can be documented. I have here a considerable body of documentation, only a fraction of what I could have presented, to back up what I am going to say.

The conclusions reached, however, are my own. If I seem to speak bluntly, it is because the situation demands plain speech. I do not exaggerate. If anything, I am guilty of understatement.

I heard a Senator this morning talk about the impending crisis when all this heroin is going to come in from the Middle East, Afghanistan, Iran. Well, gentlemen, we have a crisis today. It is not an impending one; it has been with us.

Come with me then to the Sunshine State, Florida, where a teenage girl tries to hang herself with her bra; two others cut their wrists with razors and collapse on the sidewalk; and a few feet from the entrance to their high school, a drug peddler openly displays a sign: "Ludes, \$3.50."

The quaaludes responsible are traced to a makeshift laboratory in a filthy barn owned and operated by a Florida International University professor. The lab is capable of stamping out nearly a million double strength tablets a day.

Motherships stuffed with as much as 100 tons of marijuana unload their cargoes off the coasts of Florida or in the Out Islands of the Bahamas across the Gulf Stream. Smaller boats bring the grass ashore, and it goes north by tractor-trailer or in cars riding the Auto-Train. Bales of marijuana routinely float ashore on Florida beaches. Across the State, ancient cargo planes are abandoned on isolated airstrips after their loads of pot have been removed. Two such planes have been left on a ranch owned by Gov. Bob Graham.

Couriers fly into Miami International Airport with stomachs distended from scores of cocaine-filled condoms they have swallowed. Sometimes a condom ruptures and the courier dies in agony. After one such death, 110 balloons of coke were removed from the constipated corpse.

Where once seizures of cocaine were measured in ounces, it is hardly news when amounts up to 100 pounds are seized. The current record is 484 pounds. Still, Federal agents estimate that less than 10 percent is intercepted.

On the streets of Miami, Fort Lauderdale, and Tampa, men die as so-called cocaine cowboys, armed with automatic weapons and driving armor-plated cars, eliminate business rivals. Some shoot outs take place at high noon in crowded shopping centers. The murder rate hits new highs every year, running far ahead of the death rate in Chicago during Al Capone's bloodiest years.

Acknowledging that most of the killings are drug-related, an editorialist recently asked, "Does anyone care?" "It is Dodge City all over again," says an Assistant U.S. Attorney.

In Fort Lauderdale, a prominent attorney is convicted of attempting to bribe a witness in a drug case, and is sent to prison. "I do not know which is worse in the narcotics area," says the presiding judge, "Those who are bankrolling it, those who are distributing it, or those who are providing legal counsel beyond normal representation."

Six Dade County homicide detectives are suspended when it becomes known that a Federal grand jury is investigating allegations that a number of officers eliminated competitors for legendary drug smuggler Mario Escandar by killing them. As many as 20 indictments are expected.

The sweep of corruption is illustrated when, in the little town of Moore's Haven, the chief deputy sheriff and one-time "citizen of the year" is charged with planning to steal 518 pounds of marijuana from the county jail. "This is what narcotics has done to the whole judicial system," says an investigator. "It does what no other crime has ever been lucrative enough to do—threaten everyone down the line." I think that is a very important point—it does what no other crime has ever been lucrative enough to do.

In Los Angeles, a dope-sniffing police dog reacts instantly when asked to check some packages bound for the Miami branch of a large Georgia bank, Citizens and Southern International. Expecting to find drugs, officers open the packages and discover \$3.2 million in used \$20, \$50, and \$100 bills. Apparently, the cash had kept company with a drug stash before being shipped. "We were acting for a foreign correspondent bank," says CSIB official in Atlanta. "We are really not a party to this, and I do not want to involve names and confidences."

Fort Lauderdale police, acting on a tip, raid a motel. They find 10 men, cocaine, and \$1,149,436 in cash.

Last year, the Treasury Department reported that Federal Reserve branches in the Miami and Jacksonville districts had surplus cash deposits of \$3.2 billion, most of it in \$100 bills. In contrast, branches in New York, Chicago, and Detroit paid out \$8 billion more than they took in. This, said a Treasury spokesman, indicated that large amounts of cash were moving to Florida to pay for illicit drugs.

Publicly, business and political leaders in Florida ignore the violence and corruption when possible and deplore it when it must be noticed. Privately, they note that the narcotics industry—now, admittedly, the largest in the State—has made south Florida recession proof.

This willingness to tolerate crime and corruption is not unique to this point in history. Until the Kefauver committee came along in 1950, many in Florida considered illegal gambling to be essential to tourism. Plush casinos and elaborate bookie joints operated by mob figures from a dozen cities ran openly. Prior to that, in the 1920's, rum runners were popular heroes, and there was great indignation when, in hot pursuit, the Coast Guard killed a couple.

Perhaps it is this attitude toward drugs that explains how the new public safety director, Bobby Jones, can get away with the

elimination of a once efficient organized crime bureau. At a time when Dade County is a port of entry for much of the cocaine and marihuana entering the country, and an important transshipment point for heroin, veteran detectives are being put back into uniform and told to walk a beat.

"No one cares," says a high-ranking officer. "The situation is out of control." "Why should an officer not take a bribe?" says another. "He is not going to be allowed to enforce the law anyway."

While the problem is perhaps most acute in Florida because of its geography, it is by no means unique. Thousands of miles away in Hawaii, "pakaololo," the local word for marihuana, has become the No. 1 cash crop, surpassing sugar and pineapples. It is high-potency grass and brings top prices. Already, its impact on both the economy and on political morality is being noted.

Along the entire eastern seaboard, around the gulf coast, through the deserts of New Mexico and Arizona bordering Mexico, and up the west coast, the problems grow. It is a problem of today; it is not one that is going to happen in a year or two when a lot of heroin comes in. Moreover, no city accessible by air is free, regardless of how remote. The multibillion dollar business grows steadily. How, one might well ask, did it happen? A quick look at history is in order.

Americans have never been convinced that drugs, per se, are a great menace to society. Around the turn of the century, citizens welcomed patent medicines and soft drinks liberally laced with cocaine and opium products. To overcome manufacturers' opposition to the regulation of such profitable products, it was necessary to invent some additional perils. First was the "Yellow Peril." Chinese-Americans were allegedly raping white women as a result of their habit of smoking opium. Then came the "Black Peril." Stories circulated about cocaine-crazed blacks in the South turning into sex fiends and threatening white women.

The Harrison Act of 1914 was passed, and the fears died only to be revived during the "Great Red Scare" of the 1920's, when allegedly the sneaky Communists were trying to subvert the youth of the Nation with narcotics. Actually, as events proved, it was the then evolving syndicates of organized crime who were discovering the profits of dope smuggling. Arnold Rothstein, a pioneer in many areas of illicit free enterprise, led the way. Eventually, in 1930, the Federal Narcotics Bureau was created to meet this new threat.

Ultimately, the Mafia—to be redundant, the Italian-Sicilian Mafia—established a small, by today's standards, business. Heroin was the principal commodity, and much of it was sold in the black ghettos of eastern cities. Cocaine became the Cadillac of drugs, too expensive for mass consumption, but cherished by some movie stars, musicians, and playboys. Marihuana was considered to be the stepping stone to hard drugs, but there was scarcely enough around to keep alive the legends of reefer madness.

Despite a world war and a cold war, there was little increase in demand for drugs and, consequently, no great increase in supply until protests began in the 1960's. Blacks and women began to demand social, political, and then economic equality. The Vietnam war made young people unhappy and introduced many of them to hard drugs fresh from the Golden Triangle of Southeast Asia. The

murder of President John Kennedy and the political rebirth of Richard Nixon contributed to a growing bitterness with the Establishment. As part of the general revulsion against things as they were, the youth of the Nation turned to drugs, and demand stimulated supply.

In this connection, it is necessary to emphasize the role of that island nation off the coast of Florida. For decades, many Americans hopped over to Havana for a fling in syndicate-controlled night-clubs and plush high-rise hotels where vice was expertly packaged and available in infinite variety. On January 1, 1959, unexpectedly, Fidel Castro's forces overthrew the corrupt dictatorship then in power and, in due course, closed the gambling casinos and sent Meyer Lansky and his cohorts back to the States. Cuban gangsters were scattered over the entire Western Hemisphere. Many, of course, had already invested part of their loot in Florida real estate and thus had a base waiting in the United States.

Inevitably, the new refugees began looking for a new way to make quick bucks, and their need coincided with the suddenly developing new market for drugs on the mainland. The obvious solution was cocaine, which grows almost exclusively on the rugged slopes of the Andes Mountains in Peru and Bolivia. It grows, of course, in the form of the coco bush. A few simple refinements turn the leaves of the bush into cocaine paste, and treatment with certain chemicals converts the paste into the white powder sometimes called snow. For centuries, it had been accepted in Cuba as a delightful luxury by those able to afford it, ranking with good rum and cigars as civilized pleasures. No moral stigma attached itself to cocaine in the minds of Cubans, regardless of revolutionary politics. That fact remains important to anyone attempting to understand the blizzard that is now hitting this Nation.

It did not take the Cuban exponents of free enterprise long to organize pipelines running from the Andes through Colombia to Miami or from Lima up the Pacific to Los Angeles. As more and more Cubans fled their country, both the demand and the supply increased. Soon, the businessmen began to move pot as well. Jamaica produced a potent variety, and it served until the farmers of Colombia could go into production. When the student rebels of the United States sampled the product, success was assured.

Let it be emphasized that most of the thousands of Cubans who have made Miami into a second Havana in the two decades since Castro came to power are good citizens in their own way. It must be said, however, that their own way is not necessarily the traditional American way. The history of Latin politics is, unfortunately, a story of political immorality. The bribe and the bullet have long outweighed the ballot in elections south of the border, and the Cuban in the United States has no intention of abandoning his culture.

An important aspect of that culture is the cult called Santeria. It is an intriguing blend of African voodoo and Catholic doctrine. Logically enough, perhaps, devotees of Santeria believe that the spirits who control mankind can be bribed for good or evil with some chicken blood and the proper invocations, and a person guided by his individual saint, or orcha, cannot be held morally responsible for his actions. The blame, or credit, attaches itself to

the spirit world. Is it necessary to add that many, if not most, of the Cubans engaged in the drug-smuggling business are believers in Santeria?

White and black magic aside, the domination by Cubans of the drug traffic was aided immensely by the Nixon administration in its strange war on heroin, which for practical purposes eliminated the old Mafia as rivals to the upstart Cubans. President Nixon was elected on a law and order platform, and his heroin war was an attempt to convince the public that campaign promises were being achieved. John Ehrlichman, special assistant to President Nixon, admitted that politics was responsible for the emphasis on drugs in testimony 4 years ago before the Senate Permanent Subcommittee on Investigations. He also said:

Narcotic suppression is a very sexy political issue. It usually has high media visibility. Parents who are voters are worried about narcotics. They listen to a politician when he talks about drug suppression, just as they seem to tune him out when he makes speeches about the energy problem. Therefore, the White House often wants to be involved in narcotics even when it does not need to be.

The Nixon political effort not only opened the door for cocaine and marihuana to become the drugs of choice in the United States, but it also resulted in switching the center of heroin production from the Mid-East to Mexico. Blacks such as Frank Mathews and Nicky Barnes no longer needed to deal with the old Mafia which had acted as middlemen in the past. Instead, they could deal directly with the wholesalers. "Mexican Brown" became a staple in the ghettos of New York, Chicago, Miami, and Los Angeles.

There is reason to believe that some Nixon administration personalities had motives other than political for policies that produced such a dramatic rearrangement of smuggling practices. An investigation is needed—the more so since past attempts to probe the matter have been blocked on grounds of national security.

It must be said, of course, that other national administrations bear some responsibility for the abrupt rise of the "Cuban Mafia," as it became briefly known. In the 1960's, thousands of Cubans were armed and trained and financed by the CIA in expectation they would eventually overthrow Fidel Castro. Those automatic weapons remained in Cuban hands after the Bay of Pigs fiasco, and they are being used today on the streets of American cities. The tale is ruefully told of an effort to arrange a truce between the old Mafia and the Cuban upstarts. Despite an advance agreement that delegates would be unarmed, the Cubans arrived at the meeting place with enough weapons to start a war. The older Mafia representatives wanted no part of such high spirits, and they literally and figuratively abandoned the field to the new generation in the line of ethnic succession. Now, of course, it is obvious they are trying to get back in.

Many drug smugglers used patriotism as a pretext for participating in the narcotics business. The money, they insisted, was needed for the "cause." Some may have been sincere, but the Watergate burglary provides a well-known example of how anti-Castro sentiment can be misdirected.

The role of Cuban smugglers was not officially recognized until 1970 when Operation Eagle revealed the existence of an international network. Among the leaders arrested was Mario Escandar, a

name I mentioned earlier in connection with the current investigation into police corruption in Miami. Mario seemingly has a charmed life. Despite many arrests, he always goes free. Among his friends, of course, he numbers many politicians, including business associates of such persons as Bebe Rebozo. In 1970, alleged bungling by Attorney General John Mitchell set free Escandar and his buddies in Eagle. If that seems to be innuendo, it is only because no official agency wants to look closely at the facts.

After Eagle, it was necessary to regroup. Several years passed before officials got some inkling of the fantastic shape the regrouping produced. Central was the World Finance Corp., founded in 1971 with five employees and headquarters in Coral Gables, Fla. In less than a year, it was loaning millions to Panama and, by 1976, its international loans had reached the half-billion dollar figure. Branches were established in New York City, Lima, Bogota, Caracas, Panama City, San Jose, Mexico City, Kingston, the Cayman Islands, and Costa Rica. The Middle East was represented by the establishment of the Ajman Arab Bank in the United Arab Emirates. Subsidiary corporations were spawned right and left, and millions were invested in such places as Las Vegas, Nev., and Brownsville, Tex. Intelligence reports later alleged that a WFC subsidiary was supplying Las Vegas with 340 pounds of cocaine annually, while another subsidiary used Brownsville on the Mexican border as a port of entry to bring in more.

WFC also bought control of a bank in Hialeah, Fla., and in 1 day in 1977 deposited \$12 million in \$10 and \$20 bills. A bank official was heard to remark that he was operating a laundrymat. Failure to keep records ultimately brought a Federal investigation, and it disclosed irregularities involving hundreds of millions. WFC was forced to sell the bank.

Mastermind of this spiderweb of corporate finance was Guillermo Hernandez-Cartaya, who learned banking in Havana in the days when Meyer Lansky sent casino profits to the Bank of Miami Beach by special courier. Hernandez-Cartaya reached Miami in time to take part in the Bay of Pigs expedition, but whether he went as a patriot or as a double agent has been much debated in Little Havana. He was ransomed along with other members of Brigade 2506, but abruptly his history blurred. He reappeared in 1970 in charge of international banking activity for Citizens & Southern in Atlanta—the same bank, it should be noted, that in 1979 was the intended recipient of the \$3.2 million in smelly bills seized in Los Angeles. President Jimmy Carter's former Budget Director, Bert Lance, was a power in Atlanta banking at the time Hernandez-Cartaya was employed there, which may explain why the Cuban was later a major contributor to the Carter campaign.

In any event, following the Operation Eagle debacle in 1970, the Cuban banker moved back to Miami and in 1971 organized WFC. Word in Little Havana was that he was backed in the new venture by Citizens & Southern, but it should be said that I have been unable to find confirmation.

In Miami, Hernandez-Cartaya gathered around him a strange combination of narcotics traffickers, CIA-trained terrorists, and such individuals as Salvador Aldereguia-Ors. The latter was arrested by the FBI in 1979 as he tried to leave Miami. In his briefcase

were, quote, "operational instructions," unquote, from the Cuban Government ordering an agent code-named "Samuels" to return to Cuba. Among the specialists in narcotics affiliated with WFC were, of course, Mario Escandar and other veterans of Eagle.

Allegations have been voiced on national television programs that WFC was acting in the narcotics business with Fidel Castro. The public safety department in Dade County tried to discover the truth, but obtained little cooperation from Federal agencies. That old excuse of national security was invoked. An attempt by the U.S. attorney to set up a special task force to probe WFC was rejected by Justice. No one seemed interested in pursuing the matter.

This reluctance is not new. In 1971, following Operation Eagle, BNDD Special Agent Robert E. Robinson, Jr., summarized existing information pointing toward a Castro connection and formally requested a concerted effort, quote, "With the goal of fully identifying and completely incapacitating the illicit narcotics traffic from, or facilitated by, Communist Cuba." His report was heavy with names and dates, but it was ignored. Robinson retired shortly thereafter.

Despite the coverup of WFC by Federal agencies, it has been learned, for example, that WFC obtained a \$2 million line of credit from the Moscow Narodny Bank, Ltd., in London. The bank was established in 1919, and has branch offices in Singapore and Lebanon. Its representative office is in Moscow. O. N. Koulikov is listed as chairman and V. V. Basov as vice chairman. Assets as of December 31, 1976, were \$2,583,703,000.

There is other evidence of a relationship between WFC and Castro. Has it been investigated? Who knows? Reliable sources report that a 15-count indictment based on IRS evidence has been returned against Hernandez-Cartaya and sealed. One must wonder if national security or politics is involved. Only one thing is certain—the truth about this complex and vastly important matter is not going to become known unless some powerful agency applies pressure. In my opinion, only a special Senate committee, free of politics, would be brave enough to walk where others fear to tread, to ask questions others fear to voice.

In my book, "Of Grass and Snow," I described the discovery of WFC by the Organized Crime Bureau of the Dade Public Safety Department. Within 2 days after the book reached the stores in Miami, the chief executive of the county ordered that he be provided with a full report on the WFC probe. Two weeks after receiving that report, he abruptly fired highly regarded Safety Director E. Wilson Purdy. Within hours after that firing, the file on confidential informants of the narcotics section vanished and has not been seen since. Today, a sergeant and four men carry on a token battle against narcotics. They have little money, few informants, and no hope.

Hernandez-Cartaya has thus far escaped prison, but the publicity his empire receive did, apparently, cause it to collapse, and that collapse touched off a gang war of sorts between the Cuban pioneers and certain exponents of free enterprise in Colombia. In view of the geographical advantages the Colombians possessed, it was a logical development.

The war was a lot of fun. Considering the forces involved, and the weapons at their command, it is perhaps remarkable that only a few hundred persons died. One must conclude that modern gangsters are no better marksmen than their counterparts in Prohibition. Even so, the war plus, of course, related ripoffs and hijacks, gave south Florida counties record murder rates and brought the term "cocaine cowboy" into popular use.

Police officers now say, perhaps optimistically, that the conflict is over. Allegedly, a peace agreement has been signed. Under its terms, Colombians get control of the cocaine traffic and Cubans take over the marihuana trade. Cubans can still handle cocaine, of course, but they buy from the Colombians, and Anglos can still wholesale grass, but the motherships bringing it north will be largely controlled by Cubans.

New organizations—call them syndicates, if you wish, or families, since many of the members are blood related—are emerging. One major group is headed by an attractive woman. Her husband started the business, but he was double-crossed by a member of a New York Mafia family and murdered. The woman took over, obtained revenge for her husband, and greatly expanded the business. She employs capable forgers who turn out a steady supply of fake visas and identification papers for the use of her people. She personally comes to Miami several times a year to oversee her affairs, and has purchased a number of expensive homes in the area for her use. She also owns fleets of boats, planes, and automobiles, and she has a well-trained band of personal bodyguards, all beautiful women.

Truth in the world of narcotics long ago exceeded the permissible in fiction. The female boss I have just described perhaps represents the future. The past is still with us in the form of another group made up of people of several nationalities, including Anglos.

The two Americans are Robert Burke, son of a New York banker, and Richard A. Stummer, a man with many political connections. The tangled history of this gang reflects credit card swindles, murders and, of course, cocaine smuggling. Several years ago, Stummer participated in a rather famous meeting of Chicago mob figures at Palm Springs, Calif. Also in attendance was Teamster Union President Frank Fitzsimmons. After the conference broke up, Fitzsimmons drove to San Clemente, where he boarded Air Force One and flew back to Washington with President Nixon. How Stummer got back to Miami is not recorded. Intrigued by Stummer's associates, a police agency charted the gang and produced an interesting combination of the old, the new, and the political.

Things, of course, continue to change. One result of the end of open warfare has been the establishment in this country of cocaine laboratories. Previously, coca leaves were converted into paste in the Andes and taken to laboratories in Colombia where the paste became cocaine. Today, the paste is being shipped directly to Florida and converted on the spot. Finding sites for clandestine laboratories is no problem in an area where drug money is being invested in real estate at the rate of \$32 million a month. Already, Latins have political control of Miami; if they continue buying real estate at the present rate, they will soon own Dade County. Fantastic?

Consider that 200 tons of cocaine are produced annually in Peru alone. Shipped to Miami and cut to 10 percent purity, it would have a retail value of \$140 billion. You can buy a lot of real estate with that kind of money, even on the Gold Coast of Florida.

So much for the history of narcotics smuggling. If nothing else it makes plain, I think, the fact that as long as there is a demand, there will be a supply. In no other enterprise on Earth is it possible for so many to make so much money so quickly. When uneducated, untrained men can make \$10,000 a night for unloading marihuana, is it surprising that illegal aliens are splashing ashore on Florida beaches faster than they can be checked for venereal disease and leprosy?

In one weekend recently, more than 1,000 Haitians landed in Dade and Broward Counties. Perhaps recognizing the fight is hopeless, local and State agencies have virtually given up the battle. This represents a sharp departure from the law enforcement philosophy of the past which held that crime was best attacked on a local basis.

During the early days of the civil rights movement, die-hard segregationists made alliance with gangsters to end what was called, quote, "Federal interference in local matters." The John Birch Society asked everyone to support the local police, regardless of how corrupt local police might be. Today, the popular theory is that the drug traffic is too large, too powerful to be controlled by anyone other than the Federal Government. There are calls for the Army, Navy, and Air Force to be flung into the battle. Meanwhile, of course, corruption spreads like a dark stain.

How has the Federal Government responded? Not very well. Much of the damage done by the Nixon administration remains unrepaired. Customs is still handcuffed. The IRS, potentially the most effective agency because of its ability to trace the money flow, is on the sidelines where former Commissioner Donald Alexander placed it. Many of its best men have been forced out and the rest are marking time until retirement. The Coast Guard is crippled with lack of funds. The FBI stands aside in favor of the Drug Enforcement Administration, and that agency seems more concerned with concealing with skeletons in its closets than with organizing an effective campaign against narcotics.

If the public demanded action, then perhaps Federal agencies would respond. But, for the most part, the public is cynical or, at least, indifferent. In view of the games that have been played over the years, cynicism is understandable. From the "Yellow Peril" to the Nixon hysteria, public fears have been exploited. Today, of course, there is added reason for cynicism, for apathy. In Florida, how many people want to do anything to inhibit the flow of billions of dollars into the economy? How dangerous is cocaine; how dangerous is marijuana? When headlines proclaim that pot is being imported for legitimate medical reasons, as was the case recently, can the public be blamed for wondering if any menace really exists?

In my latest book, I asked these questions:

Is marijuana less harmful than tobacco? If it is, let us quit putting people in jail for smoking grass while contenting ourselves with printed warnings on cigarette packs. Is cocaine less harmful than alcohol? If it is, let us conduct a campaign to

substitute snow for booze. Is heroin really a killer? If so, let us find out why people use it and eliminate the need.

In my personal opinion, the billions now being made in the drug traffic are a greater danger to our political system than are the drugs themselves. The enemy within, as Robert Kennedy called it, can destroy us quicker than the enemy without. Corruption is a greater danger than communism.

Something must be done. Few acquainted with the problem can doubt that an emergency exists. After hearing some Senators this morning, I doubt if all of them are acquainted with the problem. But before decisive action can be taken, it is necessary to clear away the confusion and ascertain the facts.

For this reason, I believe a select committee, as proposed by Senator DeConcini, is essential. Why? It is obvious, I believe, that drug-created corruption leads into high places. Just as no ethnic group has a monopoly on organized crime, neither does a political party have a corner on corruption. No agency which must come back to the politicians year after year for operating funds can afford to step recklessly on political toes. No permanent committee of the Congress, which also lives by Congress largess, can pursue truth wherever it may lead.

The Permanent Subcommittee on Investigations has had its problems in the past. Hopefully, after reorganization, it can now operate more effectively. But, at best, it must watch its step lest it make enemies of the great and powerful. Moreover, narcotics is only a part of its jurisdiction. It has many other morsels on its plate.

Needed is a special committee that can come into existence for a specific purpose and go out of existence as quickly as that purpose is served. The Special Committee to Investigate Crime in Interstate Commerce, better known as the Kefauver committee, is an example of what I mean. That committee did more in its 2-year history to expose the relation of crime, business, and politics than any committee before or after, and having accomplished its goals, it vanished.

I was the last writer to talk to Estes Kefauver before his death. We sat in his office in this very building and chatted about crime and corruption just hours before he became fatally ill, and his last word on the subject was to repeat his belief that a special commission, independent of politics, was needed to keep the American people fully informed on the problem. Frankly, I doubt if a special commission could long retain its independence, but special committees, called into life as needed, might have a chance. Much would depend upon the caliber and character of the members of such a committee and of the staff selected. Where politicians are concerned, I do not make endorsements easily. Yet, I am impressed with Senator DeConcini, with his ability and with his sincerity of purpose. I believe that, under his leadership, a special committee would function well.

Time is running out. Something must be done. The crisis is now, not tomorrow. Thank you.

SENATOR DECONCINI. Thank you very much, Mr. Messick. Mr. Mechling, do you have any statement?

Mr. MECHLING. Only a few brief thoughts on Hank's comprehensive statement; it is indicative of why he is known as the dean of organized crime reporters. I have worked with Hank on a number of projects, and we may do our next book together.

My name is Thomas Mechling, and I am a book author and magazine writer and a long-time investigative reporter. I am a member of the Investigative Reporters and Editors Association, like Bob Greene and Tom Renner. I wear an ad hoc hat as chairman of the National Commission on Gambling Information. It is a nonprofit, public service entity which concerns itself with casino gambling; who is behind it, and so forth. It is an information-sharing mechanism, whereby investigative reporters can share information with law enforcement people, and vice versa, and Congressional investigators.

Casino gambling, with its unaccountable cash flow, has long been the money laundering bank of organized crime. If there had not been gambling in Las Vegas or Atlantic City—both playgrounds of the mob, and their business sites—they would probably have had to invent them, and they probably did.

Now we see that narcotics trafficking is rapidly approaching the profitability of billions of dollars for the same purposes as casino gambling. As Senator DeConcini has stated in suggesting this select committee—

I view narcotics as a nexus or connect point between organized crime and American society. Narcotics create unbelievable wealth that enables organized crime to infiltrate all segments of our society.

As investigative reporters, we are still profiting from the information developed by the Kefauver committee in the late 1940's and the McClellan committee in the 1950's, but the links in data are now becoming dim and dated. A thorough updating of organized crime's role in narcotics trafficking is overdue.

As you have heard from your former witnesses, this is such a big and complex problem that no one committee can take it all in, and I believe that there is room for not only one select committee, but probably several select committees to start to update these links with organized crime and to educate the public. Thank you very much.

Senator DECONCINI. Thank you, Mr. Messick. Mr. Messick, let me comment on your detailed statement. Quite frankly, I appreciate the length you go into concerning your State and Arizona and other places in the United States. I read most of your statement before you testified here; it really leaves me with the overwhelming feeling that it is out of control today. If there is any greater flood of heroin or other drugs, I do not know how much worse it could get. Is that a fair observation of yours, also?

Mr. MESSICK. Yes, sir. If it gets any worse—it is almost impossible for it to get any worse. You had a Senator here this morning who talked for a half an hour about heroin and never once mentioned cocaine. That is a \$1 billion business. How he could be so blind and still consider himself an expert on crime, I frankly do not comprehend.

Senator DECONCINI. We come across the desire to cooperate and to work together. I take it that both of you feel, based on your historical involvement and observation of not only this body but of

Federal law enforcement and the ever-increasing problem, that the time has come for a special emphasis and a special committee to look at organized crime and narcotics.

Mr. MESSICK. Yes, sir. If there was ever a problem that deserved special attention, it is the narcotics problem as it exists today.

Senator DECONCINI. We are going to hear from some law enforcement people from the State of Florida. Your comments did not go into any great detail, Mr. Messick, but do you have any observations or do you care to make any comment about the lack of cooperative efforts, say, with the Federal agencies and some of the state agencies in Florida?

Mr. MESSICK. Frankly, I think the local and State agencies in Florida have given up; they have decided that the problem is just too big for them to handle.

Senator DECONCINI. Too overwhelming?

Mr. MESSICK. Too overwhelming. Add to that the fact that corruption is spreading at every level of government down there. There was a statement I quoted, "Never before has a crime been so lucrative, making possible corruption on a scale we have never known in this country." That is visible everyday in Florida; you can see it, and it is eroding the will to do anything about it, as well as filling good men who would try with a sense of hopelessness.

Senator DECONCINI. Is there any evidence that you have seen of any effort of cooperation between Federal agents and local people?

Mr. MESSICK. No, sir, there is no evidence, unfortunately. I am told, in fact, that there are even problems within agencies. When the DEA office in Los Angeles wants some information on a Florida situation, they do not call the local DEA office; they go to some other agency to try to get it. They do not trust each other.

As far as the old war between Customs and the DEA, it still exists; there is no cooperation.

Senator DECONCINI. It is as flagrant as it was before the reorganization?

Mr. MESSICK. It is as bad as it ever was. The IRS, unfortunately, was put on the sidelines by Donald Alexander, and its best men have been scattered.

Senator DECONCINI. Which was a real disaster.

Mr. MESSICK. It is completely ineffective, and there is no real determination or morale. In other words, morale in local law enforcement is completely gone; nobody down there really believes that anything can be done, and no one is really trying. The next question is, "Why should I not take advantage of all this loot floating around?"

Senator DECONCINI. Mr. Messick, a number of your sources are law enforcement officials that have confided in you, either in confidence or otherwise, is that correct?

Mr. MESSICK. Yes, sir. I have a certain reputation, I think, gathered the hard way over the years. People will talk to me in confidence, and I have very carefully checked and double checked to make sure that I was not overstating the situation. As I said at the start, I think I am actually understating it.

Senator DECONCINI. Indeed, I have had an opportunity, with your assistance, to talk to some of the law enforcement people

down there, and that is the reputation you have with them. Many of the ones I did not talk to expressed the same feeling.

I want to thank you gentlemen very much for taking your time and putting together this indepth problem that you have pointed out here. I have no further questions.

Mr. MESSICK. May I make one extra point?

Senator DECONCINI. Yes, sir.

Mr. MESSICK. There were some questions this morning about the effect of the House Special Committee on Narcotics. Of course, I cannot speak for all of its work, but I did see it in action in Florida on several occasions. It was a joke; it was a farce.

Senator DECONCINI. Why was that?

Mr. MESSICK. Because of the caliber of the people involved in it. You cannot have a poor group; a poor committee cannot achieve anything, regardless of its goal, if it does not have good-caliber people involved. A good operation can fail if it does not have the right people. A bad one can succeed sometimes, if it has the right people. The House committee did not have the right people on the committee and on its staff.

Senator DECONCINI. Would you agree that if a committee is going to really investigate and pursue this matter, they must reach out with more than just the executive branch of government for a substantial amount of their testimony and evidence; that they have to go to local government and to local people who may be willing, or try to find people who will come forward and dramatize, as you have, the magnitude of the problem?

Mr. MESSICK. Too often, these committees simply talk to each other. The law enforcement people are just talking to each other and repeating what other people have said. Often, there is not an effort made to find out what the situation really is and what is really going on. That has been a failure in the past, and it is something that is desperately needed now for the benefit of the Senate and the other members of the Government so that they know what they are talking about.

Senator DECONCINI. That is your observation of the existing committees?

Mr. MESSICK. Yes, sir.

Senator DECONCINI. Mr. Mechling and Mr. Messick, thank you very much; we appreciate it.

Mr. MESSICK. Thank you.

Senator DECONCINI. The Rules Committee will recess until 2:30, whereupon we will hear from Paul Perito of the National District Attorneys Association, and the balance of the witnesses.

[Whereupon, at 1:10 p.m., a luncheon recess was taken.]

AFTERNOON SESSION

The CHAIRMAN. The Committee on Rules and Administration will come to order. I apologize for being tardy, but there was a rollcall vote at precisely 2:30 which necessitated my being on the floor.

Our next witness is Mr. Paul Perito of the National District Attorneys Association. Mr. Perito?

STATEMENT OF PAUL L. PERITO, SPECIAL WASHINGTON
COUNSEL, NATIONAL DISTRICT ATTORNEYS ASSOCIATION

Mr. PERITO. Thank you, Mr. Chairman. I am aware of the limitation on time, and consequently I would ask most respectfully that my statement be placed in the record in its entirety.

The CHAIRMAN. It will be done, without objection.

Mr. PERITO. Mr. Chairman, my name is Paul Perito. I am a member of a Washington law firm, and I act as special counsel to the National District Attorneys Association. We certainly appreciate the opportunity to appear here today, and appreciate the chance to give you and the committee our views on Senate Resolution 207, a resolution which, if enacted, would create a Senate Select Committee on Narcotics Abuse and Control.

The National District Attorneys Association is the single largest national association of State and local prosecutors, representing prosecutors in our 50 States, it is comprised of over 7,000 law enforcement officials and prosecutors.

I have been authorized by both the executive committee and the board to advise you, Mr. Chairman, that NDAA wholeheartedly supports the creation of a special Select Committee on Narcotics Abuse and Control.

Now, I am aware of the fact that several witnesses this morning have testified at great length regarding the nature of the drug abuse problem. I will not belabor that testimony. I would like to say parenthetically that my brief remarks are gleaned not only as special counsel of the National District Attorneys Association, but from my prior professional experiences as a prosecutor in the busiest Federal district in the country, where I spent almost 5 years working under both U.S. Attorney Robert Morgenthau and Whitney North Seymour, Jr., and then 2½ years as staff director and chief counsel of the House Select Committee on Crime. Ultimately, I served as general counsel and deputy director of the White House Special Action Office on Drugs.

I now spend most of my time, Mr. Chairman, defending individuals who are charged with a broad variety of civil and criminal wrongdoing, so I can perhaps give you a perspective as a defense counsel, as well as the perspective of representing prosecutors; in this regard, my remarks are my own thoughts and reflections and are not necessarily the thinking of my client.

You asked a very specific question this morning and I am going to try to be a good lawyer and answer it directly. You asked the question, "Should this committee act, in light of the fact that there are at least six committees having legislative jurisdiction to establish a select committee?" My answer to you, Mr. Chairman, is yes, and that answer is based upon the following reasoning.

It has been my experience, in both serving as general counsel to a select committee and spending several years testifying before standing committees having legislative jurisdiction involving both the supply and demand equation—we are still talking about close to 20 agencies that are involved in the totality of the picture of our national effort involving drug abuse control, both supply and demand—that in my judgment—in all due deference to the diligent efforts of the chairmen and staffs of those standing committees, I think it is impossible, given the complexity of the drug problem, for

proper oversight to be performed by standing committees. Consequently, a select committee, established for a specific time to perform a specific task, can be of great benefit not only to the Congress but to the country, and in particular to State and local law enforcement officials.

It is interesting to note, Mr. Chairman, that if you look at the Federal strategy on drug abuse in 1979, the Federal agencies have judiciously concluded that it is impossible to focus their limited resources and attention at the local, street-level pusher—the visible violator of the narcotics and dangerous drug laws.

The fact is that someone has to do that job—local law enforcement and State, local, and county prosecutors must do it. But what are they faced with today? They are faced with certain understandable fiscal and budgetary restraints; they are faced with either the diminution or total abolition of LEAA funding, some of which goes into career criminal programs, economic crime and victim-witness programs. They are faced with a whole host of problems, and yet as we move into more stringent economic times, their responsibilities will augment, not decrease.

In light of that fact, as Senator Biden said this morning, I do not think anyone who has worked in this field will conclude anything other than that our most effective commitment fiscally and by way of human resources is in the international supply, control, and irradiation areas.

Yet, look at our Federal budgets over the past 10 years. In the past 2 years, \$800 million to \$1 billion have been spent in the totality of the Federal drug abuse control effort, and yet less than 5 percent of the Federal moneys are spent on what everyone agrees to be the most effective program; namely, international narcotics control.

Now, in all due deference to the committed efforts of Administrator Peter Bensinger and his creative and hardworking DEA agents, we have only 2,000 dedicated men and women who are Federal narcotics agents. Less than 300 of these individuals are committed to international responsibilities. Even though that is 10 times the number of agents that we had in 1963, and even if we doubled or tripled the DEA force, I doubt, respectfully, whether in fact you would see a substantial abatement of this national problem.

On the other hand, what can a State or local law official do? He looks to DEA and he looks to the Senate and House for guidance; prosecutors look to the Federal agencies to assist them in making cases. These are thorny, sophisticated problems that, in all due deference, have not been dealt with in a comprehensive fashion.

As a defense counsel, Mr. Chairman, most trial lawyers can virtually frustrate most complex prosecutions by creatively using the Freedom of Information Act, the Privacy Act, and/or 26 U.S.C. section 6103 of the Tax Reform Act. We have so many statutes, enacted in a well-intended fashion, which work to frustrate effective intervention by prosecutors. Examination of the consequences of such statutes is the type of commitment that the select committee can deliver, and such commitment would be helpful to State and local prosecutors.

Let me give you a concrete example. The Select Committee on Crime in 1970 focused a fair amount of attention on a problem that

none of the legislative committees in the House had previously focused on; namely, the overproduction of central nervous system stimulants, that is, amphetamines. At that time, it was not an attractive issue; it subsequently became an attractive issue. But as a result of detailed investigation and creative oversight, that select committee offered substantial assistance to Public Law 91-513 as it made its way through the legislative committees.

It is fair to say, and I think Mr. Rogers would agree, or perhaps also would the late Senator Dodd, that a terrific contribution was made by a select committee in a small but very crucial area; ultimately resulting in the rescheduling of liquid injectable amphetamines, and ultimately all types of amphetamines.

So it is this type of oversight and this type of specialization that the drug problem requires—and I heard Senator DeConcini giving you, very candidly, Mr. Chairman, what I thought were very realistic budget estimates. When we think of spending \$1 million in terms of the totality of the commitment made of Federal dollars; namely, close to a billion, and I know you are very concerned about fiscal restraint, and understandably so, I would say that is a very good bang for the buck. It is that type of intervention that is sorely needed.

Finally, Mr. Chairman, it is somewhat disheartening for State and local prosecutors throughout the Nation to see what they believe to be a lack of concentrated and continuing oversight as to the relationship between the various Federal agencies.

They are heartened when they see the progress made by the Assistant Secretary of State for International Narcotics Control, Ms. Falco, and her office. They become disenchanted when they realize that only a small portion of the total budget is committed to that. They become concerned about sharing information relating to informants because of an understandable concern on the part of the Congress with privacy, but there has to be a balancing. Perhaps a select committee, free from the shackles of legislative responsibility, can perform a very effective task.

Now, the Senate has a great opportunity in the sense that they have people serving in this body who have had considerable law enforcement background, like Senator DeConcini and like Senator Leahy. They could offer a unique contribution.

Finally, Mr. Chairman, I think the fact that this Rules Committee is considering this resolution and giving time and opportunity to interested groups like the National District Attorneys Association is terrifically heartening, because we see things on the local level that have not yet reached the Federal level.

I looked at the Drug Abuse Early Warning Network statistics last night in preparing for my testimony, and you see a perceptible shift in the Northeast sector of the country in the purity of heroin going up and the price going down. All you have to do is juxtapose that with hospital admissions for acute heroin intoxication, with heroin-related injuries, and with heroin-related arrests in the Northeast, and look at what is happening at the same time with the shift in the heroin market in Europe; easily availability, low price.

In all due deference to the gentleman who testified this morning that he is concerned that we do not have sufficient data on the

reason why people use drugs, I must say that we have an abundance of data. One of the things that we concluded after the Vietnam experience is that there is a compelling interrelationship between availability, cheap price, and attractiveness of use. A lot of people, young and old, use drugs—a range of psychedelics—for very basic reasons. They like the effects they produce, among other things.

If, in fact, we do not look to the supply control and to the international aspects of control, and at the same time are cognizant of the fact that in places like Southwest Asia, notwithstanding the diligent efforts of the State Department, we certainly do not have control in Pakistan or Afghanistan—the transshipment countries—this is where you need to get the bang for the buck and this is the type of creative oversight that a diligent committee with a small, well-trained staff can perform.

The National District Attorneys Association, Mr. Chairman, wholeheartedly supports this resolution, and we know that you will give it serious consideration.

The CHAIRMAN. Thank you very much, Mr. Perito, for your testimony and for the statement which will appear in the record.

Mr. PERITO. Thank you, sir.

[The prepared statement of Mr. Perito is as follows:]

PREPARED STATEMENT OF PAUL L. PERITO

Mr. Chairman and Members of the Committee: My name is Paul L. Perito, and I am a member of the law firm of Perito, Duerk, Carlson and Pinco, P.C., Washington, D.C. I am appearing here today in my capacity as Special Counsel to the National District Attorneys Association (NDAA).¹ I sincerely appreciate the opportunity which you, Mr. Chairman and members of your Committee and able staff, have afforded NDAA in allowing us to express our views on Senate Resolution 207, a bill which, if enacted, would create a Select Senate Committee on Narcotics Abuse and Control.

I have been authorized by the Executive Committee and the Board of Directors of the National District Attorneys Association to advise you, Mr. Chairman, that NDAA voted overwhelmingly to support Senate Resolution 207. The Board of Directors of NDAA is encouraged that the Senate is now considering focusing special attention upon this serious and multi-faceted problem which has become all too ubiquitous within our society, i.e. the use and abuse of illicit opiates.

Clearly, among illicit substances, the use and abuse of heroin should merit primary federal concern. Heroin's compulsive use and abuse causes severe health and social consequences to those who use it and who are adversely affected by its continuing use and attendant dependence. The proposed creation of this Select Committee also reflects a refreshing, sophisticated Congressional acknowledgment that the use and abuse of narcotics drugs is not a simple problem for which facile solutions could be applicable. Senate Resolution 207 inherently recognizes that narcotics use, abuse and control must be faced in a comprehensive fashion.

It is our understanding that the Select Committee would not have legislative jurisdiction but rather be granted a broad mandate to consider both the so-called supply and demand aspects of international, as well as national, illicit narcotics trafficking. Such a mandate would include the effect which such trafficking has on federal, state and local law enforcement, as well as the impact of organized and syndicated criminal activity on our current Federal and state enforcement mechanisms. In addition, it our understanding that this Select Committee would also consider, in a nonlegislative context, the inter-relationship between the multiple federal supply agencies involved in illicit narcotics control, as well as that parallel inter-relationship between the so-called demand agencies involved in treatment, rehabilitation, training, research and education insofar as such activities impact upon illicit opiate trafficking.

¹ NDAA is the largest single national association representing prosecutors. Its members, numbering over 7,000, include prosecutors in all of our fifty states.

The interest of the National District Attorneys Association in the creation of a Senate Select Committee on Narcotics Abuse and Control is more than a casual concern about an endemic national problem. NDAA represents the front line of defense in the prosecution of local and state criminal offenses including, but not limited to, the illicit sale and use of a broad variety of psychoactive substances, including heroin. There is a growing concern among prosecutors that the federal government is failing to manifest sufficient continuing interest in what appears to be an increase in the purity and quality of heroin in the northeastern portion of the United States, as well as in Europe. These factors coupled with the reverse of a four year decline in the U.S. heroin addict population do not bode well for the future. The National Narcotics Intelligence Consumers Committee (NNICC) concludes that "preliminary indications suggest the possibility that the number of heroin users has risen in 1979 in response to increased heroin availability." We know from our Viet Nam heroin experience that there is a compelling correlation between increased availability and increased patterns of use and abuse. If we juxtapose these factors of the increase in the purity of street heroin in the northeastern portion of the United States with the parallel increase in the purity of heroin in Europe, as well as the decreasing prices of heroin available in Europe, the conclusion is inescapable that local and state prosecutors (as well as federal prosecutors) will continue to be plagued and/or overwhelmed by the prosecution of narcotics-related offenses particularly given the understandable stringency in federal, state and local budgets. When we consider these alarming indications in relationship to heroin-related injuries, increased hospital admissions for heroin-related problems, and the related violence associated with certain heroin-related offenses, an inevitable conclusion of increased heroin abuse is present.

The further statistical conclusions of the NNICC are tragically compelling in this regard. Illicit drug trafficking generated about \$54 billion in retail sales during 1978 compared to about \$52 billion in 1977, a 4 percent increase. The export price of Mexican heroin doubled from roughly \$100,000 per kilogram in 1977 to \$200,000 in 1978. These stark figures do not augur well for 1980 wherein the increase trend of narcotics use and abuse patterns continues to grow in a quiet but nonetheless significant fashion. Analysis of seizures from the northeast coast of the United States identify significantly increasing proportions of Southwest Asian heroin. Given the fact that local and state prosecutors can do little about the influx of heroin into the United States from Southeast Asia, Mexico, and Southwest Asia, they must inevitably look to the Congress for guidance in the oversight of the multiple federal agencies involved in the supply side control of the supply-demand equation.

I need not belabor the fact that all thoughtful professionals who have considered the totality of the drug abuse problem are in virtual unanimous agreement that our most effective measures directed at supply control rest in the international sphere, and not on the local and state levels. No matter how significant or creative a particular local or state prosecution of a narcotics case or cases may be, it is simply a piecemeal measure in terms of the totality of the supply of illicit heroin available in the United States.

The objectives of the federal government's international supply reduction strategy are the reduction of international heroin trafficking, the elimination of the greatest quantities of heroin at its source, and the prevention of illicit drugs from entering the U.S. by assisting other nations to strengthen their own drug control. These laudatory federal objectives cannot be accomplished by state and local prosecutors. Reliance must necessarily be placed upon the federal supply control agencies and oversight for such onerous responsibilities must necessarily be assumed by the Congress. In that regard, it is interesting to note that although the total federal moneys available for both the supply and demand agencies during the past two fiscal years encompasses sums between \$900 million and \$1 billion, less than 5% of those moneys is currently devoted to our international supply control effort. We have noted with great interest that the proposed budget for FY 1981 for the State Department's International Control Program is targeted at an amount of approximately \$38 million. When we consider that this amount is miniscule in terms of the totality of the federal moneys devoted to supply-demand problems, we are forced to conclude that Senatorial oversight is absolutely necessary.

Notwithstanding the diligent and devoted efforts of at least four separate standing Senate Committees which have various segments of supply-demand agency oversight, there does not now exist within the Senate one committee vested with the authority to focus upon the totality of the heroin problem and thereby give creative direction to the multiple federal agencies charged with the responsibility of controlling both the supply and demand of illicit narcotics use and abuse.

Clearly, local and State prosecutors can do little in the international control area other than voice their opinions and implore federal officials to devote more time, effort and federal dollars, in a creative and responsible fashion, and thereby aid in the diminution of the flow of illicit narcotics trafficking into territorial United States. We would respectfully submit that the most efficacious way to achieve a reduction in our national and alarming supply of illicit heroin is through a responsible and coordinated international program aimed at eliminating and/or substantially reducing illicit narcotics availability on a worldwide basis not only in the source countries but also in the so-called trans-shipment and processing countries. To this end, a Select Committee with the type of flexible mandate set forth in S. Resolution 207 would act as a focus upon and comprehensive oversight into this entire complex area. Such scrutiny, especially in these days of understandably stringent fiscal controls, would give added impetus to the Department of State in coordinating its efforts with the Drug Enforcement Administration, the United States Coast Guard, the Department of Defense, the Veterans Administration and all other agencies within the Executive Branch that have supply-reduction responsibilities.

Clearly, we would be remiss if we failed to acknowledge the fact that there are other standing committees of the Senate that have jurisdiction over drug related problems. However, notwithstanding the laudatory work of the Permanent Subcommittee on Investigations, the Judiciary Committee, as well as the Senate Finance Committee and the Senate Foreign Relations Committee, it would be difficult for those committees with such broad and awesome responsibilities in other competing areas to devote the necessary time and attention to this highly complex and sophisticated problem of national and international narcotics trafficking and control to give the type of oversight which is absolutely necessary in adequately grappling with this continuing problem of national significance. In addition, in light of those standing committees' broad mandates, it is virtually impossible, given the demands on their time, that appropriate comprehensive oversight of this complex problem involving over 20 federal agencies can be effected in an orderly fashion bearing in mind the need in these days of understandable fiscal restraint to make certain that emphasis is being placed, both in a human and fiscal sense, where our greatest returns can be achieved.

State and local prosecutors are faced with a problem not confronted by the devoted men and women who serve as federal law enforcement officials within the Drug Enforcement Administration (DEA). In State and local prosecutors' offices throughout the country, equally devoted State and local officers are confronted, on a daily basis, by visible State law enforcement violations of small-scale narcotics sales and/or open use, in both urban and rural communities.

Since federal law enforcement strategy places its primary emphasis on investigating, arresting and prosecuting major violators of drug and drug-related statutes (See Federal Strategy for Drug Abuse and Drug Traffic Prevention, 1979, pg. 34), local, county and State prosecutors must assume primary responsibility for street level sales and State-wide conspiratorial conduct involving violations of local and State drug laws. By the federal decision to leave to "State and local agencies a concentration on the local violations in their areas" (Federal Strategy, 1979, supra, pg. 34), the federal enforcement network is assuming that State and local prosecutors' offices are sufficiently fortified by human and fiscal resources to assume their role in the federal strategy to combat drug trafficking throughout the country. Given the obvious and understandable budgetary restraints on the federal level in 1980-81 and the diminution and/or demise of certain presently existing federal assistance programs to States (i.e. LEAA, State revenue sharing, NIDA rehabilitation grant programs), it is difficult for State and local officials to comprehend how the federal message of "cooperation and coordination with State and local law enforcement officials on national drug enforcement efforts" will be enhanced in the 1980's.

In light of the fact that the Drug Enforcement Administration, under the able leadership of Peter Bensinger, has judiciously chosen to limit their enforcement activities and resources to concentrate on substantial organized and syndicated criminal narcotics transactions and so-called major violations, the small-time street pusher then becomes the clear responsibility of State and local law enforcement officials who also face similar, if not more drastic, budgetary cuts. State and local law enforcement officials have traditionally looked to the federal law enforcement officials for guidance in perhaps one of the most frustrating areas, the enforcement of our criminal laws. It is the firm belief of many prosecutors that drug law enforcement is one of the most difficult and hazardous law enforcement activities undertaken today. Small-time drug traffickers, like large-scale smugglers, involved in the distribution of even small amounts of heroin, are as enterprising as the demand and profit motive allow them to be. The small/scale but often well-financed

low and mid-level street trafficker involves an enormous amount of investigative as well as prosecutive commitment in order to make certain that such individuals will not continue to ply their trade within the State and local communities.

Local and State prosecutors often feel overwhelmed by their limited human and fiscal resources and their inability to stop the problem where it most urgently should be stopped, i.e. at its source. In this regard, the creation of a Select Committee on Narcotics Abuse and Control will be a signal to prosecutors throughout the nation that the Senate, like its colleagues in the House, are aware of and sensitive to the fact that the war on heroin has not been won, and that there is much to be done in order to successfully interdict the massive tonnage of heroin which ultimately makes its way into our State and local communities.

Prosecutors throughout the nation are deeply troubled by their limitation inherent in their jurisdictional responsibilities. This concern is particularly heightened in these days of federal budgetary restraint for both local law enforcement as well as local treatment programs. This anticipated diminution in the funding of programs in the National Institute on Drug Abuse (NIDA) when coupled with the proposed demise of LEAA, gives rise to an understandable concern that local prosecutors already overburdened responsibilities in this area of drug related enforcement will increase, rather than decrease, during fiscal year 1981. In addition, most law enforcement officials recognize that the indicators of increased purity and decreased price signify a rise in the availability of heroin and consequently the concomitant responsibility to increase investigative and prosecutive efforts to meet that increasing illicit activity.

Given the uncertain international turmoil in the Middle East and Southwest Asia (i.e. Afghanistan, Pakistan, and Iran), the recent rise in European heroin use and purity, coupled with a concomitant decrease in street price, and the troubling DAWN data from Northeastern sections of our country, it becomes particularly necessary that the Senate comprehensively examine the ability of federal, State and local law enforcement officials to respond to what clearly should be an increased drug enforcement effort.

The April 1st issue of the Internal Drug Journal (page 1) contains the leading story that "U.S. optimism on heroin decline" is abating and that the U.S. and Canada are facing an increase in "heroin overdose deaths and possibly a new wave of heroin addiction." Such fears are focused upon "the surprising and dramatic influx of Middle East heroin to Western Europe over the past two years." Such publicly articulated fears, based upon what appears to be supported by law enforcement and treatment data, give rise to the urgent need for creative and comprehensive Senatorial oversight. These factors, coupled with our present knowledge of the inherent law enforcement cooperation limitations of Section 6103(i)(1) of the Tax Reform Act of 1976, and the determined effects that the Freedom of Information Act and Privacy Act have had upon responsible narcotics enforcement efforts, demand comprehensive and extensive Senatorial oversight.

State and local prosecutors are encouraged by the consideration of S. Res. 207, but such encouragement will only continue if this needed Select Committee is created as rapidly as possible.

I will be happy to respond to any questions which you have regarding the position of NDAA in favor of S. Res. 207.

The CHAIRMAN. We have a letter here from Senator Riegle which he has asked be made a part of the record. We will insert that into the hearing record at this time.

[The letter referred to above is as follows:]

U.S. SENATE,
Washington, D.C., April 22, 1980.

HON. CLAIBORNE PELL,
U.S. Senate,
Washington, D.C.

DEAR SENATOR: I understand that you will be participating in Rules Committee hearings on Wednesday, April 23, 1980, on S. Res. 207, Senator DeConcini's resolution to create a Select Committee on Narcotics Abuse and Control.

While I share Senator DeConcini's views that this multifaceted problem requires a comprehensive approach, I am not convinced that a Select Committee on Narcotics Abuse and Control is the most effective means to reach this goal. Furthermore, it would be duplicative and wasteful.

Narcotics abuse is only one aspect—although a serious one—of our larger national drug abuse problem, which also includes illegal non-narcotic drugs, abuse of legal prescription drugs, and abuse of alcohol in combination with other drugs.

In 1979, the Labor and Human Resources Committee expanded membership of the Subcommittee on Alcoholism and Drug Abuse from 3 to 5, reflecting our concern over the seriousness of these problems. I fear that focusing concern solely on narcotics as the DeConcini Resolution would do, would be a step backwards.

The House Select Committee on Narcotics Abuse and Control has made a comprehensive study of the issues surrounding heroin abuse since the beginning of the 94th Congress, and has issued over 50 reports on various aspects of this problem. The House Select Committee has indicated that they will dissolve the Select Committee at the end of this Congress.

The House Select Committee performed a useful oversight function, especially in view of the House reluctance to establish a legislative subcommittee to focus on drug and alcohol abuse. Partly for this reason, the Senate, through its Subcommittee on Alcoholism and Drug Abuse, has played a major role in developing comprehensive drug and alcohol abuse legislation since 1969.

You may be aware of the Subcommittee's record of cooperation with other Senate bodies involved with these issues. In 1978, a joint hearing with the Judiciary Committee's Subcommittee on Juvenile Delinquency helped bring national attention to the growing prevalence of PCP use among youth, and we are hopeful that effective federal activities to combat PCP abuse will result from that joint effort.

Last month a member of the Subcommittee staff participated in a meeting called by staff of the Committee on Foreign Relations to meet with Dr. Judianne Densen-Gerber on the problems of heroin supply and addiction. This meeting was attended by staff members of about six committees or subcommittees who agreed to meet with one another on an ad hoc basis to develop coordinated legislative and other efforts to combat heroin and other drug addiction.

My concern with maintaining a comprehensive, identifiable focal point for all aspects to federal drug abuse functions also led to the issuance of Executive Order 12133 on May 9, 1979, in which President Carter officially designated the Associate Director for Drug Policy of the Domestic Policy Staff and his Drug Policy Office to perform functions previously entrusted to the Office of Drug Abuse Policy, specifically covering all aspects of drug abuse and control, and retaining their focal point in the White House. The Subcommittee on Alcoholism and Drug Abuse was actively involved in formulating that executive order, indicating our continued commitment to a comprehensive approach to the problem.

Jurisdiction over narcotics problems is already split among committee jurisdictions. I believe it is especially important to avoid further fragmentation through the creation of yet another body, this one without legislative jurisdiction. I will be glad to continue to work with members of other committees to develop a joint strategy to increase the effectiveness of our efforts in this field.

Sincerely,

DONALD W. RIEGLE, Jr.,

Chairman, Subcommittee on Alcoholism and Drug Abuse.

The CHAIRMAN. Our next witness is Mr. Patrick Clawson, director of the Saginaw Valley Crime Commission from Saginaw, Mich. Mr. Clawson?

STATEMENT OF PATRICK MICHAEL CLAWSON, EXECUTIVE DIRECTOR, SAGINAW VALLEY CRIME COMMISSION, INC., ACCOMPANIED BY JON CISKY, CHAIRMAN, CRIMINAL JUSTICE DEPARTMENT, SAGINAW VALLEY STATE COLLEGE, AND MEMBER, BOARD OF DIRECTORS, SAGINAW VALLEY CRIME COMMISSION, INC.

Mr. CLAWSON. Mr. Chairman and members of the committee, my name is Patrick Michael Clawson. I reside in Saginaw, Mich. I am executive director of the Saginaw Valley Crime Commission, Inc., which is Michigan's first and only nonprofit citizens' crime commission. I am testifying here at the invitation of the Rules Committee.

With me here this afternoon to my right is Pro. Jon Cisky, chairman of the Criminal Justice Department of Saginaw Valley

State College in Saginaw, Mich. Mr. Cisky is also a member of the board of directors of the Saginaw Valley Crime Commission, and he is a former law enforcement officer with narcotics experience.

We are honored to accept this invitation to appear before you here today to make a contribution to your work in determining the merits of Senate Resolution 207. We wholeheartedly support creation of a Senate Select Committee on Narcotics Abuse and Control, and we hope that the committee will favorably pass on the proposal.

To save time, we would like to introduce, if possible, sir, a complete copy of our written statement, as well as some supplementary materials that we have brought along. We would just like to briefly orally summarize some of the material that we are quite concerned about.

The Chairman. Without objection, they will appear in the record.

Mr. CLAWSON. Thank you, sir.

I strongly support Senate Resolution 207, and I strongly hope that this committee will favorably pass on it. Creation of a Senate Select Committee on Narcotics Abuse and Control could mark the start of a new era in the Federal Government's approach to narcotics and organized crime control.

An effective committee with a staff of well-trained investigators could throw the underworld of America into absolute turmoil. It could strike fear in the hearts of those who operate above the law and those who plunder our communities with narcotics. It could ravage organized crime syndicates which have become very rich and very powerful—so rich and so powerful that they almost form invisible second governments in many of our metropolitan areas.

It has been many long years since the U.S. Senate last tackled the problem of organized crime in an aggressive and effective manner. The Kefauver and McClellan committees left a lasting mark on law enforcement in the United States, and they left deep wounds on organized crime from coast to coast. The investigative findings of those committees are still being used by police agencies and the general public. The hearings of those committees—hearings held so very long ago—continue to provide the bulk of the public record on organized crime in America today.

Let me say that there is a strong need to update that record. Organized crime has changed dramatically in the past decade. Some of our experiences in Saginaw, Michigan will highlight this; we will get into those in a moment. It has undergone a metamorphosis in scope and dimension. Its impact on American life has quietly grown and become truly enormous.

Here is an example of what is happening. There used to be a time when organized crime and narcotics were just big city problems. Those days are long gone. Racketeering activities of every stripe have spread across the Nation to plague suburban and rural areas. Dope can now be purchased in any high school in America.

La Cosa Nostra—the Mafia—remains very powerful. But a new generation of gangsters, largely unknown to the general public, is moving into positions of control and authority. The Mafia has joined white flight from America's central cities and settled in the suburbs.

Newly emerging black and Latino crime syndicates are providing tough competition for La Cosa Nostra in many sections of the country. Based on narcotics trafficking, these syndicates are expanding now into commercial gambling, prostitution, loan-sharking, and the infiltration of legitimate business. A national Black Mafia is emerging in many cities across this country. A coalescing of groups is taking place to form a new crime syndicate of which we have not ever been aware of before. A Mexican Mafia already has acquired great power in the Midwest and in the Western part of the United States.

Motorcycle gangs like the Hells Angels, the Bandidos, and, in Michigan, groups such as the Outlaws, Satan's Sidekicks, and others, have become well-organized and well-financed international crime syndicates. You know, there used to be a time, Senator, when bikers used to go out on the weekends and run their motorcycles. Now the bikes are parked in the garage and the bike owners are running narcotics, commercial prostitution, and contract murder full-time.

The line between white collar and organized crime has blurred, and it is getting dimmer with every passing day. The mob has moved into legitimate business and the world of high finance, and legitimate businessmen have adopted Mafia techniques in their business transactions. The mob is now getting involved with publicly-traded corporations, and publicly-traded corporations are now doing things that the mob does.

While all of this has been going on, law enforcement has been seriously crippled. The hysteria surrounding police intelligence operations, tough privacy laws, priority changes, and tight budgets have left lasting scars on this Nation's ability to protect itself from hoodlums.

And so we come to the present point where Senate hearings need to be held on these vital matters. Creation of a Senate Select Committee on Narcotics Abuse and Control would be a strong step in the right direction.

If we just pause for a moment and take a look at history, in the 1950s the Kefauver committee did battle with commercial gamblers and the then hazy Mafia crime syndicate. In the late 1950's and the early 1960's the McClellan committee probed hoodlum influence in labor unions and legitimate businesses.

There is clear need for a Senate select committee to strike at the enormously wealthy, powerful, multiethnic, international narcotics syndicates of the 1980's. We feel that creation of a Senate Select Committee on Narcotics Abuse and Control would be a strong step in the right direction.

The problem of narcotics is so vast that it must be isolated and examined as the primary function of one Senate committee. There is no Senate committee presently empaneled that is spending enough time on the narcotics problem. The narcotics problem is the root of organized crime in the United States of America today, and the resources of the Federal Government have not been mobilized in an effective way to tackle it.

I would suggest to the committee that the fight against narcotics trafficking is very much today like the fight in Vietnam was many years ago. We are spending enormous sums of money and human

resources with very little success. Like Vietnam, our tactics and our strategies do not seem to work very well against an enemy—organized crime—who is cunning and determined. Like Vietnam, we are destined to lose this war if we do not start making some smart decisions. We must either put the war against drugs full-throttle forward, or else pull it off the highway and park it.

I would like to try to give the committee here today a brief idea of how narcotics trafficking and organized crime afflict a small city in the heartland of America—the Saginaw, Mich., metropolitan area. What is happening in the Saginaw, Mich., metropolitan area is, in reality, a microcosm of what is happening with organized crime throughout the United States.

The information I am about to present to the committee is the product of nearly 2 years' worth of detailed investigations and research by the Saginaw Valley Crime Commission. We will be presenting, as supplements to our testimony, five charts detailing the structure of organized crime and narcotics trafficking activity in central Michigan. These charts have been prepared at considerable expense expressly for this committee. We will also be highlighting some criminal cases in our area which indicate the nature of the sophisticated criminal activity throughout the Saginaw Valley region.

To give you a profile of Saginaw and to crystallize this enormous problem of narcotics so that we can all get a handle on it, the case of Saginaw, Mich., provides a very graphic example.

Saginaw is located about 90 miles north of Detroit, up an interstate highway, I-75. It is a blue-collar, industrial city, one of Michigan's auto towns, with a population of about 84,000 people. Saginaw County, outside of the city, tends to be rural in nature. The population of the entire county is estimated to be at about 233,000 people.

About 15 miles north of Saginaw is Bay City; it is a racially-mixed, workingman's community of about 47,000. Bay County, as a whole, has a population of about 120,000. About 20 miles to the northwest of Saginaw and 15 miles to the west of Bay City is the city of Midland, Mich. Midland is the home of the multinational Dow Chemical Co. It is a virtually all white, upper class city of 40,000 people. Midland County has a population of 67,500.

This area, with the triangular nature of the cities, is commonly referred as the Tri-Cities Region of Michigan. The three cities enjoy distinct, individual personalities. All of them share economic links. However, Saginaw, Mich., my community, acts as the crime hub for the entire region.

Criminals frequently cross the county lines in pursuit of illegal opportunities, and narcotics addicts from Saginaw have frequently been arrested in Bay and Midland Counties. About 40 miles to the south of Saginaw is the community of Flint, Mich. It is another one of the auto towns in Michigan; another blue-collar factory city. The total population for the Flint area is estimated at about 500,000.

These population figures are just to give you an idea that these are not enormous metropolitan areas like Detroit or Cleveland or Chicago, but small towns in the center of the United States.

What I am about to tell this committee, I very strongly and personally feel in my heart. We have one hell of a problem in

Saginaw, Mich., and we need your help, because we are not getting it from anybody else. If a Senate Select Committee on Narcotics Abuse and Control were created, it would leave some lasting scars on drug traffickers.

If the Rules Committee decides to approve the proposal and if the full Senate approves the proposal, I would like to let you know today that we will issue a standing invitation to that Senate Select Committee on Narcotics Abuse and Control to come up to our area, to hold some field hearings, to start working with the honest law enforcement people we have in the area, and to start getting to the root of the narcotics problems. The Federal Government has ignored the narcotics problem in Saginaw, Mich.

I arrived in Saginaw, Mich., in July of 1978 to become executive director of the Crime Commission, when it actually started up its operations. Previously, I was an investigative reporter in television in St. Louis, and prior to that here in Washington, D.C.

When I arrived in Saginaw, Mich., I decided to forgo the usual rounds of introductory meetings with law enforcement officials in the community, because I wanted to get a first-hand appraisal of what was happening in the city before meeting with anyone. For several weeks, I wandered around Saginaw undercover, dressed in old clothes; I drove a beat-up old car and kept a six-pack of beer on the front seat. I looked just like part of the scenery, and that is exactly the way that I wanted it.

I learned an awful lot in a very short time. I spent a lot of time talking to people in bars. I watched drug deals go down on street corners in broad daylight. I watched numbers runners make collections and deposits without interference. I watched after-hours clubs operate week after week after week without interference from police officials. I watched people openly tote firearms around the city. I saw a full-scale casino crap table leaning on the outside wall of an after-hours club, in full public view. That club has never been raided by the local law enforcement establishment.

On a Friday evening in August of 1978, I saw a group of blacks standing under a pavilion in Veterans Memorial Park, a popular hangout for street toughs in our city. They were engaged in some kind of activity and they appeared to be very excited. I went up to the pavilion and I witnessed a crap game in progress; a pool of money was on the ground.

Just a short distance away in a clear line of sight sat three marked Saginaw police cruisers. The police officers were watching the game go on while taking a break from patrol. None of the officers made any effort to shut down the gambling.

Now, from a law enforcement standpoint, it probably made little difference if the game actually went on. But this experience, combined with other eyewitness observations, provided me with a very graphic example of an attitude at work in Saginaw.

I was stunned. I found a community wide open for gambling, dope, and vice. I found criminal activities taking place out in the open with little concern about detection.

[Whereupon, Senator DeConcini assumed the Chair.]

Mr. CLAWSON. One morning in the spring of last year, I sat parked out in front of one of the most notorious afterhours clubs in the city of Saginaw, Mich., a place called the Night Gallery. It was

one of the favorite hangouts for drug dealers in our area. It openly advertised on a marquis outside the club the hours the club was open, from 10 p.m. until 6 a.m. In the State of Michigan, liquor establishments have to close at 2:30.

What was important about the Night Gallery was that on that spring evening last year, I watched a uniformed Saginaw police officer direct traffic in and out of the club. What is also important about the Night Gallery was that it operated directly across the street from police headquarters in Saginaw, Mich. We have a problem; we need some help.

Several weeks after I first came to Saginaw, I finally had lunch with John Schoberth, who was then the chief of police in Saginaw. When I asked him if there was any organized crime in town, he told me flatly that I had the wrong city; that I should go south to Detroit to check into that. He assured me that there was no organized crime problem in the area.

At that time, I decided that the Saginaw Valley Crime Commission would make the investigation of organized crime, narcotics, and public corruption a top priority, and here is what we found.

Heroin trafficking has existed in the Saginaw Valley for at least the past 30 years. Much to our surprise, the narcotics trafficking problem was controlled by a Mexican crime syndicate headquartered in the city. Saginaw County has one of the largest Hispanic populations in the United States.

We found that Saginaw, Mich.—a little town up in the middle of Michigan that really does not have a heck of a lot going for it other than a bunch of General Motors plants—was acting as the No. 1 narcotics distribution center in the upper Midwest. Saginaw, Mich., drug traffickers were supplying Mexican brown heroin to a three-State region out of Saginaw, Mich.

In our investigations at the Crime Commission, we have found that Mexican narcotics traffickers migrated to the Saginaw area in the 1940's from the Texas border regions and they began a systematic smuggling operation that grew in complexity and sophistication as time went on. Soon, they dominated the entire narcotics scene in our region. Each major trafficker reserved certain sections of Saginaw as his own private fiefdom. The older members of each drug clan knew the respective family heads of the other syndicates.

They tried to avoid trespassing or infringing on the domain of the others, but from time to time, the alliances broke down and blood was spilled. Personal vendettas often resulted between the competing Mexican families which became quite bloody.

We found that contrary to the PR put out by the Drug Enforcement Administration and other Government agencies, Mexican heroin is not a new phenomenon that appeared in this country in the early 1970's when the so-called French Connection was shut down. We found that Mexican heroin had been present and had been a damned big business in Michigan since the early 1940's, and very little had been done about it.

In the early 1940's four individuals migrated to the Saginaw, Mich. area. One was a man named Manuel Aguilera, Sr.; another was Joseph Salazar Torrez, Sr., and another was Frank Hernandez. The fourth man was a man by the name of Jesus Martinez, and we will go into them in a little bit.

In the early 1940's they opened heroin factories in Mexico and they began distribution routes into the United States. These big four, as we call them, came to the Saginaw area as migrant workers to work the sugar beet fields and ended up getting a job in the auto plants that ring our area. The United Auto Workers and General Motors pay a good wage; they took the money they earned from their jobs and invested it back down south of the border in drug factories.

Some law enforcement officials think that the big four originally provided the heroin sold by the Herrera organization—an internationally-organized crime family of Mexican origin which now controls much of the world's heroin trade. Four guys from Saginaw, Mich. were thought to be among the key original suppliers of the Herrera organization.

Aguilera and Torrez are dead now; Aguilera from old age, and Torrez from an overdose. Martinez is still alive. Frank Hernandez fled Saginaw in 1975, when authorities began moving in on him. Hernandez moved to Mexico, where he is now serving time in a Mexican prison for heroin trafficking. Each of these men trafficked in multikilo quantities of heroin.

We found that about a dozen Mexican families control the bulk of the heroin trade in mid-Michigan. We found that Saginaw is acting as a primary heroin distribution center for most of Michigan and parts of Indiana and Ohio.

Now, in recent years blacks have begun to enter some distribution operations in our area, but they still purchase most of their heroin from Mexicans. The purity of heroin in recent months has been dropping. A number of the Mexican traffickers—some of the major people—are in prison now as a result of very vigorous efforts by the Michigan State Police. The purity of heroin is also dropping because of the success of the irradiation program in Mexico.

However, the purity of heroin in Saginaw still ranges from 3 to 6 percent out on the street, and in the Metropolitan Detroit area it is only a fraction of that; it is one-half of 1 percent, although a recent influx of white Asian heroin being brought into the city by a man who is commonly known out on the street as Big Frank Nitti—that is his nickname; he is really known as Big Frank Usher, the black godfather of Detroit. Asian heroin being brought in by the Frank Nitti organization is testing out as high as 60 percent pure, so we are seeing a new round of heroin coming into the State.

Big Frank Nitti, I might add, right now is awaiting trial in Detroit on homicide charges. He was thought to be involved in a series of decapitation executions of drug dealers in the Detroit area—some of the most vicious and bloody executions we have ever seen.

Just a few years ago, Big Frank Nitti was what you would call a butt boy, a street hand for Tony Giacalone, one of the dons of the Detroit Mafia. Today, Big Frank Nitti is a big man in the Detroit underworld. If you want to do the heroin business in Detroit, you have to deal with him.

We found in metropolitan Saginaw that in 1974, the U.S. Drug Enforcement Administration estimated that the addict population was the highest in the State. Remember, our city was 85,000 people. The DEA estimated that our addict population in the city

ranged from 4,500 to 8,000, nearly 10 percent of the city's population, as hard-core opiate addicts. Current estimates range from 1,000 to 6,000; we think it is probably somewhere in between—probably somewhere between 2,000 and 3,000 addicts in the metropolitan Saginaw area.

To show you how big of a business this is, the Crime Commission has estimated that heroin trafficking in Saginaw County alone at its peak was at least a \$90 million a year industry. That figure did not include at all the proceeds from cocaine sales, marihuana sales, PCP, or any of the other drugs.

Since the mid-1970's, Saginaw, Mich. has been a key area for a narcotics war that has raged across the State of Michigan. There was a time in the early 1970's when there were three real big narcotics organizations in our town. One was called the Hernandez organization, run by Frank Hernandez. The second was called the Torrez organization, run by Joe Torrez, Sr. The third was known as the De La Rosa organization, run by David De La Rosa.

David De La Rosa is dead; he was killed a few years ago during the height of the war. He was murdered by an organized crime figure in our town known as Norman George "Pete" Crawford, a man who has La Cosa Nostra connections. Pete Crawford has never been prosecuted for the murder of David De La Rosa. We have been investigating the Crawford case and we have found that there have been numerous irregularities in the whole handling of that case by the judges of Saginaw County and by certain law enforcement agencies in the area. A very clear-cut murder case was never prosecuted.

In the mid-1970's, continuing on to this date, a heroin war began between the Hernandez, the Torrez, and the De La Rosa organizations. Eventually, the De La Rosa organization was almost entirely snuffed out by the Hernandez and the Torrez factions.

To give you an idea of how much blood was spilled, Booth Newspapers 2 years ago assigned an excellent crime investigative reporter named Tim Younkman to conduct an investigation of heroin trafficking in Michigan, and he went across the State counting up bodies that were a result of Saginaw heroin trafficking activities. He counted about 100 in just a few years' time, and there have been many other executions since he prepared his series of stories.

So here we are in Saginaw, Mich., with an enormous problem of Mexican heroin. We have at least two other major organized crime factions working in our city. One is the so-called Black Mafia, which is a loose confederation of blind pig owners—afterhours club owners, numbers racketeers, and dope dealers.

We have an organization called the Loiacano organization, run by a fellow named William Joseph "Billy" Loiacano. Billy Loiacano appears to be a member of the Mafia. He receives his direct support financially and crimewise through his uncle, a fellow by the name of Anthony "Tony Jack" Giacalone, one of the leaders of the Detroit Mafia syndicate.

Here we are with a small town with an enormous organized crime problem; shootings left and right; homicides which have not been properly investigated. And very little is being done about it.

Last July 4 in Saginaw, there was a shootout in downtown Saginaw; it only got a couple of paragraphs on the back page of the

newspaper. Two cars were roaring down main streets on the east side of Saginaw having a shootout. A fellow was shooting with a rifle at the first car. Neighbors in the area were diving for cover; a little girl got hit in the hand with a bullet. The man who drove the first car who was being shot at managed to escape. Later, he told the newspaper he had no idea why he was being shot at. That man was presently under indictment for narcotics trafficking, and our local press did not pursue that angle.

These are some of the things that have been happening in the Saginaw, Mich. area. Where has the Drug Enforcement Administration been? We found out that in 1974 the Drug Enforcement Administration sent an intelligence team into Saginaw, Mich. to get an assessment of the narcotics problem. We had to use the Freedom of Information Act to try to get part of that intelligence assessment out of the Government agency, so that we could try to get some coherent facts as private citizens about what was happening in Saginaw, Mich.

Here is what they concluded, and let me read to you from their confidential report. This report is dated July 2, 1974; it is entitled "Narcotics Trafficking in the Saginaw-Bay City Area." This is an internal document of the Drug Enforcement Administration.

It states here, "Addict Population: One, the addict population is unquestionably the highest that RIU—regional intelligence unit—agents encountered in their geographical profiles of other cities in Michigan." Three different sources have placed the hardcore opiate population at between 4,500 and 8,000 users.

Two, the racial composition, broken down by percentage, of the Saginaw hard-core addict population is 55 percent black, 30 percent caucasian, and ten percent Mexican-Americans. Although the Mexican-American trafficker controls the distribution and supply of heroin in this area, they make up only ten percent of the total drug abusers in the community. Outside of the immediate metropolitan area of Saginaw, the heroin user level drops off to less than two percent.

The report continued on and took a look at drug prices in our community. The report continued on, stating that Saginaw, Mich. was, "the narcotic emporium of Michigan." The report ended up concluding that the Drug Enforcement Administration should authorize a branch office in the Saginaw, Mich. metropolitan area. The Drug Enforcement Administration never did.

In 1978 I met with Ted Vernier, who was the Director of the Drug Enforcement Administration office in Detroit, to ask him about this. At that time, Ted expressed a surprise that there was a narcotics problem in Saginaw, despite these reports. We later had a series of meetings with Ted and with other DEA representatives, including Pete Bensinger, and we found them to eventually be concerned about the narcotics problem in Saginaw. A second intelligence assessment team was prepared and brought in. We still have not been briefed as to what the result of that intelligence assessment was. We have had to find out through the grapevine what the DEA team turned up, and they concluded that because so many of the Mexican traffickers had been imprisoned because of vigorous action by the Michigan State Police, that Saginaw no longer really had a major heroin problem.

Well, there is one problem with that. A lot of those Mexican traffickers who were imprisoned because of the very good efforts of

the Michigan State Police are now getting out of jail, and they are back on the streets. One big one is a fellow named Francisco Zeferino Garnica, Jr.—a very important fellow, because at the time he was arrested in 1975, Michigan State Police people were estimating that he was bringing 2 to 3 kilos of high-purity heroin per week into our area. That is a hell of a lot of heroin. He is now back out on the streets; he just got out of prison very recently.

While I believe that the Drug Enforcement Administration has a problem with resources—and I genuinely do believe that—I do believe that they have not spent nearly enough attention up in our area as they should have. I do believe that as the Mexican traffickers begin to get out of prison, we are going to see an increasing problem in our area.

Let me cover here just a couple of other matters, if I might. I know I am running over my time.

Senator DECONCINI. Mr. Clawson, do you have some charts you want to present to us?

Mr. CLAWSON. Yes; if we could have that easel set up, it would help.

Senator DECONCINI. I would like to see them.

Mr. CLAWSON. Let me pause just for a moment and we will put these charts up here.

[Pause.]

Mr. CLAWSON. As Mr. Cisky is putting the charts up on the easel, let me brief you about something that is taking place in our area. We have identified the following major organized crime factions operating in the Saginaw metropolitan area and the Flint, Mich. metropolitan area.

First, we have identified that there is a Black Mafia; it is a very loose confederation at the present time of policy operators, drug dealers, numbers racketeers, et cetera. There is no one, clear-cut leader; leadership roles seem to vary according to time and place.

However, one key figure in that is a man named Clarence Rice, who seems to lead a charmed life. He has had a number of narcotics convictions, but he has never served any real time in prison. He is located in Saginaw, Mich.

We have identified in the area a Mexican Mafia organization, with two key organizations, the Hernandez and the Torrez syndicates. We have identified in Saginaw, Michigan an organized crime syndicate known as the Billy Loiacano syndicate that we talked about earlier. Mr. Loiacano, by the way, recently was standing trial on Federal loan-sharking charges. The jury acquitted him of a couple of counts and declared a mistrial on the other counts, and he was going to have to be retried again shortly.

The funny thing was that his uncle, Tony Giacalone, who had also been indicted in that—before the trial, the evidence looked so strong that he copped a plea and got a 12-year prison sentence, but his nephew is back on the street.

We have identified an organization in the Flint, Mich. area known as the Shaheen organization, which is run by Joseph Shaheen, who we believe to be the leading figure in organized crime in the Flint, Mich. area. Mr. Shaheen is a nightclub operator; he has only one criminal conviction on his record, and that is a conviction

for contempt of court in 1970 for failure to testify before a grand jury investigating public corruption in the Flint area.

Mr. Shaheen reportedly is involved in gambling, narcotics and a number of other activities, according to the information made available to us through a variety of sources, but he has never been targeted out by a Federal agency for prosecution.

We have identified what is known as the Harry Mohny organization. This is an international pornography trafficking operation based in Durand, Mich., a small suburb of Flint, Mich. Harry Mohny is known to be the third largest pornography trafficker in the Nation. He recently was indicted as a result of some Miporn indictments of the FBI's in Miami.

Finally, we have identified an organized crime syndicate in the Flint, Mich. area which goes under a variety of names—among them the Wursing organization, which is believed to be run by a fellow named Craig Wursing. It is very interesting; Craig is up in his late twenties right now. About 6 years ago, he reportedly was stone-cold broke and had no money at all. Now he has resort properties outside of the United States; he has fancy cars and a big home, and he is believed to be running a \$20 million a year cocaine and marijuana smuggling organization. His brother was recently indicted in Flint, Mich. for murder; the person who was murdered was his mother.

We have a series of charts detailed some organized crime activity in our area. The first chart is for the Elias Cortez organization. This was a multikilo, multiton heroin, cocaine and marijuana trafficking operation, headquartered in Lansing, Mich., which is about 80 miles—

Senator DECONCINI. Mr. Clawson, I have to go vote in about 5 minutes. Can you finish up by that time?

Mr. CLAWSON. Yes.

This was a syndicate based in Lansing; it had operations in Mount Pleasant, Clare, and Saginaw, Mich. This organization was successfully prosecuted by a U.S. attorney in Grand Rapids, Mich. in the Western District. Mr. Cortez is now serving a prison sentence, as well as some of the other people on the chart.

However, the financier of the organization, Richard L. Cor, a business executive from Lansing, Mich. that runs a construction company, was acquitted during the course of the trial, because the jury did not seem to believe the words of DEA informants, drug traffickers, et cetera, about the role that this man—such a respectable man in Lansing, Mich. society—played in it.

The Elias Cortez organization was bringing marihuana up from Texas by the semitruckload full at the height of the organization. It operated nearly 10 years before the Drug Enforcement Administration and State police from the Lansing area targeted it for prosecution. Where was DEA? It was a class 1 trafficking organization.

[Chart No. 1 follows:]

The Elias Cortez Organization

Heroin • Cocaine • Marijuana

HEADQUARTERS:

Lansing, MI

BRANCHES:

Saginaw, Clare, Mt. Pleasant, MI
Toledo, OH
Edinburg, McAllen, TX

1968-1978

BOSS

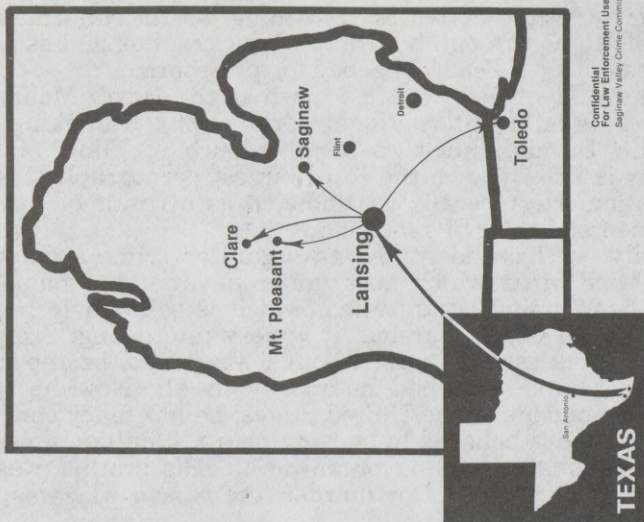
Elias "Eli" Cortez

UNDERBOSSSES

Armando "Chachi" Cortez
Raul "Rudy" Cortez

FINANCIER

Richard L. Carr



LOWER ECHELON

Jesse Abrego
"Jumbo" Alex
Enrique Alzate
Juan Manuel Beltran
Christine Benjamin
Nacho Benitez
Tommy Beyer
Junior Bonilla
Hercules Burraga
Herman Canzone
Robert Lee Cany
Gregorio Carr
Jan Lawit Cortez
Robert Costello
Juan Cusumano
Fred Cusumano
Francis J. Dodge
Sidermo Espinel

Alto Nuevo
Jose Alvarez
Jose Alvarez
Janice Bayler
Paul W. Bechtel
Terry Sue Bechtel
Terry Sue Bechtel
Paul Salazar
Conchita Sandoval
Charles T. Sims
David Sybil
David Sybil
John Torres
Julian Villarreal
Bastara Gene Trukana
James Valdez

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Mr. CLAWSON. In the Metropolitan Saginaw area, we have prepared a chart identifying a number of organized crime figures. Many of these individuals are involved in narcotics trafficking; others are involved in syndicated gambling, loansharking, arson for hire, et cetera.

Among the key figures in the Saginaw area involved in narcotics trafficking are Clarence Rice, George Roach, Alfredo Salazar—and Salazar also has Mafia connections with La Cosa Nostra in Detroit—and Robert W. “Bob” Beets, who is considered a major fence in our area.

[Chart No. 2 follows:]

ORGANIZED CRIMINAL ACTIVITY

"PERSONS OF INTEREST"

Saginaw - Bay City - Midland, Michigan Area

MAJOR FIGURES

Gary James Bell (S/FL)	Richard "Broadway Richie"	Bruce LaBreche (S)	Clarence Rice (S)
Robert W. "Bob" Beatz (S)	Drzewicki (B)	William Joseph Liozcano (S)	Angelo Ricupati (B)
John J.P. Bonmarito (S/D)	William Harold "Bill" Gallagher (S)	Charles Alfred "Charlie" McNally (S)	George Roach (S)
Arthur Edward Braggs (S/FL)	William H. "Billy" Gase (S)	Donald Walter Miller (S)	Alfredo Gonzales "Freddie" Salazar, Jr. (B)
James A. Brisbols (S)	Grant Hummel (S)	John Moltane, Jr. (B)	Lorenzo "Pete" Short (S/FL)
Ward "Duke" Clark (S/LV)	Isaac "Ike" Johns (L/LV)	Albert G. Papson, Jr. (M)	Nicholas "Nick" Trogan, Jr. (S)
Norman George "Pete" Crawford (S)			

Robert Howard Abernathy (S)	Russ Edwards (S)	Mack Neal Johnson (S)	Dorothy M. Perry (S)	Leo Dean Thurston (L)
Eugene Adams (S/B)	William Everitt (B)	Rufus Johnson (S)	Leonty Porter (S)	Frederick B. Tomkins (B)
Charles Archibald (S/F)	Gabriel Ferris (B)	Bobby Kinsley (S)	Lavision Porter (S)	Thomas Torrez (S)
Bennie Joseph Barron (S)	John Fitchett (S)	Craig Kinville (S)	William D. Ragland (S)	Timothy Treplewski (B)
Irving "Irv" Berlin (S)	James Fogelsinger (B)	Thomas C. Kissel (S)	Lee Roy Read (S)	Glen A. Valeck (B)
Bernard Bloom (S)	Donald Frank (S)	David Kuchar (S)	Luther Ringold (S)	Willert Weathers (S)
Joseph C. "Bomber" Bonmarito (S)	David Goodrow (S)	Brant LaBreche (B)	Willie B. Sanders (S)	Henry Weston (S)
Elder Roy Bowman (S)	Donald L. "Trigger" Hall (B)	Willie "T" Lowery (S)	Ollie Sangster (S)	Maddyln Wilbur (S)
James Leroy Brozman (S)	Thomas "The Enforcer" Halliday (S)	Theodore McCormick (S)	George Schimel (S)	Tommie Lee Williams (S)
Curtis Brown (S)	Orniel Henderson (S)	Jessie Lee McDaniel (S)	Lawrence Barron Schlager (S)	Dorothy Wilson (S)
Gladys Brown (S)	Agatha Hill (S)	Elmer McKandous (S)	Conway "C.W." Scroggins (S)	William Wilson (S)
Richard Dennis Bryce (S)	Belle Hillard (S)	Michael D. McKenzie (M)	Mrs. Conway "Bennie" Scroggins (S)	Arnold A. Wimmer (B)
Moss Burnside (S)	Thomas Hill (M)	Frank McKenney (S/B)	Navy Shurt (S)	Adrian W. Wimmer (B)
Lula B. Butler (S)	Conrad Hildebrand (S)	Lenward Kenny McKenney (S)	James Shurt (S)	James W. Wootley (S)
Ralph D. Butler (S)	Helen Howell (S)	Walter H. "Walt" McKenney (S)	Jack Smith (S)	Jimmie Wynn (S)
Thomas W. Carpenter (S)	Woodrow Hunter (S)	William G. "Walt" McKenney (S)	Ray Yancy (S)	Ray Young (S)
John Chace (S) Crawford (S)	Willard "Jimmie" James (S)	Thelma Wilson (S)	Jerry Zolani (S)	
Hand James Dailey (S)	Wash Jenkins (S)	Marglin B. Morris (S)		
James Dolanester (B)	Daniel Joseph "Danny" Johnson (S)	Robert Mostal (S)		
Bill Donald (S)	Jameson Johnson (S)	Eugene Nettles (S)		
Thomas Drzewicki (B)	Jerome Johnson (S)	Felix Noel, Jr. (S)		
Donald "Enforcer" Dunham (B)	Leroy Johnson (S)	Janita Oglesby (S)		
Grand Dyer (S/B)	Loy Johnson (S)	Fred V. Phasson (S)		

LEGEND
 B: Bay City
 D: Metro Detroit
 F: Flint
 GR: Grand Rapids
 L: Lansing
 LV: Las Vegas, NV
 M: Midland
 MK: Michigan
 S: Saginaw

KEY ASSOCIATES

Nicholas J. Altano, Jr. (S)	Robert "Bob" Dunn (M)	Max Ksao (S)	Garry McDougal (S)	Robert Martin Sahr (S)	Jerry Yeager (M)
Samuel J. Altano (S)	Donald J. Holland (M)	Patrick Kenny (S)	Marvin Mitchell (S)	David Webb (S)	Alan B. Wozny (S)
John M. Callison (S)	Peter W. Kaplan (S)	Bob Lohr (S)	Jan Sawyer (S)	John W. Wolf (S)	Robert W. Young (S)

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Mr. CLAWSON. We have prepared here a chart detailing the structure of the so-called Mexican Mafia in Mich. Every one of these leading figures named up at the top has had some involvement with narcotics trafficking. We have over 500 names on this chart. The reason why there are so many is because several months ago, the Crime Commission in Michigan tried again to outline the actual structure of the syndicate from the bottom levels up to the top levels. There are no virgins on this chart; everyone on here has a police record of some type that we are aware of, or has surfaced in some type of a drug trafficking investigation. Many of these individuals are currently incarcerated in prison.

[Chart No. 3 follows:]

"THE MEXICAN MAFIA"

MAJOR FIGURES

[illegible][illegible]

LEGEND

B: Bay City
C: Chicago
CA: California
F: Flint
GR: Grand Rapids
H: Holland
I: Lansing
MEX: Mexico
M: Midland
MK: Muskegon
S: Saginaw
TX: Texas

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[illegible]

Mr. CLAWSON. We have prepared a chart on the organized crime structure in Flint, Mich.. The Shaheen syndicate that we talked about before has a number of Syrian-Lebanese members involved in a wide variety of activities, including narcotics, arson, syndicated gambling, et cetera.

One thing we have found is that it is a myth that gamblers are only involved in gambling. A lot of gamblers are also involved in narcotics, such as in the Flint area, Harold S. Millhouse and Dennis C. Morgan. These two individuals were leading figures in the numbers rackets in our community and were also major heroin importers. They have been arrested now as a result of State police investigations. Again, where was DEA? Nowhere in the picture.

[Chart No. 4 follows:]

ORGANIZED CRIMINAL ACTIVITIES

"PERSONS of INTEREST"

Metropolitan Flint, Michigan Area

MAJOR FIGURES

John Quincy "Jake" Adams	George "Jiggs" Gazell	Melvin "Whitey" Kane	Julius Serges
Theodore Burek	Steve Germani, Jr.	Ronald "The Barber" Kuchrawy	Joseph Shaheen
Charles F. Crosno, Sr.	Joseph "Joey Jack" Giacalone	Robert Francis "Bob" Leonard	Bruce W. Shoemaker
Joseph B. "Joey" Cusenza	Chester L. Harris	Vincent B. Martorelli	Nicholas Stickovich
Jerome "Jerry" Davidson	Charles M. Isaac	Harrell S. Millhouse	Craig Wirsing
Robert Dubie	Harold Dean Jones	Harry Virgil Mohnhey	
Larry Fulton	Thomas Joubran	Dennis C. Morgan	

James "Garbage Man" Allen	Tom Coco	Arthur C. Goldfarb	Mark Kolenda	Terry M. Shoultes
William "Pruitt" Allen	Ronald Coryell	Bruce M. Green	Bobby R. McDaniels	George Sudar
Charles S. Armstead	Jesse Cox	Johnny Green	Oliver McGee	Richard C. Tate
Anthony D. Barlow	Charles F. Crosno, Jr.	Robert Grundell	Jack C. McKee	Miles Telft
Benny B. Bell	Charles William D'Arcy	Rodney Guy	Ronald McQueen	Junious Turner
Manuel Berman	Charles M. Danto	Samuel Ernest Harfisks	Leroy Moore	Bernard Tyler
Paul R. Bolanowski	Barbara Darrough	Charles D. Haynes	George Moorhatch	Lonnie J. Waits
Phillip B. Brousseau	Edward Dukes	Roy Lee Henderson	Raymond Peter Morissette	Guy Weir
Walter E. Bruder	Ray Durfee	Rick Holderbaum	George Mukdsi	Michael J. Williams
George E. "Tom Tom" Cain	Basil Farah	Columbus Hunt	Robert E. Nelson	Marzellus H. Wilson
Shelley Caldwell	Harold Fineburg	Stacie Hunt	James Norris	James E. Woods Jr.
John Casadonte	Henry L. Gadsdon	Leon Jackson	Howard Oliver	Lawrence Wynn
Peter Casadonte	Abe Gantos	Arnetta "Peaches" Jamerson	Ralph Proctor	
Douglas Casteel	Edward Gazell	Eigene Johnson	Edward C. Rasak	
Mark Vernon Christenson	William D. Gerlach	Joseph Douglas Johnson	Dorthea Render	
Lathern Clark	John B. Gerlach	Andrew Charles Jones	Yvonne Rogers	
James William Clark	David Allen Gerwolds	John J. "Chino" Juarez	John Sargent	

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Mr. CLAWSON. Finally, we have prepared a chart for the committee of Detroit influences on the Saginaw Valley. Of these Detroit influences, we have identified here a number of people who are well known to law enforcement officials that we have found operating in our area. Some of these individuals have investments in legitimate businesses in the Saginaw metropolitan area, such as commercial laundries. Some of these individuals are known to have provided money for narcotics or loansharking activities in the Metropolitan Saginaw area.

[Chart No. 5 follows:]

DETROIT INFLUENCES

ON THE

SAGINAW VALLEY

Anthony "Tony" Corrado

Vincent "Black Vince" Meli

Anthony "Tony Jack" Giacalone

Antonino "Tony" Ruggirello

Vito "Billy Jack" Giacalone

Louis "Louie" Ruggirello

Raymond Paul Guaresimo

James "Occo" Tamer

Giacamo W. "Jack" Tocco

Mr. CLAWSON. Here we are with a little community up in Michigan with an awful lot going on, and not much has been done about it, other than through the good graces of the Michigan State Police. We need the attention of the Senate committee and we need the attention of the Federal Government if we are going to be able to break up some of these operations.

With that, Senator, I will pause and I will be happy to answer any questions.

Senator DECONCINI. Well, Mr. Clawson, your testimony is very helpful, and let me assure you that my necessity to go to the floor is to vote and not to terminate your testimony, because it is very helpful. But let me ask you a couple of quick questions.

Mr. CLAWSON. Yes, sir.

Senator DECONCINI. Has the DEA ever opened up an office up there?

Mr. CLAWSON. No, sir.

Senator DECONCINI. Do they have a visiting agent?

Mr. CLAWSON. They generally assign agents out of the metropolitan Detroit office on a case-by-case basis to come up to the Saginaw area. There have been a limited number of DEA prosecutions in the Saginaw area.

Senator DECONCINI. Have you witnessed any cooperative effort between any Federal agencies and State police in your area?

Mr. CLAWSON. Yes, very much so. DEA has been cooperative in terms of providing intelligence information, resources and undercover people. We have an absolutely excellent Saginaw field office of the FBI, which is doing very significant work in the organized crime area. We have a team of some—I cannot be too high in my praise; they are just super FBI agents.

Senator DECONCINI. You mentioned a couple of times in your testimony, where was DEA, and I gather from that that the fact that they were not there disturbed you and your commission.

Mr. CLAWSON. Very much, because they have the resources to get to the entire organization. Michigan State Police cannot, for instance, wiretap; our State law enforcement officials do not have title III. The DEA does, and that is a darned good way to help make some of these conspiracy cases. There have been no narcotics trafficking cases up in our area, with the possible exception of one from the early 1970s, that we know of that involved any kind of title III activity.

Taking a look nationwide, there seems to be a real lack of title III activity being directed toward drug trafficking operations, and I would think that that would be a valid question to pursue.

Senator DECONCINI. Have you or your commission members testified before any congressional committees?

Mr. CLAWSON. Not until today, sir.

Senator DECONCINI. Have you been in touch with any of them to offer any of your assistance?

Mr. CLAWSON. Yes, sir. Last summer, I came to Washington and I met with members of your staff; I also met with members of the House Select Committee on Narcotics Abuse and Control, and I met with the Senate Permanent Investigations Subcommittee staff. To each of these staffs, I took a very extensive, approximately 400-

page history of narcotics trafficking in the Saginaw Valley, and we never heard back from any committee, Senator, other than yours.

I know you have to go, but I might point out, sir, that right now in the Flint, Mich. area, there is an acute problem which DEA has begun to work on involving cocaine trafficking. There are at least six mega-kilo operations operating in the Flint, Mich. area. DEA is working on these. Flint, Michigan is now acquiring the reputation for cocaine and marihuana trafficking that Saginaw has had for heroin. It is becoming a major importing and distribution center for the Midwest.

Senator DECONCINI. Thank you very much, Mr. Clawson and Mr. Cisky; we appreciate your testimony. I regret I have to absent myself for a few minutes. When we do return, we will have Mr. Thatcher, president of Banana Supply Co., as our witness. I will be right back. Thank you very much, gentlemen.

Mr. CLAWSON. Thank you, sir.

[Whereupon, a brief recess was taken.]

[The following was received for the record:]

PREPARED STATEMENT OF PATRICK MICHAEL CLAWSON

My name is Patrick Michael Clawson. I reside in Saginaw, Michigan. I am Executive Director of the Saginaw Valley Crime Commission, Incorporated, Michigan's first and only nonprofit citizens crime commission. I am testifying here at the invitation of the Rules Committee.

I am honored to accept this invitation to appear before you. I hope that the Saginaw Valley Crime Commission can make a contribution to your work in determining the merits of Senate Resolution 207.

Senate Resolution 207 would create a Senate Select Committee on Narcotics Abuse and Control. The Select Committee would have the authority to investigate narcotics trafficking and organized crime, and the effectiveness of current control efforts.

I strongly support Resolution 207 and strongly hope that this Committee will favorably pass on its proposal. Creation of a Senate Select Committee on Narcotics Abuse and Control could mark the start of a new era in the federal government's approach to narcotics and organized crime control. An effective committee with a staff of well-trained investigators could throw the underworld of a staff of well-trained investigators could throw the underworld of America into turmoil. It could strike fear in the hearts of those who operate above the law and those who plunder our communities with narcotics. It could ravage organized crime syndicates which have become so rich and powerful that they almost form invisible second governments in many of our metropolitan areas.

It has been many long years since the U.S. Senate last tackled the problem of organized crime in an aggressive and effective manner. The Kefauver and McClellan Committees left a lasting mark on law enforcement in the United States and left deep wounds on organized criminals from coast-to-coast. The investigative findings of those committees are still being used by police agencies and the general public. The hearings of those committees—hearings held so long ago—continue to provide the bulk of the public record on organized crime in America today.

There is strong need to update that record.

Organized crime has changed dramatically in the past decade. It has undergone a metamorphosis in scope and dimension. Its impact on American life has quietly grown and become truly enormous. Here's a sample of what's happening:

There used to be a time when organized crime and narcotics were "big city" problems. Those days are long gone. Racketeering activities of every stripe have spread across the nation to plague suburban and rural areas. Dope can now be purchased in any high school in America.

La Cosa Nostra—the Mafia—remains powerful. A new generation of gangsters—largely unknown to the general public—is moving into positions of control and authority. The Mafia has joined white flight from American's central cities and settled in the suburbs.

Newly emerging Black and Latino crime syndicates are providing tough competition for La Cosa Nostra in many sections of the nation. Based on narcotics traffick-

ing, these crime syndicates are expanding into commercial gambling, prostitution, loansharking and infiltration of legitimate business. A national Black Mafia is emerging, and a Mexican Mafia already has great power in the Midwest and West.

Motorcycle gangs like the Hells Angels, Bandidos and Outlaws have become well-organized and well-financed international crime syndicates. Bikers used to run their motorcycles on weekends. Now, the bikes are in the garage and the bike owners run narcotics, commercial prostitution and contract murder full-time.

The line between white-collar and organized crime has blurred. It gets dimmer with every passing day. The Mob has moved into legitimate business and the world of high-finance—and legitimate businessmen have adopted Mafia techniques in business transactions. The Mob is now getting involved with public-traded corporations—and publicly-trade corporations are now doing things the Mob does.

While all this has been going on, law enforcement has been seriously crippled. the hysteria surrounding police intelligence operations, tough privacy laws, priority changes, and tight budgets have left lasting scars on this nation's ability to protect itself against hoodlums.

Senate hearings need to be held on these vital matters. Creation of a Senate Select Committee on Narcotics Abuse and Control would be a strong step in the right direction. In the early 1950's, the Kefauver Committee did battle with commercial gamblers and then hazy Mafia crime syndicate. In the late 1950's and early 1960's, the McClellan Committee probed hoodlum influence in labor unions and legitimate business. There is a clear need for a Senate Select Committee to strike at the enormously wealthy, multi-ethnic international narcotics syndicates of the Eighties.

Creation of a Senate Select Committee on Narcotics Abuse and Control would be a strong step in the right direction. The problem of narcotics is so vast that it must be isolated and examined as the primary function of a Senate Committee.

Such a Select Committee could also serve to spur improved local and state efforts to control narcotics trafficking and organized crime. A new partnership also needs to be forged between local law enforcement agencies and the Federal Government. A Select Committee could perform a valuable service in this area.

Narcotics traffic has created opportunities for wealth far exceeding the wildest dreams of Prohibition-era rumrunners. The Internal Revenue Service recently conducted a study of the "underground economy" of the United States. The IRS concluded that the total unreported income from drugs in this country is somewhere between \$10.9 to \$16 billion annually. When other forms of organized crime are added, such as gambling and prostitution, that figure jumps to \$20 to \$30 billion annually.

It should be abundantly clear that these enormous sums of unreported income fuel inflation and threaten our economy. Further, this dirty money threatens our Republic, because much of it is being used to pay off police officers and public officials to overlook illegal activities.

Something else should be abundantly clear: We are not winning the battle against narcotics traffickers. The sad truth is that nearly everything the government has done about dope traffic in the past 50 years has not worked.

It is time for a new approach to the problems of organized crime and narcotics trafficking.

A Senate Select Committee on Narcotics Abuse and Control could help create that approach.

When it comes to dope and crime, few government officials are levelling with the public. We constantly hear tales about massive dope seizures—usually described as the "biggest in history" or some other figment of a government PR man's imagination. Usually when a seizure is made, we hear that "a major pipeline has been severed" and that drug traffickers in an area have been "crippled."

Most of this talk from police agencies is pure bunk.

If the dope traffickers were really crippled, then the children of America would not be able to buy reefer and coke the next morning at school.

The truth of the matter—the truth we rarely get to hear—is that dope traffickers have not been crippled * * * that just as much dope will come into the country next week as did last week * * * that the traffickers who have been arrested will get off on low bonds and probation and be back in business within hours * * * that half the dope did not get seized because a crooked cop tipped off a dealer * * * that the case could have been closed six months ago, but the Internal Revenue Service would not disclose some vital information * * * that our law enforcement agencies are fruitlessly scratching the surface of a very large iceberg.

Our efforts at drug control are doomed to failure if we don't begin to grapple with the reasons for drug use.

I propose a simple, yet very radical, idea for exploration by America's law enforcement and scientific communities. I submit that "getting high" (more properly, the alteration of states of consciousness) is a basic human need in much the same manner as the need for food, water, shelter and clothing. Consciousness alteration is a fundamental part of the human make-up. Certainly recreational drugs such as cocaine and marijuana serve as a catalyst for consciousness alteration. It would seem then that we find more legally and socially acceptable ways of altering consciousness—or else re-legalize the catalysts being sold on the black market.

The fight against narcotics trafficking is very much like the fight in Vietnam. We are spending enormous amounts of money and human resources with very little success. Like Vietnam, our tactics and strategies don't seem to work very well against an enemy (organized crime) who is cunning and determined. Like Vietnam. We are destined to lose if we don't make some smart decisions. We must either put the war against drugs full throttle forward, or else pull it off the highway and park it.

In any event, organized crime is not going to go away. The syndicates are out there and thriving. If narcotics traffic become unprofitable, then some other commodity will be found that will make money.

What we should be trying to do is disrupt the economy of crime.

A Senate Select Committee on Narcotics Abuse and Control should marshal an array of this country's top economists to study the economics of organized crime and racketeering. Organized crime is nothing more than American free enterprise at work in businesses which our society has deemed illegal or socially unacceptable. Like any business, you cannot begin to maximize or decrease growth until you understand the market forces at work for that particular industry. I submit that our Federal Government does not understand in sufficient detail the economic structure of organized crime, and that little if any work is being done in this direction.

A Senate Select Committee on Narcotics Abuse and Control should also do this nation a big favor and demolish some myths about organized crime. Demolishing the myth that organized crime is strictly Italian-American in nature would do for starters. Too many people—in both the law enforcement community and the general public—think you have to be of Italian extraction to be part of organized crime. This is absolute rubbish.

Organized crime transcends all racial and ethnic boundaries. It doesn't matter if you are Italian, Hungarian, or Vietnamese. It doesn't matter if you are white, brown, black or yellow. In organized crime, there is only one color that matters and that is the green color or money.

There is a Mafia composed primarily of persons of Italian extraction. But there are ethnic mafias of different stripes—Mexicans, Cubans, Syrian-Lebanese, Greeks, Blacks, etc.

Until very recently, the American law enforcement community was geared to fight only the Italian brand of racketeers. Police are now slowly moving against other brands of hoodlums. Hopefully this trend will continue in the future at a faster pace. Senate hearings on this issue could accelerate law enforcement efforts.

Finally, a Senate Select Committee on Narcotics Abuse and Control could help spotlight some of the serious problems law enforcement agencies now have with the Freedom of Information and Privacy Acts. Too many law enforcement agencies cannot communicate effectively with one another—or the general public—because of these laws. Revisions of privacy and FOIA legislation is clearly needed.

I have had experience with investigations of several forms of organized crime. Because of the relatively short notice of these hearings, the Saginaw Valley Crime Commission has not had ample time to prepare an in-depth written statement of the narcotics problem in our area for the Committee.

However, we are prepared to make an oral presentation, and have prepared five charts detailing organized crime operations in the Saginaw Valley. These charts have been prepared at considerable expense expressly for this Committee. The Saginaw Valley Crime Commission offers this material to the Committee for inclusion into the official record of these proceedings. The Commission will further submit to the Committee a detailed written report on organized crime in our area within the next month.

SUPPLEMENTAL STATEMENT OF
PATRICK MICHAEL CLAWSON

EXECUTIVE DIRECTOR, SAGINAW VALLEY CRIME COMMISSION, INC.

ON SENATE RES. 207

BEFORE THE U.S. SENATE RULES COMMITTEE, MAY 7, 1980

On April 23, 1980, I appeared before the U.S. Senate Rules Committee to testify in support of Senate Resolution 207. At that time, I submitted for inclusion into the official record of the proceedings a brief written statement supporting the resolution and five charts detailing the structure of organized crime in the Saginaw Valley.

At that time, I further advised the Committee that I would be submitting a supplemental statement for inclusion in the record, concerning organized crime in the Saginaw Valley.

The following supplemental statement is hereby officially submitted by the Saginaw Valley Crime Commission, Inc., to the Senate Rules Committee for use in its deliberations on Senate Resolution 207.

THE SAGINAW VALLEY CRIME COMMISSION, INC.

The citizens of Saginaw County were alarmed in 1975 by a series of murders and a street crime rate that seemed to know no limits. FBI crime statistics that year ranked Saginaw first in the nation for cities of its population class for Part One offenses (murders, robberies, rapes, etc.). The homicide rate historically had been one of the highest in the nation.

A series of meetings were held at the Chamber of Commerce about crime. Out of those discussions came the idea for a citizens crime commission, much like similar groups which operate in about two dozen communities nationwide. The crime commission was originally named the Citizens Council Against Crime of Saginaw County, Inc. It was incorporated as a non-profit Michigan corporation in October, 1975. The company was chartered to do the following:

"It shall engage in research within the fields of criminology, penology and related areas and shall disseminate this information to appropriate authorities and announce the results on such research to the general public and take appropriate action in making recommendations as a non-partisan, non-profit agency to the extent that such matters related to Saginaw County, Michigan. This Council shall act as a non-partisan, scientific agency of the people of Saginaw County, for the promotion and encouragement of all public officials and others who are charged with the duties of suppressing, preventing and punishing crime, and the general administration of justice. The Council shall encourage a proper contact and cooperation between citizens and officials performing these functions uncompromisingly, courageously, firmly and aggressively. It may invite the help of others and shall insist on the performance of such acts of citizenship."

Raising funding for the citizens crime commission took over two years. In early 1978, the board of directors began a final search for an Executive Director to manage the day-to-day operations. I became Executive Director on July 15, 1978, and the organization began full-time operations on that day.

The Citizens Council Against Crime was renamed the Saginaw Valley Crime Commission, Inc., in January, 1979.

The Saginaw Valley Crime Commission is not a government agency. It has no power to arrest, apprehend or prosecute. No government funds are used or solicited in an effort to maintain impartiality and objectivity. Our funding is provided through citizen and corporate contributions. Our budget is very small, about \$60,000. I earn only \$20,000 (a sizable reduction from my previous salary as a television investigative reporter) and employ an assistant, Marie E. Dishaw.

The Saginaw Valley Crime Commission is controlled by a board of directors. The board is composed of prominent community leaders with a reputation for integrity. The present board members are:

- * Elmer Braun, retired General Motors executive, Saginaw
- * Helen Brennan, registered pharmacist, Saginaw
- * Jon Cisky, Chairman of the Department of Criminal Justice,
Saginaw Valley State College, Saginaw
- * Howard Doud, retired Sears Roebuck executive, Saginaw
- * Irvin Haase, Vice President, Second National Bank, Saginaw
- * Shirley Iler, C.E. Iler Company, Saginaw
- * Ellis Ivey, Jr., General Manager, Saginaw Steering Gear (GM)
- * Sue Kaltenbach, homemaker, Saginaw
- * Ted Morley, Morley Brothers Company, Saginaw
- * Bill Nelson, Nelson Electric Company, Saginaw
- * Grant Van Buskirk, Plant Manager, Chevrolet (GM) Parts
Plant, Saginaw
- * Bob Waskoviak, independent businessman, Saginaw
- * Paul H. Wendler, Director of Purchasing, Saginaw Steering
Gear

Paul H. Wendler is the immediate past president of the Crime Commission board of directors. Grant Van Buskirk is acting president. Irvin Haase is second vice-president. Helen Brennan serves as secretary-treasurer of the corporation.

Mr. Wendler and Mr. Nelson are both former mayors of the City of Saginaw.

When I arrived in Saginaw in July, 1978, I wandered around Saginaw dressed in old clothes. I drove an old, beat-up car and kept a six-pack of beer on the front seat. I looked just like part of the scenery, and that's just the way I wanted it.

I learned a lot in a very short time. I spent a lot of time talking with people in bars. I watched drug deals go down on street corners in broad daylight. I watched numbers runners make collections and deposits. I watched after-hours clubs operate week after week without interference. I watched people openly tote firearms around the city.

On a Friday evening in August, 1978, I saw a group of blacks standing under a pavilion in Veterans Memorial Park, a popular hangout for street toughs. They were engaged in some kind of activity and appeared to be excited. I went up to the pavilion and witnessed a crap game in progress. A pool of money was on the ground. Just a short distance away - in a clear line of sight - sat three marked Saginaw Police cruisers. The officers were watching the game go on while taking a break from patrol. None of the officers tried to shut down the gambling.

From a law enforcement view, it probably made little difference if the game went on. But this experience, combined with other eye-witness observations, provided me with a very graphic example of an attitude at work in Saginaw.

I found a community wide open for gambling, dope, and vice. I found criminal activities taking place out in the open with little concern about detection.

Several weeks later, I finally had lunch with John Schoberth, then the Chief of Police in Saginaw. When I asked if there was any organized crime in town, he flatly told me that I had the wrong city, that I should go south to Detroit to find that. He assured me there was no organized crime problem in the area.

At that time, I decided that the Saginaw Valley Crime Commission should make the investigation of organized crime, narcotics and public corruption a top priority.

The following statement is a profile of how narcotics trafficking and organized crime afflict a small community in the heartland of America. The Saginaw situation is really a microcosm of what is happening nationally with organized crime.

Saginaw, Michigan is located about 90 miles north of Detroit. It is a blue-collar industrial city, one of Michigan's auto towns, with a population of 84,000. Saginaw County, outside the city, tends to be rural in nature. Population for the county is estimated at 233,000.

The City of Saginaw is divided in half geographically by the Saginaw River. The river divides the city socially and economically as well. The "East Side" of Saginaw is heavily populated by blacks and Latinos. Crime and narcotics traffic is heaviest here. The "West Side" of Saginaw is populated by whites and affluent blacks. Crime here is serious, but is substantially below that of the East Side. To the north and west of Saginaw is Saginaw Township, a prosperous white suburb which is rapidly growing as whites leave the central city.

About 15 miles north of Saginaw is Bay City, a racially mixed workingman's community of about 47,000. Bay County as a whole has a population of about 120,000.

About 20 miles northwest of Saginaw and 15 miles to the west of Bay City is the City of Midland. The home of the multinational Dow Chemical Company, Midland is virtually an all-white upper class city of 40,000. Midland County has a population of 67,500.

This area is commonly called the "Tri-Cities" region of Michigan. The three cities each enjoy a distinct individual personality. All three share economic links. Saginaw, however, acts as a crime hub for the entire region. Criminals frequently cross the county lines in pursuit of illegal opportunities. Narcotics addicts and traffickers from Saginaw have frequently been arrested in Bay and Midland Counties.

About 40 miles to the south of Saginaw is Flint, Michigan. Flint is still another blue-collar auto town. The total population for the metropolitan Flint area (SMSA) is estimated at 514,000.

The Saginaw-Bay City-Midland-Flint axis is often referred to as the "Saginaw Valley."

ORGANIZED CRIME IN THE SAGINAW VALLEY

Research by the Saginaw Valley Crime Commission reveals that a substantial organized crime problem exists in the Saginaw Valley.

These criminals successfully operate because of a widespread public apathy about racketeering, a lack of aggressive investigative reporting by the news media, a lack of effective law enforcement, and a tolerance of criminal activities by civic leaders. Further, the underworld of the Saginaw Valley receives support through social relationships with respected legitimate citizens of the "upper world."

Organized crime in the region is composed of several different factions which often compete, but sometimes work together for mutual profit. The Saginaw Valley Crime Commission has found that organized crime transcends all racial and ethnic boundaries.

The Saginaw Valley Crime Commission has identified the following major factions of organized crime operating in the Saginaw Valley at the present time:

1. THE "MEXICAN MAFIA". There exists a powerful and well-organized Mexican-American crime syndicate. It operates throughout the Saginaw Valley and the State of Michigan. It has connections in Chicago, Texas and Mexico. Latino racketeers historically have controlled the bulk of heroin trafficking in Michigan. Hispanic crime syndicate figures also are known to engage in gambling, fencing, enforcing, the infiltration of legitimate business and after-hours club operations. In the Saginaw area, the Latino hoodlums are divided into two factions, the Hernandez and Torrez Organizations. In the Lansing area, the Elias Cortez Organization controlled heroin distribution for ten years until broken up through successful prosecutions in 1979.
2. THE LOIACANO ORGANIZATION. This is considered to be the main organized crime group in the Saginaw-Bay City-Midland area, next to the Mexican Mafia. This group is a syndicate of white organized crime figures headed by William Joseph Loiacano, a Saginaw produce executive. Loiacano gets his operating authority from his uncle, Detroit Mafia boss Anthony "Tony Jack" Giacalone. The Loiacano Organization is referred to by its members as "the business". The organization specializes in loansharking, gambling, prostitution, arson-for-profit and frauds.
3. THE SHAHEEN ORGANIZATION. This is believed to be the main organized crime group operating in the Flint, Michigan, area. Many of the members of this organization are of Syrian-Lebanese extraction. The group is headed by Joseph Shaheen, operator of the Aladdin Night Club. The group is believed to specialize in gambling, the infiltration of legitimate business, loansharking, narcotics and arson-for-profit. The group is believed to have influence on local politics in the Flint area.

4. THE "BLACK MAFIA". There exists a "Black Mafia" in the Saginaw Valley. It is not a formally structured organization like La Cosa Nostra. Instead, it is a loosely drawn confederation of black pimps, drug dealers, numbers racket operators and after-hours club promoters. There is no one boss. Leadership roles vary depending on the type of criminal activities and alliances involved. In the Saginaw-Bay City area, major Black Mafia figures include Clarence Rice and George Roach.
5. THE MOHNEY ORGANIZATION. This is a national pornography and commercial sex organization that is extremely wealthy. The organization is headed by Harry Virgil Mohnney, who is believed to be the nation's third largest pornographer and one of America's top organized crime figures. The organization is headquartered at the Sceen Drive-In Theatre in Durand, Michigan. Mohnney recently was indicted in Miami on federal obscenity charges as a result of the FBI's undercover MIPORN operation.
6. THE WURSING ORGANIZATION. This is an international cocaine and marijuana trafficking organization based in the Flint, Michigan, area. This group is believed to be headed by Craig Wursing, who has been described by the U.S. Drug Enforcement Administration as a "multi-ton marijuana importer." The operation is believed to do as much as \$20 million per year in business.
7. MOTORCYCLE GANGS. Several biker groups operate in the Saginaw Valley, including the Outlaws, Avengers, Devil's Disciples, and Satan's Sidekicks. Members of these groups have been involved in narcotics trafficking, assault, rape, firearms violations, and contract murder.

Because the Senate Rules Committee is considering a resolution to establish a Select Committee on Narcotics Abuse and Control, this statement will not attempt to detail each of the above crime organizations. However, a brief profile of some of them and some history of the organized crime/narcotics problem in the Saginaw area will be provided in the pages that follow.

Crime Commission research shows that organized criminal elements have been at work in the Saginaw Valley since the early 20th Century.

Saginaw police arrested three men on August 28, 1911, for attempting to murder an Italian fruit vendor named Joe Costardo. The police called it a "Black Hand" incident. Another Black Hand incident was recorded on September 9, 1911. Shots were fired in mid-afternoon through windows of a store owned by Tony Grillo, an Italian merchant. Grillo told police he had received a threatening letter signed with the Black Hand symbol.

Black Hand member John Massine was formally charged with attempting to murder Joe Costardo on September 19, 1911. His bail was set at \$10,000 - an unusually large sum for that time. Massine was convicted on October 5, 1911, and was sentenced to serve 20 to 40 years in Marquette Prison by Saginaw County Circuit Judge Glover Gage. Massine returned to Saginaw after being paroled in 1922, saying he held no ill will toward anyone. As far as is known, he lived out his life without further incident.

Prohibition gave organized crime in the area its first real foothold, wealth and outside contacts. Saginaw was the home of numerous stills and speakeasies. On October 22, 1925, a huge still was seized at 149 Eddy Street, Saginaw. It held 8,000 gallons of whiskey and mash. The home where the still was located was owned by Dominick Mazzola, who is believed to have been an early Detroit Mafia figure. Police said the booze produced from the still was being sold in Saginaw, Flint, and Detroit.

Detroit bootleggers were frequent visitors to the Saginaw area. Charles G. Leaming of Detroit was arrested in 1922 by Saginaw police on a traffic charge. Leaming and his associate Sam Lebar were questioned by police after a search of the car turned up a load of liquor worth about \$3,000. The car was seized by police. It was registered to Mose Robinovitz of Detroit, believed to have been a major Detroit bootlegger with Cleveland connections. Charles Leaming was eventually convicted of liquor violations. In another case, Detroit bootlegger Frank Panter had his car confiscated when acting as a scout for some Saginaw bootleggers.

Several prominent Saginaw businessmen and families were involved in bootlegging. Saginaw businessman Harry Weideman was arrested in January, 1919, for helping to hijack a freight car of Scotch whiskey. George, Thomas, and Francis Kosciuszko were charged with Prohibition violations. Freeland hotel operator Leo Rodeitcher was a major violator of the liquor laws. Archie Bedore was fined \$2,000 in 1928 for his second violation of the Prohibition laws. Clarence Averill was convicted and fined \$500 in 1928. Saginaw car dealer Leo J. Demers was arrested in 1919 for bootlegging.

With the repeal of Prohibition, some Saginaw area bootleggers left the world of organized crime and never returned. They invested their profits into legitimate businesses and became prominent community leaders and social figures.

Other bootleggers moved into new rackets to exploit the syndicate structure which had been established by the rumrunners. Bootlegger Earl Framer teamed up with his brother, Carl "Fuzz" Framer, and an associate, Homer P. "Buck" Hise, to form the Framer-Hise Syndicate in 1932. This gambling syndicate operated in the Tri-Cities until the mid-1950's. A 1948 Grand Jury investigation found that several taverns were controlled by the Syndicate. The Grand Jury also reported that a city official accepted bets at City Hall as a branch bookmaker for the Syndicate. The Grand Jury returned some criminal charges, but the Syndicate was never smashed. Carl "Fuzz" Framer remained a prominent organized crime figure until his death in the mid-1970's. Homer "Buck" Hise also remained a power in gambling, but his influence declined steadily over the past decade until his death in Saginaw last year.

A Saginaw grocery store owner, Jack Provenzano, would become prominent in the 1930's in connection with two bombings, and he would remain a mystery man in the area of organized crime for many years until his death in 1972. Jack Provenzano was born July 6, 1892, in Sicily. He immigrated to the United States in 1914 and worked as a laborer for a New York railroad. He was lured to Detroit by Henry Ford's promise of \$5 a day for assembly line workers. Provenzano reportedly injured his back during his first day at Ford Motor and was laid up for six months. He never went back to Ford.

Provenzano became a pastry chef at the Detroit Edison Company cafeteria. On June 2, 1917, he married Rose Prezzato in Detroit. His wife was also a native of Sicily. Jack Provenzano entered the grocery business in 1917 with his father-in-law Dominic Prezzato. He moved to Saginaw in 1919 and opened a grocery store on North Michigan Street. In 1936, the store moved to its present location at 1115 W. Genesee Street.

Two events in the Thirties cast a shadow over the Provenzano enterprises and brought the first hint that Jack Provenzano was connected to organized crime. On April 2, 1931, police reported that a two-stick dynamite bomb was found in the doorway of Provenzano's grocery. The fuse burned out one inch from the detonating point and didn't explode. Next, a bomb exploded at the grocery store on October 8, 1935, at 11:45 PM. The store was wrecked. Fragments were found as much as 600 feet away. Jack Provenzano denied receiving warnings of any kind. But the impression that Provenzano was somehow connected with the underworld was born.

The impression was strengthened years later when his daughter, Zena, also known as "Jeannie", married Anthony Giacalone. Giacalone is one of the leaders of the Detroit Mafia and is one of America's most powerful gangsters.

Jack Provenzano's other daughter, Mary, eventually married Leo Loiacano, an Italian-American businessman who is the founder of the Saginaw Fruit Company. Leo and Mary Loiacano are the parents of William Joseph Loiacano, also known as "Billy". Billy Loiacano is believed to be a boss of organized crime in the Saginaw area at the present time.

Jack Provenzano eventually took his three sons, Frank, Dominic and Anthony into the grocery business. The one-time penniless immigrant died a wealthy man on December 14, 1972, following a long illness. He was 80 years old.

Jack Provenzano remains an enigma to law enforcement agencies. He is believed to have been the "Godfather" of organized crime in the Saginaw area, but he was never criminally prosecuted. Saginaw police agencies did not keep intelligence information about his activities, so his precise role in organized crime may never be determined.

His sons remain in business in the Saginaw area. When first coming to Saginaw, I was told by several people that the Provenzano sons were involved in Mafia activities. I must state that at the present time, I have been unable to find any evidence that would support such allegations. I further have seen no evidence suggesting that any other second, third or fourth generation Provenzanos are involved in criminal activities. While the Provenzano family is associated with Anthony Giacalone through marriage, I have not seen anything linking them to his criminal activities.

THE LOIACANO ORGANIZATION

William Joseph Loiacano has become a major power in Saginaw Valley organized crime over the past decade. Loiacano likes to describe himself as a legitimate businessman. He is the owner of B & C Distributors, and helped run (until it was recently sold) the Saginaw Produce Company which was founded by his father. Loiacano is a former owner of the Pasta House Restaurant.

Loiacano gets his operating authority and financial assistance from his uncle, Detroit Mafia enforcer Anthony Giacalone. Loiacano's major lieutenants include Bruce LaBreche, Norman "Pete" Crawford, and William Gallagher.

The Loiacano Organization is involved in a wide variety of rackets: loansharking, gambling, prostitution, arson-for-profit, frauds, after-hours clubs, narcotics and other activities.

William "Billy" Loiacano and some of his lieutenants were indicted by the Detroit Federal Organized Crime Strike Force in 1979 for loansharking and obstruction of justice. Also indicted was Anthony Giacalone.

For several weeks in February and March 1980, the Saginaw area was stunned by testimony from the Loiacano trial. Witnesses detailed beatings, assaults, murder contracts, high-stakes gambling, 120 per cent interest loans and insurance frauds. Our community was stunned because many of the witnesses were respected community figures.

The five-week trial ended on March 9, 1980. The jury deadlocked on three charges in the indictment and acquitted the defendants on other charges. The entire case will be retried later this year. After the trial, jurors remarked that they couldn't tell who was worse - the defendants or the witnesses.

Anthony "Tony Jack" Giacalone did not go to trial. He pleaded guilty to a charge of conspiracy and is now serving a 12-year sentence.

Several other members of the Loiacano Organization recently were convicted on charges that they defrauded banks for loans for non-existent automobiles.

Because of the complex nature of the Loiacano Organization's activities, the Crime Commission is submitting for the record a copy of an FBI search warrant affidavit from 1978 detailing criminal activities. The Loiacano Organization prosecutions have been the result of a diligent investigation by the Saginaw FBI office and Assistant U.S. Attorney Peter Jensen. The Crime Commission applauds their aggressive action and hopes that it will continue.

NARCOTICS TRAFFICKING IN THE SAGINAW VALLEY

A narcotics trafficking problem has existed in the Saginaw Valley for at least the past 40 years. Crime Commission research reveals that the "Mexican Mafia" historically has controlled the area's heroin trade. About a dozen Mexican-American families are heavily involved in drug traffic. Hispanic drug traders deal with family members on both sides of the U.S.-Mexico border.

The "Mexican Mafia" itself is divided into several different "gangas" or gangs. The largest gangs in the Saginaw metropolitan area are the Hernandez and Torrez Organizations. In metropolitan Lansing, the Elias Cortez Organization functioned for at least ten years until recently disrupted by Federal and state prosecutions.

Thousands of Mexicans migrated to the Saginaw area (and other Michigan cities) in the 1940's. These immigrants came as migrant farm workers to labor in the sugar beet and bean fields surrounding Saginaw. Some of the migrants eventually obtained employment in the auto factories ringed the Saginaw, Bay City and Flint areas. Mexican families established permanent roots here, but retained their ties with Mexico.

A small number of these Mexican migrant families began to invest some of the high wages paid by the factories into narcotics operations south of the border. In a confidential 1974 report, intelligence analysts of the U.S. Drug Enforcement Administration made the following assessment:

"Utilizing their connections in border towns in Texas and Mexico, they began a systematic smuggling operation that grew in complexity and sophistication as time went on. Soon they dominated the entire narcotic scene in this area. Each major trafficker built his empire and reserved certain sectors of the City (of Saginaw) as his own private fief. The older members of each drug clan knew the respective family head of each syndicate and did his best not to trespass or infringe on the domain or territory of the other. However, these alliances broke down from time to time causing blood to be spilled. Memories proved to be long and personal vendettas that resulted in murders were executed with military proficiency."

Saginaw became a major heroin distribution spot in the 1960's when heroin use began reaching epidemic proportions. Local law enforcement agencies were handicapped by a lack of training, money and manpower. Subsequently, they were unable to cope with the drug trade.

Heroin distribution from Saginaw reached it's peak in the mid-1970's with the cutoff of La Cosa Nostra's famous "French Connection" heroin routes from Turkey and France to the United

States. Mexican heroin was suddenly in increased demand. Some Saginaw area Mexican-American families had been selling it for years, and they controlled the production of several heroin laboratories in Mexico. They found themselves in the driver's seat and quickly established a monopoly in production, smuggling and wholesale distribution.

Research by the Crime Commission leads us to believe that the original "godfathers" of the heroin trade were the following individuals:

- * MANUEL ROSENDO AGUILERA. Born: March 1, 1894 in Mexico. FBI Number: 262272. He was the senior member of the Aguilera heroin trafficking family, which had the capability of dealing in multiple kilos of heroin. He had several arrests and convictions on drug charges. In 1973, he was arrested (with his son-in-law, Joseph Hector Gonzales) by DEA agents in East Chicago, Indiana for delivery of 18 ounces of heroin. In February 1973, an unclaimed suitcase containing \$35,000 in \$20 bills was found in Chicago and traced to his son Jesse and another relative. Aguilera's sons, Jesse, Theodore and Donald Aguilera assisted him with distribution, paying him a percentage of their sales. Aguilera died on October 5, 1977 in Saginaw from natural causes.
- * FRANCISCO "FRANK" HERNANDEZ. Born: June 11, 1920 in Durango, Mexico. FBI Number: 4720829. Hernandez is the head of the Hernandez Organization. At one time in the mid-Seventies, it was thought that he was supplying 10% of Detroit's heroin needs from Saginaw. Hernandez has an extensive criminal record with multiple convictions and has a reputation for violence. Hernandez was arrested in Durango, Mexico by a joint U.S.-Mexican task force after he sold two kilos of 80% pure heroin to an undercover agent. At the time, Hernandez was operating a heroin processing plant in Durango that had the capability of producing ten pounds of high-grade heroin per week.
- * JESUS GARCIA MARTINEZ, SR. Born: October 22, 1913 in Mexico. FBI Number: 3889069. Martinez began narcotics trafficking in the mid-1950's and is known to be an associate of Francisco "Frank" Hernandez. He has an extensive arrest and conviction record for narcotics. In the early 1970's, he turned over most of his operation to his sons, Fidel and Gilberto Martinez. They in turn opened up the Martinez-Ford Bail Bonding Agency and used it as a front to recruit drug dealers. Martinez is believed to be in semi-retirement at the present time.

* JOSE SALOSAR TORREZ, SR. Born: March 19, 1918 in New Castle, Texas. FBI Number: 812837 C. He was the patriarch of the Torrez smuggling family in Saginaw. Through intermarriage, he was able to place his children in several other Mexican-American heroin trafficking families. He eventually assumed a dominant role in the drug business. The Torrez Organization which he founded remains one of the major drug syndicates in Michigan and the Midwest. Jose Torrez Senior died on August 2, 1974 after receiving an overdose of heroin which members of his family believe was a "hotshot". The hotshot reportedly was the work of the Hernandez Organization or the Acosta Family. It triggered a bloody war between the Hernandez and Torrez Organizations. Torrez' oldest son, Henry, assumed leadership after his father's death. After Henry Torrez was sentenced to 10 to 20 years in prison for a 1976 heroin conviction, a younger son, Jose Torrez Junior, assumed the reins of power. Jose Torrez Junior is presently considered the top heroin dealer in the Saginaw area. He is now a fugitive wanted on state charges of delivering heroin and cocaine. Joe Torrez Jr. is believed to be hiding out in Mexico.

In the 1940's and 1950's, the "Big Four" opened heroin factories in Mexico and started distribution routes to Michigan and the Midwest. Some law enforcement officials believe the Big Four may have been among the original suppliers of heroin to the Herrera Organization. The Herrera Organization is an international organized crime syndicate of Mexican origin which now controls much of the world's heroin trade. The Herrera Organization is based in Durango, Mexico (Frank Hernandez' original home) and Chicago, Illinois.

Mexican organized crime in the Saginaw area is very much a family proposition. Fathers, mothers, sons, daughters, uncles, aunts, cousins and godparents are involved. In some cases, every member of a family is involved in drug activity. The Hispanic syndicates rely of ethnic background and marriage or blood relationships for loyalties and structure. Several of the major drug families are heavily intermarried. The complex internal family relationships are often confusing to investigators.

The heroin that is sold on the streets of Saginaw starts out in Culican, a major center in Sinaloa State in Mexico. Since 1970, Sinaloa has been Mexico's largest area for opium poppy cultivation. Hundreds of small laboratories are concentrated in the region, which is traditionally a top marijuana growing area as well.

From there, the heroin is transported to Texas border towns like Crystal City, Donna, Edinburg, McAllen and Mercedes. Smugglers then transport the drug directly to Saginaw. Sometimes it is routed through San Antonio before proceeding to Saginaw. Several Saginaw area Latino drug families have strong San Antonio connections.

In the past three years, a significant amount of heroin has been routed through Chicago before coming to Saginaw. This is believed to be due to the increased power of the Herrera Organization in wholesaling operations.

Saginaw heroin traffickers then distribute the narcotic to Detroit, Bay City, Flint, Lansing, Grand Rapids, Muskegon, Holland, Northern Michigan, Battle Creek, Jackson, Ohio, Indiana and Illinois.

In the mid-1960's, Saginaw traffickers consolidated their grip on Michigan's heroin supply. One group, the Martinez family, even controlled the bulk of the heroin supply for Toledo, Ohio. In the 1970's, heroin bound for Detroit was first cut in Saginaw, then shipped through family routes to the Motor City.

Heroin used to come into Saginaw as high as 80 per cent pure. It would hit the streets at six to 12 per cent. In the past two years, heroin purity has plummeted because of the poppy eradication program in Mexico and because of vigorous enforcement by the Michigan State Police. Heroin in the Saginaw area now tests out at anywhere from two to six per cent pure. In the Metro Detroit area, street-level heroin tests out at one per cent or less pure.

Heroin purity is expected to increase throughout Michigan with the new influx of Asian white heroin. One black narcotics organization, the Frank Usher Organization is known to be trading in Asian white heroin testing as pure as 60 per cent. Several years ago, Frank Usher was nothing more than a "butt boy" - a street hand - for Detroit Mafia leader Anthony Giacalone. Today, Usher represents a major force in Detroit narcotics trafficking and highlights the emergence of black organized crime syndicates. Usher has a reputation on the streets of Detroit for extreme violence, and is commonly known as "Big Frank Nitti". Usher presently is awaiting trial. He is accused of ordering the decapitations of three lower-level Detroit drug dealers last summer. Usher's business partner, a co-owner of a Detroit bar and a minor labor union official, was found murdered and decapitated shortly after the beginning of this year. Usher was in jail at the time of this murder, but it is believed that he ordered the slaying of Johnny Cociu to demonstrate that he remains in control of his organization. White Asian heroin is now beginning to filter into outstate Michigan.

Prosecution of Saginaw narcotics traffickers lagged in the early Seventies because of the prosecution policies of former Saginaw County Prosecutor George Thick. He refused to issue warrants for drug dealers if more than two or three days had passed from time of purchase. This made the prosecution of complex conspiracy cases in the area impossible. As a result, law enforcement was restricted to making low-level "buy and bust" cases which had little impact on the drug trafficking problem.

Meanwhile, Thick had his own problems with the law. He was arrested for drunk driving on June 24, 1970. His companion in the car at the time was a well-known black prostitute. Thick reportedly admitted to a Saginaw Police officer that he was drunk and had no driver's license in his possession. Thick refused to take a Breathalyzer test. Police confiscated a half-full bottle of liquor from his car. Thick later claimed that he had picked up the prostitute in an effort to get information about a case; he claimed that she was an informant. On June 11, 1971, Thick was tried on drunk driving charges and found innocent. The prosecution presented seven witnesses. The defense presented none.

Since leaving office, Thick has represented numerous Saginaw area crime figures. In 1976, he testified as a character witness for Joseph C. Bommarito. Bommarito had been indicted on Federal charges of violating the syndicated gambling provisions of the Organized Crime Control Act of 1970. The case was brought by the Detroit Federal Organized Crime Strike Force. Bommarito was convicted, but the conviction was later thrown out.

In 1972, the voters of Saginaw County elected E. Brady Denton as Prosecuting Attorney. After assuming office, Denton changed the narcotics prosecution policy.

Shortly thereafter, the Michigan State Police organized a Saginaw Valley Narcotics Team. Under the command of Lt. Walter A. "Tony" Fuller, this crackerjack unit began striking at key drug dealers. The unit eventually was responsible for the successful arrest and prosecution of more than 100 drug dealers. The unit was pulled out of the Saginaw area about one year ago to work on cocaine traffickers in the Flint, Michigan area.

A joint city-county effort to fight drug trafficking was started in Saginaw County in 1975. The Metropolitan Narcotics Squad was started with the aid of a federal grant. The four-man unit was composed of two City of Saginaw police detectives and two Saginaw County Sheriff deputies. The Metro Squad made hundreds of arrests of low and middle level drug dealers and compiled valuable intelligence information about crime figures. The unit was successful and was praised by law enforcement officials throughout the state.

Despite the success, the Metro Squad was effectively gutted in March 1979 when Saginaw Police Chief Charles Campbell pulled his men out of it. Chief Campbell claimed that Saginaw Police Department manpower problems and a decline in big drug busts were responsible for his decision. The pullout of Saginaw Police officers from the unit was unexpected and caught many law enforcement officials offguard, including County Sheriff James Kelly. Sheriff Kelly has long been concerned about the Saginaw narcotics problem and has aggressively tried to do something about it. Chief Campbell later told the Crime Commission that he decided to end participation in the Metro Squad because he was not satisfied with its progress, and because a lack of heroin arrests indicated that heroin was no longer much

of a problem in the Saginaw area. Shortly after the cutback of the Metro Squad, the Michigan State Police conducted a series of heroin raids in the Saginaw area. Numerous dealers were arrested. The Saginaw Valley Crime Commission has publicly criticized Chief Campbell's actions in eliminating manpower from the Metro Squad.

It is not uncommon for drug traffickers to place murder contracts on undercover police investigators. On one occasion a Mexican drug dealer offered as low as \$150 for the life of State Police Lt. Tony Fuller. The dealer later told Fuller that was all the money he had. Despite the low price, he probably could have found someone to carry out the contract. In 1976, Assistant Saginaw County Prosecutor James Bearinger was placed under guard after it was learned that Mexican traffickers had placed a \$25,000 contract on his life. The contract was never carried out. Bearinger prosecuted many of the drug dealers arrested by the State Police narcotics team.

Heroin has been a major industry in the Saginaw area for many years. At the peak of trafficking in the mid-Seventies, U.S. Drug Enforcement Administration intelligence analysts estimated that Saginaw had the highest concentration of heroin addicts in the State of Michigan. DEA estimated that Saginaw had between 4,500 and 8,000 hard-core heroin addicts. That is between five and ten per cent of the city's population. Assuming that 5,000 addicts existed with a minimum daily heroin habit of \$50 (a conservative figure), the Crime Commission calculated the value of the retail heroin market to be \$91 million per year. This figure includes only heroin sales, not cocaine, marijuana or other drugs. Today it is estimated there is somewhere between 1,500 and 3,000 heroin addicts in the Saginaw area. The Crime Commission believes the retail heroin market is presently worth between \$27 and \$55 million per year.

With the tremendous amounts of money at stake, human life becomes cheap. Saginaw has been terrorized for years by shootings, assaults and contract murders.

Since the early 1970's, Saginaw has been the center of a drug war that has raged across the state of Michigan. Three major gangs clashed: The Hernandez Organization, the Torrez Organization, and the Dela Rosa Organization which was run by the now-deceased David Dela Rosa. Eventually the Dela Rosa Organization was virtually snuffed out by gunfire and State Police arrests. A Mafia-style vendetta existed between these organizations. All of them were crippled by the war.

No one is really sure how many people have been executed as a result of the drug wars or related drug killings by motorcycle gangs. Murders have been recorded across the state that are connected to the Saginaw crime situation. No law enforcement agency has ever compiled a complete tally. However, about three years ago Booth Newspapers dispatched an excellent investigative reporter named Tim Younkman to probe the Saginaw narcotics scene. He examined newspaper and police files statewide and came back with a body count of more than 100. Most of the killings were in the Flint-Saginaw-Bay City area. Tim Younkman eventually came to know more about Saginaw narcotics than many law enforcement officials in the area.

For over a decade, the top drug dealers in Saginaw and most of outstate Michigan were Francisco "Frank" Hernandez and his son, David Hernandez. Frank Hernandez was responsible for the processing of heroin and its distribution throughout Michigan. When Frank Hernandez fled the state in 1975 to evade authorities, he turned Michigan operations over to David Hernandez. Police believed that Frank Hernandez alone was supplying 10 per cent of the heroin needs of Detroit. He was arrested in Durango, Mexico in November 1975 after selling two kilos of high-grade heroin to an undercover agent. A joint U.S.-Mexican task force also confiscated a heroin laboratory operated by Hernandez that was capable of producing ten pounds of high-grade heroin per week. Most of the output of the lab was sold in Michigan. Hernandez was convicted and incarcerated in Mexico.

David Hernandez was arrested and convicted in 1976 as a result of State Police narcotics investigations. He is presently incarcerated at Jackson Penitentiary.

Often the Hernandez Organization would acquire guns, either offering them for sale or accepting them as payment for drugs. It is believed that criminals in this country and revolutionaries in Mexico eventually received the weapons.

Following the death of Jose Torrez Senior from a heroin overdose in 1974, the Torrez Organization was bossed by his son Henry Torrez. Henry was targeted by the Michigan State Police and was arrested and convicted in 1976. The Michigan Court of Appeals has subsequently reversed that conviction and ordered a new trial. After Henry went to prison, his brother, Joe Torrez Junior took over the organization.

An unknown gunman tried to assassinate Joe Torrez Junior on November 29, 1977. Torrez was chipping ice outside his La Familia Restaurant on East Genesee Street in Saginaw when the building was machine gunned. Torrez told police and reporters at the time that he was a legitimate businessman and had no idea why anyone would want to shoot at him. Twenty-one shots from the Tommy gun peppered the building. Torrez received only a minor hand wound.

Torrez was arrested in October 1978 by Michigan State Police narcotics officers for selling cocaine and heroin. Torrez has since skipped bond and is a fugitive. He is believed to be hiding out in Mexico at the present time.

Torrez's defense attorney is E. Brady Denton, the former Saginaw County Prosecuting Attorney who helped to convict Henry Torrez. Since Denton has left the Prosecuting Attorney's job in 1977, he has represented several local crime syndicate figures including Torrez and Bruce LaBreche, a lieutenant in the Loiacano Organization.

Police learned in 1977 that the Herrera Organization of Chicago was muscling into Michigan narcotics gangs. Because of intense pressure from the Herreras, and because of the severe impact of Michigan State Police prosecutions, the Hernandez and Torrez Organizations began to do business with the Herreras.

The Hererra Organization reportedly hired a black hitman and enforcer from St. Louis, Missouri, Harold "Count" Jackson (also known as Johnson). Jackson's job was to convince drug dealers in Lansing, Grand Rapids and Muskegon that their supply connections to Saginaw were to be severed.

Jackson, for example, reportedly kidnapped a major street dealer in Muskegon, stripped him naked, tied him up and put him in a bathtub full of water. After eight hours physical persuasion, the dealer reportedly agreed to get his heroin from Chicago in the future. Jackson is a suspect in several homicides outside Michigan. He currently is incarcerated in the Missouri State Penitentiary on firearms charges. He used to wear a full-length coat with a concealed sawed-off shotgun tucked away inside.

In 1978, remnants of the Hernandez Organization began operating out of the Waterfront Bar in Bay City, using it as an informal headquarters. In January 1978, 29-year-old Raul Garza Torres was shot to death at the bar in a killing believed to be linked to narcotics. He was shot once in the chest after having a conversation with a bar patron. Torres was a volunteer probation officer for Bay County, the father of four, and was active in the Pinconning Golden Gloves program.

With Michigan State Police investigations damaging the Hernandez and Torrez Organizations, independent entrepreneurs began moving into the drug business in the Saginaw Valley area.

On July 9, 1977, Michigan State Police officers and DEA Agents arrested two General Motors Grey Iron Foundry employees for heroin smuggling. Hector Ceja and Lee Roy Reed were named as the key figures in a heroin smuggling ring operated by former servicemen. The ring reportedly acquired its heroin through contacts in Thailand and the West Coast. Undercover officers purchased four ounces of 20 per cent pure Asian white heroin over a four-month period. Four ounces of Mexican brown heroin were also confiscated. Both men were convicted.

The Michigan State Police also broke up the Joe Flores heroin organization based in Bay City. Flores and eight members of his group were arrested and convicted. Flores was the largest heroin dealer in Bay County and was known to have connections with the Hernandez Organization. Flores was a Bay City housing inspector, employed under the CETA program.

Further, State Police prosecutions broke up still another independent heroin operation in October 1977. Five brothers described as "kingpins" in the independent rackets were arrested. Jerome Johnson, Mack Neal Johnson, Rufus Johnson, Jamison Johnson and Leroy Johnson were taken into custody and later convicted.

At the present time, the Saginaw heroin market is in a state of flux. Prices are high and purity is low. Many of the top Mexican traffickers are in prison.

However, many of the dealers are beginning to get out of jail. Recently Francisco Zeferino Garnica Junior was released from prison. Until his arrest in 1974, Garnica was classified as a Class One drug violator by the U.S. Drug Enforcement Administration. Garnica's heroin operation was influential in Flint, Saginaw and Lansing. Garnica was importing two to three kilos of heroin per week. He was sent to prison in September 1975.

The Mexican racketeering organizations are down at the present time, but by no means out of the game. Latino syndicates have strong, well-established smuggling operations. The Saginaw Valley Crime Commission expects that it is only a matter of time until the dope trade bounces back to what it once was in this area.

In recent years, blacks such as Clarence Rice, George Roach and the Johnson Brothers have set up distribution operations and independent sources of supply. These organizations can be expected to grow to take up some of the slack in the market.

The Saginaw Valley Crime Commission has been continually concerned about the lack of presence of the U.S. Drug Enforcement Administration in the Saginaw Valley. While DEA has made some very good arrests in our area, we believe that DEA failed to commit enough manpower in recent years.

DEA intelligence analysts completed an extensive study of Saginaw Valley heroin trafficking in 1974. DEA officials recommended and approved the creation of a Saginaw field office. But the office was never opened, and the Crime Commission has never received a satisfactory answer as to why it was not opened.

We note that DEA is now working diligently on major cocaine organizations in the Flint, Saginaw and Midland areas, and we are encouraged that progress is being made. The Crime Commission hopes that DEA will increase its manpower in the Saginaw Valley in the future. We also hope DEA will increase the use of Title III electronic surveillance against narcotics smugglers in the region.

The Crime Commission has prepared andis including a roster of selected narcotics trafficking incidents to highlight the seriousness of the problem in our area. Many of the incidents included are the result of courageous investigations by the Michigan State Police, Metro Narcotics Squad, and the Drug Enforcement Administration.

The following roster is by no means all inclusive of the serious narcotics incidents which have been recorded in our area.

SELECTED NARCOTICS TRAFFICKING INCIDENTS

SAGINAW AREA 1970 - 1979

9-14-70:

Sheriff's deputies, state police, and a Richland Township officer raided a home at 19675 O'Hara Road in Jonesfield Township, Midland County, and arrest 23. Twenty two persons, including two juveniles from Merrill and Midland were released on bail after being held on charges of frequenting an establishment. One 24 year old was charged with sale and possession of LSD. Deputies continue to seek two men that were not at the home on sale warrants. The owner of the house, the 24 year old, was also charged with contributing to the delinquency of minors. Officers confiscated 85 pills believed to be LSD, and approximately a pound of what is believed to be marijuana. The raid came after three weeks of surveillance and numerous complaints since the beginning of the summer. Police were able to buy three different times with three individuals, and an informant was able to purchase LSD on two occasions. Those arrested were:

**7 women, 16 men

**4 were under the age of 20

**19 were between the ages of 20 and 28

**Persons arrested were from Merrill, Midland, Wheeler, Shepherd, Ann Arbor, Grand Rapids, East Lansing, Bay City, Hemlock, and Breckenridge.

11-30-70:

Police arrest nine in a raid at 533 S. 5th and confiscate what shows to be three pounds of marijuana and 25 packets of heroin. Those arrested were:

*ERINEO PUENTE, 28, of Lansing

*FRNAKLIN KING, 28, of 533 S. 5th

*LILLIAN J. VANN, 33, of Detroit

*ROBERT VANN, 23, of 444 S. 19th

*JOHNNIE VANN, 22, of 533 S. 5th

*RACHEL WINBUSH, 24, of 553 S. 5th

*CARMEN ORTIZ, 25, of 1128 N. 9th

*SYLVIA VASQUEZ, 26, of 910 Johnson

*BERTYL VANN, 29, of Detroit

Seven of those arrested were charged with frequenting an establishment. PUENTE was booked on a charge of possessing narcotics as well as an unnamed Saginaw man. Chief COATS stated: "I feel pretty good about it and I would hope it would decrease the amount of narcotics in the city but I doubt if it will end narcotics in Saginaw."

7-14-71:

A Saginaw man is sentenced to 5 to 33 years in the Ohio Penetintary after pleading guilty to 4 charges stemming from a \$250,000 drug raid in a Delaware County, Ohio motel. *BEN W. WASHINGTON, 38, of 1922 Lapeer, a/k/a/ BEN W. NEWSOME, pleaded guilty to charges of possession of heroin, cocaine, and keeping a motel room for illegal keeping of hallucinogens, and for carrying a concealed weapon.

*SANDRA M. SANGSTER, 25, of 1518 Annesley
 *BERNADINE ELLIOTT, 18, of Detroit

Both pled guilty before Delaware County Common Pleas Judge O.W. WHITNEY, JR., to a charge of possessing hallucinogens. They were sentenced to one year probation.

Delaware County Prosecutor HENRY SHAW, JR. said there were six other charges against WASHINGTON but they were dismissed. There were two possession charges that each carried a 2 to 15 year term, and a weapons charge that carried a 1 to 3 year term. Both would have run consecutively and not concurrently. The charge of keeping the room was a concurrent term of 2 to 15 years. An informant and an undercover sheriff's agent from Franklin County, Ohio made the contact with WASHINGTON. The undercover persons agreed to buy drugs. WASHINGTON was to bring heroin, cocaine and marijuana to the Franklin County Motel on 2-13. They met at the motel, WASHINGTON left the drugs in Delaware, when the undercovers drove there they found 100 pounds of cocaine seeds, six ounces of cocaine, one ounce of heroin, several jars of low grade cocaine and 110 pounds of marijuana. The drugs were valued at about \$250,000.

9-15-71:

Saginaw vice officers raid three homes and arrest three:

*ANGELO OSUNA, 24, of 112 S. 11th
 *BENNIE P. CARMONA, 28, of 422 S. 4th
 *MRS. JENNIE ORTIZ, a/k/a/ MA CARMONA, 51, of 122 N. 6th

All stood mute before Judge J.L. SCORSCONE on the following charges:

*ORTIZ: three counts sale of heroin. released on a \$30,000 bond
 *OSUNA: one count sale of heroin. jailed in lieu of a \$10,000 bond
 *CARMONA: two counts of sale of narcotics. jailed in lieu of a \$20,000 bond.

The homes that were raided were at the following locations:

*122 N. 6th: ORTIZ was arrested
 *422 S. 4th: OSUNA and CARMONA were arrested
 *211 N. 3rd

9-15-71: continued

Police seized marijuana worth about \$2,000, heroin, two handguns and stolen property worth about \$5,000. The houses have been under surveillance for some time and were known to vice officers as dwellings where customers used narcotics on the premises. According to police the seizure of drugs "would temporarily close" some of the retail outlets in Saginaw.

3-11-72:

*MRS. JENNIE ORTIZ, a/k/a/ MA CARMONA, 56, of 122 N. 6th is sentenced by Judge BORCHARD to six years probation for possession of \$110 worth of heroin on 9-7. The Judge warned her that she would go to prison if she was brought into court again.

1-8-72:

*ANGELO OSUNA, of 422 S. 4th and 112 S. 11th pleaded guilty to charges of having two \$5 packets of narcotics on 9-9 at 422 S. 4th. He was sentenced by Judge ARMSTRONG to 2½ to 10 years in prison for possession of heroin.

10-3-71:

Saginaw police officers raid at 220 S. 13th and seize about \$20,000 worth of heroin after a long investigation. Two persons are arrested:

*FRANK G. and *PETRA D. HERNANDEZ, ages 51 and 53, both of 220 S. 13th. They were charged with possession of 19 ounces of heroin and were jailed by Judge J.L. Scorscone in lieu of \$12,000 in bonds.

10-28-71:

*FRANK G. HERNANDEZ, 51, of 220 S. 13th is bound over to Circuit Court on a continued \$10,000 bond on charges of possessing 10 ounces of heroin at home. The charges against his wife PETRA were dropped. Judge Joseph L. Scorscone presiding.

4-17-72:

*FRANK G. HERNANDEZ, 51, of 220 S. 13th was sentenced in Saginaw County Circuit Court to 5 to 10 years in prison for possessing a quantity of heroin at home during a Saginaw police raid on 10-1. He was sentenced by Judge Joseph R. McDonald.

4-18-72:

Saginaw vice officers raid at 1423 Cornelia and arrest:

*JOSEPHINE BROWN, 37, of 1423 Cornelia

*CURTIS BROWN, 45, of 1423 Cornelia

Both were booked for investigation of possession of narcotics.

Ten ounces of high grade heroin with a \$143,000 street value was seized. It is believed to be the biggest seizure made by the department. BROWN was described by police as a wholesaler. Officers said they expect there is a connection between the arrested couple and large wholesale suppliers. They declined to elaborate on the connection. CURTIS BROWN supplied at least six pushers in Saginaw according to police. He has no history of use. The heroin was believed to be of Mexican origin. Children, ages 4,7,13 and 14, and an elderly woman were not held.

5-19-72:

The Saginaw vice squad confiscates 35,000 capsules of suspected amphetamines at the TRI-CITY AIRPORT. Those arrested for investigation of possession of dangerous drugs were:

*DONALD CADY, JR., 23, of 1465 Avalon

*ROBERT VANN, 24, of 444 S. 19th

5-20-72:

Prosecutor THICK refuses to issue a warrant against the two Saginaw men that were arrested 5-19-72 at the Tri-City Airport. "The warrant was based entirely on hearsay," said THICK. The vice officers are working with San Diego authorities now to seek prosecution of the two there.

**Both suspects later prosecuted on federal charges...

9-25-72:

Saginaw police raid at 603 Carroll following a phone call that suspicious persons were in the garage. Eight persons are arrested after police seize 167 pounds of marijuana. Charged with possession of marijuana with intent to deliver are:

*ROBYN KAY BELLENBAUM, of 18025 Townline Rd. in St. Charles

*BRENDA JEAN SHELTON, of 623 Newbert in Flint

*RUTH ANN VINTON, of 1661 Haslett in East Lansing

*HOMER T. HERNANDEZ, SR., of 603 Carroll

*DAVID LEE BERNATH, Box 49, of Rodney, MI

*ALAN HUGH HOLAPPA, of 17030 Hemlock Road in Oakley

*JUAN JOSE MADRID, of 713 Larch in Lansing

*BETINO AYALA MARTINEZ, of San Antonio, TX

9-26-72:

The investigation into the seizure of 167 pounds of marijuana continues. All of those arrested remain in jail. The street value of the marijuana was said to be \$24,000. \$4,700 in cash was found in the glove compartment of the car with a trailer hitch, believed to be the vehicle that transported the marijuana, that was from San Antonio, according to the receipt.

9-28-72:

Four charged with possession of 167 pounds of marijuana that was seized at 603 Carroll remained free on \$15,000 bonds set by Judge M.L. VanBenschoten. They are:

- *HOMER T. HERNANDEZ, SR., 46, of 603 Carroll
- *ALLEN H. HOLAPPA, 21, of 17030 S. Hemlock in Oakley
- *BENITO A. MARTINEZ, 55, of San Antonio, Texas
- *JUAN J. MADRID, 22, of Lansing

HERNANDEZ was also charged with possession of an unregistered gun. A bond of \$1,000 was set on that charge.

Saginaw County Prosecutor GEORGE E. THICK II said that the four other persons that had been arrested at 603 Carroll were released because "there was no evidence to show that they had knowledge of what the circumstances were."

All stood mute at their arraignments

The officers involved in the raids were MICHAEL RYTHER and ANDREW QUALL.

12-23-72:

*MARIA C. GARCIA, a former Saginaw resident is being held in the El Paso County Jail in lieu of a \$75,000 bond. Customs Agents believed the woman smuggled heroin out of Mexico. Agents seized approximately two pounds of uncut heroin in a bus depot locker in El Paso.

4-24-73:

*CLARENCE RICE, of 950 N. Outer Drive, described as a "big trafficker" was arrested following a police raid at his home. Police seized \$3,500 worth of cocaine and several stolen items. In February, police also raided the RICE residence and seized \$20,000 worth of cocaine.

1-16-75:

*CLARENCE D. RICE, 36, of 950 N. Outer Drive is charged with possession of four ounces of cocaine. The charge stems from a raid that was conducted at his home by the Buena Vista police. *GWEN EVANS, 23, was also arrested.

RICE awaits sentencing after pleading guilty in December to a charge of being a habitual offender.

Priors of RICE:

In October he pled guilty to a charge of possession of cocaine. April 23 he pled guilty to a charge of possession of marijuana at 950 N. Outer Drive. Judge HUFF ordered RICE to a 1½ year prison term or to pay a \$1,500 fine. The fine was paid.

1-17-75:

*CLARENCE D. RICE, 36, of 950 N. Outer Drive faces a 1-28 District Court hearing on a charge of possessing cocaine with intent to deliver. The charge stems from a raid at his home by Sheriff's deputies and Buena Vista Township police. Approximately \$25,000 worth, or four ounces of cocaine was found. RICE is awaiting sentencing in Circuit Court after pleading guilty to a charge of being convicted of three felonies. He had pleaded guilty to possession of cocaine and marijuana 4-23 at 950 N. Outer Drive and paid a \$1,500 fine. He was also convicted of charges in 1967.

8-9-73:

Saginaw detectives, officers from the Michigan State Police Narcotics Division and the Zilwaukee Police Chief raid at 513 Westervelt in Zilwaukee and arrest four persons. They are:

*DAVID WATSON, 25, of 513 Westervelt: charged with two counts delivery of a controlled substance, and conspiracy to deliver and sale of cocaine.

*ELAINE FISHER, 19, of 929 Post: jailed for investigation of delivery of a controlled substance and conspiracy to deliver.

*CORINNE M. CRAIG, 21, of 3235 Tittabawassee

*RICKY C. PARMER, 25, of 513 Westervelt: both CRAIG and PARMER were charged with frequenting an illegal drug establishment.

8-9-73 : continued

Sheriff ROBERT E. LOUBERT: \$15,000 worth of cocaine, pills, and hashish was seized. The home had been under operation for two months. They estimated that the operation was doing a \$50,000 a month business.

2-13-74:

A headline from the Saginaw News "Raid nets ton of marijuana"

Arrested by Saginaw vice officers at 2207 Ray following a tip about marijuana were:

*AURELIO REYES, 21, of 2207 Ray

*LAURA REYES, 20, of 2207 Ray

Police estimated the value of the marijuana between \$500,000 and \$1 million. They were expected to be arraigned on charges of possession of marijuana with intent to deliver and possession of an illegal firearm. Police had seized a sawed-off shotgun and a standard shotgun.

2-20-74:

Raids conducted by the State Police Intelligence Unit, Michigan State Police Detectives from Bridgeport, Saginaw Sheriff deputies and Saginaw vice officers result in the arrests of 10 persons. The raids were conducted simultaneously at 2721 S. Washington, 608½ Hess, 2717 Douglas, and at 1215 S. Park.

Those arrested at 2721 S. Washington were:

*GLORIA L. LOZANA, 21, of 2717 Douglas

*JOE NABARRETTE, 28, of 2711 Perkins

*MARCUS FLORES, JR., 27, of 108 S. 4th

All were arrested for investigation of conspiring to sell heroin.

At 608½ Hess:

*GUADALUPE SANCHEZ, 30, of 608½ Hess

*ARTHUR P. SANCHEZ, 20, of 608½ Hess

They were charged with delivery of heroin.

No arrests were made at the Douglas address

2-20-74: continued

At 2115 S. Park:

- *JUAN YRLAS, 29, of 420 S. 19th
- *RAMERIO YRLAS, 28, of 2016 Newton
- *RICHARD TENYUQUE, 21, of 2507 E. Remington
- *ANDRES M. FLORES, 33, of 1295 S. 21st

They were jailed for investigation of sale of heroin and conspiring to sell heroin.

*FELICITAS F. VARGAS, 17, of 312 Merrill was jailed for investigation of frequenting a narcotics establishment.

*REBECCA BARRERA, 15, of 1810 Syracuse was released to her parents and ordered to see the Saginaw police.

6-18-74:

Police raided a home 6-17-74 in Oakley at 220 Bockee. They arrested three men at the time and arrested a fourth man at a home raided at 804 S. Line in Chesaning. Police confiscated about 11 ounces of cocaine in the two raids. All of the following have been booked for investigation of sale of cocaine and conspiracy to sell cocaine:

- *JAMES L. BROTZMAN, 27, of 804 Line in Chesaning
- *RICHARD BRYCE, 23, of 6700 Fort Road in Bridgeport
- *FILIBERTO REYES, 28, of 1314 Johnson
- *JACINTO PALACIO, 25, of 220 Bockee in Oakley

4-2-75:

- *JAMES L. BROTZMAN, of Chesaning
- *JACINTO PALACIO, of Oakley

Both men were convicted on a reduced charge of delivery and conspiracy to deliver cocaine 5-16, 5-17, and 5-20 at 220 Bockee in Oakley. Also on 5-20 at M-52 and M-57. They were originally charged with one count each of conspiracy and delivery. Judge Joseph McDonald jailed them pending sentencing.

5-31-74:

BROTZMAN and PALACIO are both sentenced to 4 to 7 years in prison by Judge McDonald on conspiracy to deliver and delivery of cocaine.

8-8-74:

Michigan State Police from the Narcotics Unit, as well as local law enforcement agencies raid several Saginaw homes and arrest eight persons:

- *YSALAS C. PENA, 38, of 4018 Morris: charged with the sale of heroin
- *WILLIAM R. LUCIO, 25, of 553 Anita Drive: charged with 2 counts sale of heroin.
- *NORMAN D. CLIFTON, 32, of Flint: charged with felonious assault and carrying a concealed weapon.
- *HAROLD L. NEOBLER, 27, of Flint: charged with felonious assault and carrying a concealed weapon.
- *JUANITA H. AGUILERA, 28, of 3627 Souderton; charged with possession of heroin.
- *THEODORE AGUILERA, 27, of 3627 Souderton: charged with the sale of heroin.
- *ARISTEO GONZALES, 31, of 1515 Hess: charged with the sale of heroin.
- *JESUS GONZALEZ, 33, of 1515 Hess: charged with the sale of heroin.

9-6-74:

- *JOHN CASTANAN
- *MARIE DEL CARMAN

Both Saginaw residents are charged with sale and conspiracy to sell heroin. CASTANAN'S bond was set at \$200,000 and CARMAN'S was set at \$10,000.

Also arrested and charged was:

- *FRANCISCO Z. GARNICA, JR., of Flint, believed to be the leader in a heroin smuggling ring. His bond was set at \$125,000.

All were arrested in Genesee County. Police seized a .38 caliber revolver, a swaed-off shotgun, two rifles and a quantity of heroin. The smuggling ring was estimated to do business of approximately \$100,000 a week.

CASTANAN was sentenced in Flint to 8 to 20 years on the charges

9-8-75 GARNICA pled to delivery and conspiracy to deliver heroin charges and was sentenced 8 to 20. (Genesee County)

10-30-75 GARNICA was sentenced by Judge Huff to 8 to 20, with the sentence to run concurrent with the sentence in Genesee County. He pled guilty to a charge of delivering heroin.

11-27-74:

*ROBERT CRUZ, 21, address unknown, is indicted by a Federal Grand Jury on two counts of possessing cocaine with intent to distribute it in June of 1974, and two counts of possessing heroin with intent to distribute it in July of 1974. CRUZ also faces a conspiracy to commit murder charge.

12-17-74:

*FRANCISCO Z. GARNICA, of 11817 Lennon Road is in Genesee County Jail after Judge Hazen Armstrong and Judge Eugene Huff continued bonds totalling \$275,000. He is charged with:

**Eight counts of delivering heroin

**Three counts of conspiracy to deliver heroin from 7-2-74 to 8-15-74 at the ZODIAC LOUNGE, 1630 E. Genesee, and at Annesley and Genesee Streete. He faces similar charges in Genesee County. GARNICA was arrested by undercover officers.

*JOHN CASTANON, of 1205 Carroll is charged with GARNICA on two counts of conspiracy and two counts of delivery of heroin. His bond totalled \$100,000 after his arraignment.

*JOSE A. GARCIA, JR., a/k/a/ "PEPE", 24, of 1808 E. Genesee stood mute to four charges before Judge Armstrong. He remains free after posting a \$20,000 bond. GARCIA was charged with possessing cocaine and carrying a concealed weapon in his car 9-25-74 at Prutier and Holland. He is also charged with extortion and subordination of perjury in alleged threats made on a Buena Vista police officer's life, and attempts to make the officer commit perjury after the incident.

*FREDDIE SIMPSON, JR., 25, of 228 S. 10th

*ELAINE SIMPSON, 24, of 616 N. 3rd

Both stood mute before Judge Huff on a charge of possessing heroin during a Saginaw police raid on 7-7-74 at 228 S. 10th. They were freed after posting \$7,500 bonds each.

1-9-75:

Michigan State Narcotics Agents and the Saginaw Police raid thirteen homes and arrest twenty two persons on drug charges. They seized more than seven ounces of suspected heroin, with an estimated street value of \$8,500 to \$12,700, several pounds of marijuana, about 20 guns, and several thousand dollars in cash. The raids were the result of a four month investigation by the Michigan State Police Narcotics Unit, the Bridgeport State Police, the Saginaw Vice Squad, Saginaw County Detectives, and the Saginaw Township Police. County Prosecutor Denton said: "The drug traffic is not organized as the public and the newspapers would like to think, but I would call these arrests significant." Homes raided were at these locations: 1515 Hess, 2611 S. Niagara, 420 S. 19th, 831 S. 12th, 2016 Newton, 4201 Burrows, 626 N. 9th, 1259 Huntley, 1417 Bloomfield, 1404 Walnut, 1312 Walnut, 703 Millard and 936 Athens. Officers indicated that the heroin was from Turkey and Mexico.

The following were arrested on charges of sale or delivery of heroin:

- *RICHARD N. ROBELIN, 34, of 1259 Huntley: sale
- *JOSEPH H. GONZALES, 27, of 1417 Bloomfield: sale
- *RICHIE A. ANDERSON, 22, of 3029 Webber: sale
- *JESSE J. WILLIAMS, 34, of 508 S. Weadock: sale
- *FRANK RAMOS, 48, of 626 N. 9th: delivery
- *JAMES E. SWILLEY, 25, of 1312 Walnut: delivery
- *STEVE J. RODRIGUEZ, 25, of 703 Millard: sale
- *RAYMOND A. RODRIGUEZ, 27, of 1404 Walnut: sale
- *ARISTEO I. GONZALEZ, 32, of 301 Williamson: sale
- *BERNADINE V. GONZALEZ, 41, of 1515 Hess: sale
- *JACKIE A. RAMIREZ, 21, of 2419 Lincoln: sale
- *JESUS I. GONZALEZ, 34, of 1515 Hess: sale
- *ROBERTO GARZA, JR., 28, of 3840 Webber: sale
- *DONALD AGUILERA, 25, of 4201 Burrows: delivery
- *JOHN YRLAS, 30, of 420 S. 19th: delivery
- *GARY J. SHUR, 25, of 9445 Raucholz in St. Charles: 2 counts delivery
- *RAMIRO YRLAS, 29, of 2016 Newton: delivery of dangerous drugs

The following were arrested on frequenting charges:

- *LEE A. HARRIS, 28, of 936 Athens
- *WILLIAM R. GREEN, 18, of 3713 Maybel in Lansing
- *ROLAND A. MORENO, 26, of 2217 Miller in Lansing
- *JAMES D. LICENAU, 35, of 12245 Birch Run: disorderly intoxication
- *WALTER H. LACROIX, 38, of St. Clair: disorderly intoxication

1-30-75:

The following individuals were charged in connection from sales made to federal agents over an eighth month period. They are:

*JUAN LARA, 28, of Flint
 *JACK SIMPSON, 40, of 1122 Fitzhugh
 *LOLA SIMPSON, 24, of 1122 Fitzhugh
 *VIVIANO CUEVAS, 53, of 1213 Ward
 *JOAQUIN C. POLIDO, 32, of 4118 Randolph
 *FAYE BLAZER, of Flint

All of the bonds were set at \$5,000 with the exception of POLIDO. His was set at \$50,000 because he is an illegal alien.

POLIDO nad CUEVAS: charged with possession with intent to distribute 1.9 pounds of heroin.

JACK SIMPSON: charged with aiding and abetting distribution of heroin

LOLA SIMPSON: charged with possessing with intent to distribute 21.6 grams of heroin 6-17-74.

LARA: charged with possession with intent to distribute 19.1 grams of heroin 5-28.

BLAZER: charged with aiding and abetting, and distribution of 19.1 grams of heroin.

4-8-75:

Four men went to a home at 135 S. Bond attempting to collect drugs that had not been paid for. Three of the men pistol whipped the resident and took him to Bridgeport Township, off Peach Road. One man remained at the home and held the resident's wife and children at knifepoint. State troopers arrested the two men at the Peach location and one at the Bond address. The fourth man escaped into a field by the Peach home. Police found 38 pounds of marijuana in that location in a ditch. State police also confiscated 10 more pounds of suspected marijuana and cocaine valued at more than \$ 1,000.

The men that were involved in this incident were arrested on 4-7-75:

*LESLIE DOSTER, 27, of Flint
 *BRUCE POINDEXTER, 27, of Flint
 *FRANK IADRAPAOLA, 22, of Toronto, Ontario
 *GEORGE ROOD, 24, of 135 S. Bond--man pistol whipped

The arrests of the men led police to Flint where another 7 pounds of suspected marijuana was seized. Police are still looking for the fourth subject.

7-12-75:

A special task force of forty officers raid a home in Buena Vista Tow ship and arrest fifteen persons who are:

- *LINDA D. GUERREO, 27, of 2327 Linwood: charged with possession of heroin with intent and frequenting.
- *SAMUEL W. SMITH, 37, of 420 S. 31st: charged with possession of heroin with intent and frequenting.
- *SILAS J. SMITH, 17, of 4431 S. 31st: charged with possession of heroin with intent and frequenting.
- *JAMES E. SIMPSON, 25, of 424 S. 30th: charged with possession of heroin with intent and frequenting.
- *WILLIE E. BROXTON, 26, of 424 S. 30th: charged with possession of heroin with intent and frequenting.
- *WILLIE A COX, 24, of 1312 Cornelia: charged with frequenting

The team used a dump truck to back through a partly closed garage door to gain entrance into the house, which had been under surveillance for six months. According to police, the house was ordinarily patrolled by guards armed with shotguns. Chain link fences were part of the security system, along with electronically operated steel doors and windows with bars. A Buena Vista police spokesman said as much as \$1,000 worth of narcotics was being distributed (wholesale). The street value was approximately was \$2 million dollars a year. Two other raids occurred in the 400 block of S. 30th, and in the 500 block of S. 31st at Walnut. Officers from the Buena Vista Department, as well as Saginaw County and City Officers, Flint Officers, and the Sheriff's Departments from Genesee and Shiawassee were participants in the raids.

11-18-75:

*FRANCISCO HERNANDEZ, a/k/a/ RAYMUNDO CHAVEZ, a former Saginaw resident was identified as one of the five "main members" in an international heroin distribution organization. He was arrested 10 days ago in Reynosa, Mexico. He was arrested in Saginaw a number of times on earlier narcotics charges, and was sentenced to Jackson prison to 5 to 10 years. He was paroled last year. Detroit police said he was the patron of a family which supplied 10% of the heroin coming into Detroit, and the bulk of it being sold in Lansing and Saginaw. This man, and friends face 15 year terms in Mexico if they are convicted. HERNANDEZ'S brother, the gang's chemist, was also going under the name CHAVEZ. He was also arrested. Detroit narcotics officers supplied Mexican officials with information that led them 10 days ago to seize three kilos of 6.6 pounds or more of 80% heroin.

3-13-76:

One of 16 individuals that were arrested in a heroin ring was:

*DAVID HERNANDEZ, 27, of 1675 Prospect. He was arrested after local, state and federal agents intercepted a conspiracy to deliver heroin and seized nearly \$2.5 million dollars worth of heroin. HERNANDEZ is charged with ten counts of delivery and conspiracy to deliver heroin. Judge Joseph L. Scorscone had him bound over to Circuit Court to face trial on the charges. He remains free after posting a \$70,000 bond.

7-22-76:

*DAVID HERNANDEZ, 27, of 1675 Prospect pled guilty to drug charges and awaits sentencing.

12-14-76:

*DAVID HERNANDEZ, of 1675 Prospect pleaded guilty to a charge of possession of one pound of high grade heroin at home. He was sentenced to 10 to 20 years in prison and faces additional sentencing on a separate drug charge, one which HERNANDEZ has also pleaded guilty to. The value of the heroin was placed at \$1 million dollars. He is a known key individual in the Saginaw area heroin trafficking industry. The arrest of HERNANDEZ resulted from raids early in March by state and local authorities.

1-8-77:

*DAVID HERNANDEZ, 27, already serving a 10 to 20 year sentence for selling heroin has been sentenced to a concurrent 10 to 20 year term for the same offense. He was sentenced by Judge Armstrong after pleading guilty to a charge of possessing heroin with intent to deliver 3-2 at 1675 Prospect. He was formerly sentenced in December by Judge Borchard after pleading guilty to a charge of possession with intent to sell one pound of heroin valued at \$1 million dollars.

12-22-77:

20 Ounces of heroin are confiscated from the car of:

*ANACLETO SEPULVEDA, a/k/a/ "EL CATO" "CLETO"

Police searched the car after arresting SEPULVEDA for questioning in the fatal stabbing of JULIO MARTINEZ, age 22, on 2 of '76. The heroin seized was the "largest seizure ever made in the Saginaw area." The estimated street value is \$250,000. He remains jailed.

10-18-78:

Police are still searching for:

*MARGIE AGUERO
*CANDELARIO D. AUGERO
*JESUS P. BENTACOURT
*BERNARD BLOOM
*FRANCIS GONZALES

All of the above are charged with selling heroin.

*RICARDO ARRENDONDA
*MIGUEL F. BOLIVAR-ESCAPITO

They are charged with conspiracy

The raids were the result of an eight month investigation by the Michigan State Narcotics Unit and DEA. A total of nine pounds of heroin, with a street value of \$288,000 was seized during the investigation. Lt. Charles Hendershot of the State Police said that the drug buys made by two undercover agents led to the seizure of 2.7 pounds of heroin in Chicago, and the arrest of a Chicago man believed to be a major supplier to Saginaw and Chicago.

The raids were conducted by the Michigan State Narcotics Unit, Bridgeport State Police, Sheriff's Deputies, County Metro Officers, Saginaw City Vice Officers, and a Federal Agent from Chicago.

10-19-78:

Authorities are still seeking four in an alleged Chicago drug connection. Sgt. Tony Fuller of the State Police Narcotics Unit said that the eight month investigation led to the seizure of five pounds of heroin in Chicago, and four in Saginaw. The estimated value of the heroin was \$1.5 million. Police are still searching for:

*DEREK SMITH
*MARGIE AGUERO
*CANDELARIO D. AGUERO
*RICARDO ARRENDONDO

The drugs that were bought were 4 to 6% heroin, slightly above the average 3% street grade.

6-28-78:

*FRANCES GONZALES, 30, of 2423 Schaeffer is charged with possession of heroin with intent to deliver at home on 6-24. Judge Webber set bond at \$10,000.

*ANACLETO SEPULVEDA, 27, of 2423 Schaeffer was arrested also at the same address and for the same offense. The arrests stemmed from a raid where police netted heroin worth over \$800,000.

10-18-78:

Persons continue to be arrested that police believe are part of a Saginaw-Chicago based heroin-cocaine connection.

*JOSE TORREZ, 37, owner of La Familia Restaurant, at 1912 E. Genesee.

He is said by authorities to be one of Saginaw's largest dealers.

He is charged with selling one gram of cocaine and one ounce of heroin.

Also arrested besides TORREZ, of 546 S. Fordney in Hemlock were:

*RAYMOND LAMAS, 27, of 1417 Houlihan: conspiracy to sell drugs

*CLARENCE RICE, 41, of 950 N. Outer Drive: conspiracy to sell drugs.

*BILLY DONALD, 33, of 2739 Gregory: conspiracy to sell drugs

ALL were freed on bonds and had left the jail before the police officers did. Judge Webber set the bond for TORREZ for \$30,000. RICE and DONALD were freed on a \$1,000 cash or \$10,000 bond by a bondsman. Judge DeFrancesco set Lama's bond at \$10,000.

Also arrested were:

*JOSE DELA CRUZ, 28, of 325 S. 11th: selling heroin. Freed after posting a \$25,000 bond set by Judge DeFrancesco.

*JAMISON JOHNSON, 51, of 3142 Russell: conspiracy. Freed after a \$25,000 bond set by Judge DeFrancesco.

*GEORGE ROACH, 64, of 457 N. 4th: conspiracy

*LEANDRO MORENO, 35, of 480 N. Midland: conspiracy

*FRANK GARCIA, 53, of 530 S. 11th: selling heroin

*LEROY JOHNSON: already in jail on unrelated charges, he is charged with conspiracy.

The arrests continue with:

*ANACLETO SEPULVEDA: already in jail on charges of selling heroin and possession of heroin with intent to sell. He is also being held for the U.S. Border Patrol, and now faces a new count of selling heroin.

2-23-79:

Arraignments begin for twenty identified persons as lower echelon drug dealers. The individuals have been involved in about 40 drug sales to undercover agents since July. The quantities bought were less than a ½ ounce, but dealers had connections to buy one pound quantities if they had the money, according to police. Sgt. Robert Warmington said the suspects were independent dealers, some had sources in Saginaw, and one bought from a supplier in Chicago. Those arraigned are:

- *HARRY A. BARKLEY
- *JOHNNIE BANKS
- *THOMMIE L. CHESTER
- *RAECILLE COFFIE
- *LUANNA HARRIS
- *JEROME FORD
- *MICHAEL HARPER
- *ORINAL HENDERSON
- *DIANE JONES
- *VICTORIA JONES
- *BRENDA J. LOWERY
- *MICHAEL MacDONALD
- *LUCAS RODRIGUEZ
- *HERBERT SHEPHERD
- *FRANKIE WINBUSH

6-1-79:

Prosecutor Leonard, of Genesee County is accused by HAROLD JAMES DAILY, 51, of Bridgeport of financing an illicit drug laboratory. DAILEY made the statement while pleading guilty to a charge of conspiring to illegally manufacture amphetamines in a Flushing Lab last year before Federal Judge Robert E. DeMascio. DAILY faces a maximum three month prison term on the conspiracy charge because of a plea bargain arrangement worked with officials. His alleged accomplice, JAMES WOOD, of Flushing faces a five year term if convicted.

Both were charged with conspiring between May 1 and September 1, 1978 to illegally produce amphetamine sulfate. No drugs had been produced in the lab when it was raided by federal agents. Both DAILY and WOOD were hired through an ad in the newspaper.

CURRENT PROBLEMS IN THE FLINT METROPOLITAN AREA

In recent months, police agencies have become highly concerned about an influx of cocaine and marijuana trafficking in the Flint metropolitan area.

A recent confidential Flint Police Department report summarized the problem this way:

"Recent investigations by the Flint Police Narcotics Squad, Michigan State Police Criminal Intelligence Section, and the Drug Enforcement Administration have revealed some rather startling information. These investigations established that no less than six separate, well organized, disciplined and fully equipped groups are operating successfully in these three counties (Genesee, Lapeer and Shiawassee). These groups are responsible for mega-kilos of cocaine coming into, and then being distributed across the tri-county jurisdictional boundaries and other regions of the state. These groups are also responsible for the shipment of multi-tons of marijuana in this area. These groups have been warehousing their merchandise here and then shipping it to other locations. The networking has become so well established that these three counties are beginning to be recognized as the primary center for cocaine and marijuana. As Saginaw County and Saginaw is recognized as the main center for heroin, this tri-county region has become the main distribution center in Michigan for the above named drugs. These groups have been flourishing, growing and expanding because of a freedom from intervention by law enforcement agencies. Local law enforcement is not prepared organizationally or financially to effectively interrupt and dissolve these groups.

"Several of these groups have utilized private aircraft to transport the drugs. With the large number of private and small airports in Lapeer and Shiawassee Counties, this provides ideal concealment for clandestine operations. Lapeer and Shiawassee, because of their rural nature, and to a lesser extent Genesee, makes them ideal for utilizing aircraft for the delivery of large quantities of drugs. This is further documented by a Time article, the "Columbian Connection" of January 29, 1979, page 23, 25 which pictured several local pilots who were arrested and placed in Columbian jails and their aircraft impounded."

One of the major drug trafficking rings in the Flint area at the present time is believed to be the Wursing Organization. It is thought to be headed by Craig Wursing of Grand Blanc. Wursing reportedly directs a \$20 million per year cocaine and marijuana syndicate. He has publicly been described by the Drug Enforcement Administration as a "multi-ton marijuana importer." Recently DEA agents confiscated narcotics and paraphernalia at the home of his brother, Mark Wursing. Mark Wursing was arrested last month in Genesee County on murder charges. He is accused of slaying his mother.

Another of the six major drug rings in the Flint area was disrupted recently by the successful Drug Enforcement Administration arrest and prosecution of its members. A cocaine organization headed by Robert D. Dubie of Grand Blanc was smashed in a series of raids. Convictions resulted for ring members in March 1980. DEA undercover agents purchased more than \$500,000 worth of cocaine from the group.

Police efforts to fight drug abuse in the Flint area have been hamstrung by soft Genesee County judges who are reluctant to give meaningful sentences to drug dealers. Further, until a recent change of command, the Genesee County Prosecuting Attorney often refused to issue drug warrants.

Former Prosecuting Attorney Robert F. Leonard was a legend in the legal community. He was the former president of the National District Attorneys Association. He was thought to be one of the most progressive prosecutors in America. Leonard was also considered one of the nation's top experts on white-collar crime.

Unknown to most citizens until last year, Leonard was also one of the top organized crime figures in Michigan. His underworld connections began to unravel when the FBI, Detroit Organized Crime Strike Force and Michigan Attorney General's Office probed hidden ownerships of the Aladdin Hotel and Casino in Las Vegas. Investigators discovered that some Detroit organized crime figures were actually the owners of the casino. They further discovered that one of the men was attempting to have a 1934 bank robbery conviction in Genesee County erased from his record, in order that he could be officially licensed by the Nevada Gaming Commission. Prosecutor Leonard did not challenge the record expungement request, although it was illegal. Federal wiretaps soon recorded Leonard talking with crime figures. Leonard was accepting free room and board at the Aladdin on a regular basis. Several Detroit crime figures were later indicted and convicted for the hidden ownership scheme. A federal prosecutor charged at their trial that "Bob Leonard was bought and paid for."

Leonard was indicted in 1979 for embezzling thousands of dollars from an organized crime/narcotics informant fund maintained by his office. He was convicted last October and has been sentenced to five years in prison. Leonard is appealing his sentence. Leonard was disbarred for life by the Michigan Attorney

Discipline Board on March 21, 1980.

Since Leonard's indictment, other reputed illegal activities of his have been made public. ABC-TV reporter Vince Wade of Detroit, an accurate and expert organized crime specialist, exposed an apparent prostitution ring which allegedly operated from Leonard's office. Secretaries reputedly were forced to service clients set up by Leonard. Leonard has denied the allegation.

In June 1979, Harold James Dailey of Saginaw entered a guilty plea in Detroit Federal Court to an indictment charging him with operating an illicit amphetamine laboratory. Dailey testified that Robert F. Leonard was the financier of the laboratory. Leonard has denied the accusation. Dailey has since skipped bond and is a fugitive.

Leonard was removed from office after his conviction. His successor, Robert Weiss, has announced a refreshing change of direction in prosecution policies. Weiss has asked that local police agencies start developing drug and gambling cases for prosecution. Weiss claims that Leonard's lenient vice prosecution policy made Genesee County wide open for drug dealers. The Crime Commission strongly supports Prosecutor Weiss for his aggressive posture.

The Saginaw Valley Crime Commission has been attempting to expose local crime conditions so honest officials will take action. To our dismay, our efforts have been viewed by a few law enforcement officials to be a hostile act.

Recently the Saginaw Valley Crime Commission filed a petition in Saginaw County Circuit Court requesting a Citizens Grand Jury investigation of organized crime and public corruption in Saginaw County. Our request was denied by the court. The Crime Commission believes there is a strong need for a Grand Jury and we intend to continue seeking one.

Many citizens and officials in our community do not want to attack the problems of sophisticated crime because respectable people are involved. For example:

- * The Saginaw County Club is widely known as a hangout for highstakes gamblers and underworld figures. Some local organized crime figures, such as William Loiacano and Charles McNally, are even members. Club officials refuse to expel crime figures from membership and have asked only that club members voluntarily refrain from gambling on the premises. The Crime Commission has learned that high stakes gambling continues. Recently a prominent physician in our area lost \$67,000 in a card game at the club. Club officials stood idly by and allowed Detroit Mafia figure Anthony Giacalone to participate in the club's 1977 golf tournament. One of Giacalone's golf partners during the day was Saginaw Township Police Chief Kenneth Ott.

- * Saginaw Township officials and Michigan Liquor Control officials have been slow to revoke the liquor license of a notorious doper bar, Bay Side Door, Inc. The owner of the bar is John J.P. Bommarito, a convicted felon and organized crime figure. Saginaw Township Police detectives have done an excellent job of documenting illegal activities at the bar, but the Township Board has not taken action. At a divorce trial last December, several witnesses testified that Bommarito had asked them to help him deal cocaine. Other illegal activities, including tax fraud and skimming, were discussed in testimony. This trial received no coverage in the Saginaw News, despite the presence of a reporter from the paper. Coincidentally, trial testimony and financial records entered into evidence revealed that a star Saginaw News reporter, Anthony Rocha, was receiving payoffs from the bar. A bar manager testified that Rocha was being paid to book bands into the bar, and to write favorable entertainment reviews in the newspaper. Rocha is a convicted felon. He entered a guilty plea last year to a charge of failure to return rental property over \$100 in value. Sentencing has been deferred. Rocha was recently fired from the newspaper for plagiarizing a movie review. No action was taken by the paper concerning the payoffs.
- * After hours joints and gambling houses operate openly throughout the City of Saginaw. Little action is taken by police to close them down. Some clubs have operated untouched for years. One of the largest after-hours clubs, the Night Gallery, operated until recently directly across from Saginaw Police headquarters. Most after-hours clubs feature illegal liquor, prostitution, gambling and narcotics.
- * An honest police chief was forced out of his job, in part because he tried to stop an organized crime figure from getting a liquor license. Buena Vista Township Police Chief Rowan P. Kelly refused to sign papers in 1979 approving a liquor license for the Texan Restaurant. The restaurant had been owned for years by Charles McNally, a three time convicted felon. McNally sold the restaurant to his daughters to avoid having it confiscated by the Internal Revenue Service for back taxes totalling \$1.5 million. Acting on information supplied by the Crime Commission, Chief Kelly refused to approve the liquor permit despite pressure from Liquor Control officials and township officials. In September 1979, township officials suggested to Kelly that he resign, shortly after a meeting on the liquor permit and other police matters. Kelly was frustrated and resigned on September 26, 1979. In an official announcement, the Township Board said Kelly left because he was not being granted job tenure. Kelly has told the Crime Commission he believes the liquor license matter was the catalyst for his departure. One of the very first official acts of the Acting Chief of Police was to sign the McNally liquor permit request.

* Saginaw Township Attorney William Crane has not been reprimanded by Saginaw Township officials after it was revealed that he had a hidden interest in a bar and restaurant with Loiacano Organization boss William Loiacano. Instead, township officials have supported him despite evidence that he deceived the Township Board during deliberations on a liquor license for the restaurant. Recently township citizens demanded an investigation of Crane's position.

The Saginaw Valley Crime Commission has found that most law enforcement officials want to take action against narcotics and organized crime. However, because of budget and manpower problems their actions are often restricted. Further, Michigan's legal climate is not good for organized crime control. The Michigan legislature has refused to pass laws giving police the tools they need to fight rackets, such as a statewide grand jury and wiretapping authority.

We believe that a Senate Select Committee on Narcotics Abuse and Control could provide aid to local law enforcement by highlighting situations like Saginaw and focusing public attention on the extremely serious problems local law enforcement faces.

The Saginaw Valley Crime Commission extends an open invitation to any U.S. Senate Committee to visit Saginaw and hold field hearings on its organized crime and narcotics problems.

The Commission is attaching to this statement for inclusion into the record the following documents:

1. FBI search warrant affidavits of October 1979 concerning the Loiacano Organization.
2. Flint Journal series concerning narcotics trafficking in the Saginaw Valley.
3. A typewritten summary of names included on five charts presented to the Committee at its hearing on April 23, 1980.

THE ELIAS CORTEZ ORGANIZATION

Heroin, cocaine, marijuana

Headquarters: Lansing, MI.

Branches: Saginaw, Clare, Mt. Pleasant, MI.
Toledo, OH
Edinburg, McAllen, TX

1968--1978

BOSS

Elias "Eli" Cortez

UNDERBOSSSESArmando "Chach" Cortez
Raul "Rudy" CortezFINANCIER

Richard L. Corr

LOWER ECHELONJose Abrego
Jimmie Lynn "Jimbo" Alex
Enrique Astran
Juan Manuel Beltran
Christine Benjamin
Nacho Bermudez
Tomas "Rags" Bermudez
Junior Bonilla
Horacio Borracho
Herman Cancino
Doreen Lee Cortez
Gregorio "Jimmy" Cortez
Joe Lewis Cortez
Robert Costillo
Juan Cumpain
William Scott Day
Francis J. Dodge
Seferino Esquivel
James Joffre Fillion, Jr.
Epolipo Gomez
Rudy Guerrero
Terry Lee Hall
Juan Hernandez
Richard Hunt
Larry Allen Kimmel
Scott Marlin LawrenceBlake Lefke
Adam Lopez
Jesse Lopez
Max Lopez
Petro Vencedo "Pete" Lopez
Linda Magana
Ted Magana
Michael McCoy
Mike Miatech
David Moore
Alex Navarro
John Perez
Janice Rayhar
Paul W. Reichert
Terry Sue Reichert
Ramiro Rodriguez
Pete Salazar
Connie Saucedo
Charles T. Sims
David Sydbel
Edward Thorp
John Torress
Lynn Torress
Jullian Villirreal
Barbara Gene Yankee
James Yankee

ORGANIZED CRIMINAL ACTIVITY

PERSONS OF INTEREST

SAGINAW - BAY CITY - MIDLAND, MICHIGAN, AREA

MAJOR FIGURES

Gary James Bell (S/FL)	Bruce LaBreche (S)
Robert W. "Bob" Beets (S)	William Joseph Loiacano (S)
John J. P. Bommarito (S/D)	Charles Alfred "Charlie" McNally (S)
Arthur Edward Bragg (S/FL)	Donald Walter Miller (S)
James A. Brisbois (S)	John Moltane, Jr. (B)
Ward "Duke" Clark (S/LV)	Albert G. Papson, Jr. (M)
Norman George "Pete" Crawford (S)	Clarence Rice (S)
Richard "Broadway Richie" Drzewicki (B)	Angelo Ricupati (B)
William Harold "Bill" Gallagher (S)	George Roach (S)
William H. "Billy" Gase (S)	Alfredo Gonzales "Freddie" Salazar, Jr. (S)
Grant Hummel (S)	Lorenzo "Pete" Short (S/FL)
Isaac "Ike" Johns (L/LV)	Nicholas "Nick" Trogan, Jr. (S)

OTHER FIGURES

Robert Howard Abernathy (S)	Gabriel Ferris (B)
Eugene Adams (S/B)	John Fitchett (S)
Charles Archibald (S/F)	James Fogelsinger (B)
Bennie Joseph Barron (S)	Donald Frank (S)
Irving "Irv" Berlin (S)	David Goodrow (S)
Bernard Bloom (S)	Dale Arthur Gullifor (S)
Joseph C. "Bomber" Bommarito (S)	Donald L. "Trigger" Hall (B)
Elder Roy Bowman (S)	Thomas "The Enforcer" Halliday (S)
James Leroy Brotzman (S)	Ornial Henderson (S)
Curtis Brown (S)	Jeptha Hill (S)
Gladys Brown (S)	Belle Hilliard (S)
Richard Dennis Bryce (S)	Thomas Hintz (M)
Mose Burnside (S)	Columbus E. Hood (S)
Lula B. Butler (S)	Helen Howell (S)
Ralph D. Butler (S)	Woodrow Hunter (S)
Thomas W. Carpenter (S)	Wilford "Jimmie" James (S)
John Choyce (S)	Wash Jenkins (S)
Linda Churnesky Crawford (S)	Daniel Joseph "Danny" Johnson (S)
Harold James Dailey (S)	Jamison Johnson (S)
James Delemeester (B)	Jerome Johnson (S)
Billy Donald (S)	Leroy Johnson (S)
Thomas Drzewicki (B)	Lovy Johnson (S)
Donald "Enforcer" Dunham (B)	Mack Neal Johnson (S)
Gerald Dyer (S/B)	Rufus Johnson (S)
Russ Edwards (S)	Bobby Kinsley (B)
William Everitt (B)	Craig Kinville (S)

(SAGINAW - BAY CITY - MIDLAND, MICHIGAN, LIST CONTINUED)

Thomas C. Kissel (S)
 David Kuchar (S)
 Brent LaBreche (B)
 Willie "T" Lowery (S)
 Theodore McCormick (S)
 Jessie Lee McDaniel (S)
 Timothy John McGinty (S)
 Ethel McKandes (S)
 Michael O. McKenzie (M)
 Frank McKether (S/B)
 Lenward "Kenny" McKinney (S)
 Gary H. McLellan (B)
 William G. "Wopper" Millitello (B)
 Thelma Milton (S)
 Marylin B. Moore (S)
 Robert Moskal (S)
 Eugene Nettles (S)
 Felix Noel, Jr. (S)
 Juanita Oglesby (S)
 Fred V. Pahssen (S)
 Dorothy M. Perry (S)
 Leonzy Porter (S)
 Luvision Porter (S)
 William D. Ragland (S)
 Lee Roy Reed (S)
 Luther Ringold (S)
 Willie B. Sanders (S)
 Ollie Sangster (S)
 George Schimel (S)
 Lawrence Barron Schlager (S)

Conway "C.W." Scroggins (S)
 Mrs. Conway "Bennie" Scroggins (S)
 Ivory Shacks (S)
 Mamie Short (S)
 Gary Shur (S)
 Jack Simpson (S)
 Derrick Smith (S)
 Ollie B. Smith (S)
 Terry Street (S)
 Paul Swift (S/F)
 William Taschner (S)
 Robert Milton "Bob" Tate (S)
 David Teenier (S)
 Leo Dean Thurston (L)
 Frederick G. Tomkins (B)
 Thomas Torrez (S)
 Timothy Trepkowski (B)
 Glen A. Valeck (B)
 Willett Weathers (S)
 Henry Weston (S)
 Madelyn Wilbur (S)
 Tommie Lee Williams (S)
 Dorothy Wilson (S)
 William Wilson (S)
 Ronald A. "Runner" Wiltse (B)
 Arthur J. Wittbrodt (B)
 Louise Woody (S)
 Jimmie Wren (S)
 Lee Yancy (S)
 Ray Young (S)
 Jerry Zoltan (S)

(SAGINAW - BAY CITY - MIDLAND, MICHIGAN, LIST CONTINUED)

KEY ASSOCIATES

Nicholas J. Alfano, Jr. (S)
Samuel J. Alfano (S)
John M. Callison (S)
Donald R. Callison (S)
John Conversa (S)
William A. Crane (S)
Robert "Bob" Dean (M)
Donald J. Holland (M)
Peter W. Kaplan (S)
Max Kaso (S)
Patrick Kenny (S)

Bob LaRush (B)
Garry McQuaid (S)
Marvin Mitchell (S)
Jon Sawyer (S)
Robert Merlin Suhr (S)
David Webb (S)
John W. Wolf (S)
Jerry Yeager (M)
Alan R. Wazny (S)
Robert W. Young (S)

LEGEND

B: Bay City
F: Flint
FL: Florida
L: Lansing
LV: Las Vegas
M: Midland
MK: Muskegon
S: Saginaw

ORGANIZED CRIMINAL ACTIVITIES

"THE MEXICAN MAFTA"

MAJOR FIGURES

Arthur Flores Acosta (S/D/TX)
 Theodore Manuel "Mud" Aguilera (S)
 Edmundo Z. Amaya (L)
 Jose C. Amaya (L/TX)
 Ernesto Cavazos (D)
 Hector Ceja (S)
 Armando "Chach" Cortez (L/TX)
 Elias "Eli" Cortez (L)
 Raul "Rudy" Cortez (L)
 Elida Delarosa (S/GR/D)
 Alfanso Crus "Alfie" Espinoza (S)
 Seferino Esquivel (TX/L)
 Joseph R. Flores (B)
 Marcus "Mark" Flores Jr. (S)
 Joseph Gallardo Jr. (S)
 Raul Jesus Gallardo (S)
 Miguel "Big Mike" Garcia (C/MK)
 Francisco Zeferino Garnica Jr. (F/S)
 Francis Gonzales (S)
 Joseph Hector Gonzales (S)
 Samuel Guajardo (S)
 Guadalupe Guzman (D)
 Raymundo Guzman (D)
 David Hernandez (S)
 Francisco G. "Frank" Hernandez (S/MEX)
 Paul Ramos Jimenez Jr. (S)
 Fortunio Escarpita Lopez (S/C)
 Cipriano Landin Maldonado Sr. (S/TX)
 Fidel Valasquez Martinez (S)
 Gilberto "Gilbert" Martinez (S)
 Jesus Garcia Martinez Sr. (S)
 Samuel Mendez Jr. (D)
 Terrence Ochotny (D)
 Antonio C. "Tony" Ortega (TX)
 John Clemente Ovalle (S/TX)

Ramiro Pena (D)
 Aurelio "Larry" Reyes (S)
 Daniel Reyes (S)
 Francisco Felan "Frank" Reyes (S)
 Vincente R. Reyes (S)
 Domingo Rocha (S/D)
 Alfredo Gonzales "Freddie" Salazar Jr. (S)
 Anacleto "Cleto" Sepulveda (S/C)
 Arthur Sosa (D)
 Juan P. Suttles (S/M)
 Guillermina Torres (D/MEX)
 Pedro Torres (D/MEX)
 Henry Torres (S/D)
 Jose Torres Jr. (S/MEX)
 Ruben Trevino (S)
 Jesse Velasquez (B)
 Juan Jose Garcia Villalobos (TX)
 Alfredo Villarreal (D)
 Edward Villarreal (D)
 Samuel Zapata (S)

"THE MEXICAN MAFIA"
(Continued - Page 2)

Joe Abrego (L)	Ignacio Hernandez Barrera (S)
Eva Chavaz Acosta (S/D)	Jesse Barrera (S)
Felipe Acosta (S)	Johnnie Jose Barrera (S)
Henry B. Acosta (S)	Ralph Barrera (S)
Jose Acosta (TX)	Raymond Barrera (S)
Julian Flores Acosta (S/D)	Robert Barrera (S)
Maria Acosta (S/D)	Gustavo Casarez Barrientos (S)
Ruben Acosta Sr. (D)	Victor Manuel Barrientos (S)
Rudolph Flores Acosta (S/D)	Bennie Joseph Barron (S)
Virginia Sandra Acosta (D)	Jesus P. Betancourt (S)
Yolanda Marie Torrez Acosta (S/D/TX)	Ramon Betancourt (S)
Alexander M. Aguero (S)	Miguel F. Bolivar-Escapito (S/C)
Francisco Aguero (GR/TX)	Gabriel Bonilla Jr. (L)
Anthony Pedro Aguilar (S)	Roberto C. Campos (S)
Francisco Aguilar (GR)	Antonio Pais "Tony" Carmona (S)
Gerardo Aguilar (GR)	Bernardo Morales "Benny" Carmona (S)
Lorenzo Aguilar (S)	Daniel Pais Carmona Jr. (S)
Martinez Girardo Aguilar (GR)	Daniel Pais Carmona (S)
Perfecto Aguilar (GR)	Jenny "Ma" Carmona (S)
Samuel Aguilar (S)	Margaret Cora Carmona (S)
Cindy Lee Aguilera (S)	Mary Jesse Carmona (S)
Donald Raymond "Donny" Aguilera (S)	Paul Vincent Carmona (S)
Francisco Aguilera (CA)	Ruth Ann Carmona (S)
Jesus Enriquez Aguilera (S)	Juan Joaquin "Johnny" Castanon (S)
Juanita Hernandez Aguilera (S)	John "Weasel" Castanon (S)
Tito Agusta (S)	Eusabio Castillo (GR)
Jesus Alaniz (L)	Frank Castillo (S)
Gilberto Alejandro (GR)	Manuel Castillo (S)
Leticia Melody Alston (S)	Pedro G. Castillo Sr. (S)
Anthony B. "Tony" Alvarez (B)	Paul Castillo (S)
Consuela "Connie" Alvarez (B)	Richard Castillo (S)
Jesse Annellano (S)	Florinda Torrez Causie (L)
Avelina Aranzo (S)	Rod Causie (L)
Fernando Aranzo (S)	Antonio Martin Chantaca (S)
Hector Arizola (S)	Daniel Jacinto Chantaca (S)
Ricardo Arrendonda (S)	Leon Choyce (S)
Armando Barrera (S)	Norman Dial Clifton (F)
Daniel Barrera (S)	Andrew Cruz (S)
Francisco "Frank" Barrera (S)	Fernando Garcia Cruz (S)
Herman Barrera (S)	Guadalupe Cruz (S)

"THE MEXICAN MAFIA"
(Continued - Page 3)

Jessie Cruz (S)	Ricky Espinoza (S)
Jose Cruz (S)	Manuel Favala (S/C)
Pablo Cruz (S)	Juan E. Fitchett (S)
Pedro Cruz Jr. (S)	Rodolpho Fitchett (S)
Richard Alexis Cruz (S)	Adolph Flores (S)
Robert Cruz (S)	Andres Medina "Andy" Flores (S/TX)
Santos Cruz (S)	Antonio Flores (S)
Santos Cruz Jr. (S)	Basillo Flores (S)
Johnny W. Cuellar (S)	Demetrio Flores (S)
Viviano Cuevas (S)	George Flores (S)
Adolfo Delacruz (S)	Guadalupe Flores (B)
Ernest Delacruz (S)	Irene "Trinidad" Flores (S)
Jose Delacruz (S)	James Flores (S)
Michael Delacruz (S)	Joe Garcia Flores (S)
Richard Delacruz (S)	Louis Flores (S)
Roberto Delacruz (S)	Lucio Flores (S)
Juan Deleon (S)	Marcus E. Flores Sr. (S/TX)
Entrosa Delarosa (S)	Michael Steven Flores (S)
Humberto Delarosa (S)	Mirtala Elvia Flores (S)
Juanita Delarosa (S)	Oscar Flores (S)
Siricdo Delarosa (S)	Pedro Flores (S)
Juan T. Delgado (S)	Ray Anthony Flores (S)
Antonia Cobarrubias Delgado (S)	Rodolpho Flores (S)
Julia Diaz (S)	Ruben Flores (S)
Louis Diaz (S)	Rudy R. Flores (S)
Arthur Dominguez (S)	Tomas Flores (S)
Gabino Dominguez (S)	Juan Fuetes (GR)
Carlos Esparaza (S)	Carmen Gallardo (S)
Adolpho Espinoza Jr. (S)	Felix Gallardo (S)
Albert Isreal Espinoza (S)	Francisco Pedro "Frank" Gallardo (S)
Albert T. Espinoza (S/F)	Jesse Baldroma Gallardo (S)
Anna Maria Gonzales Espinoza (S)	Joanna Gallardo (S)
Anthony James Espinoza (S)	Joseph Gallardo Sr. (S)
Donald Robert Espinoza (S)	Rafael Baldroma "Ralph" Gallardo (S)
John David Espinoza (S)	Raul Jesus "Ray" Gallardo (S)
John Patrick Espinoza (S)	Rita Maria Chantaca Gallardo (S)
Joseph Charles Espinoza (S)	Rosalie Gallardo (S)
Leonardo Arnold Espinoza (S)	Victor Gallardo (TX)
Patricia Elaine Espinoza (S)	Vincent Gallardo (TX)

"THE MEXICAN MAFIA"
(Continued - Page 4)

Antonio Garcia (S)	Frank Gutierrez (S)
Armando Garcia (S)	Frank Gutierrez Jr. (S)
Dennis Garcia (S)	Gilbert Roland Gutierrez (S)
Donato "Danny" Garcia (S/TX)	Hilario M. Gutierrez (S)
Frank Garcia (S)	Irene Gallardo Gutierrez (S)
Jose Angel Garcia (S)	James Gutierrez (S)
Jose Ascension "Peppe" Garcia Jr. (S/TX)	Jesse Gutierrez (S)
Leonardo Rodriguez Garcia (S)	Jimmy Lopez Gutierrez (S)
Maria Del Carmen Garcia (S)	Joe Anthony Gutierrez (S)
Martina Yolanda Garcia (S)	Mario Gutierrez (S)
Ruben Filipe Garcia (S)	Ricardo Gutierrez (S)
Umberto Garcia (S)	Robert Gutierrez (S)
Valentine N. Garcia (S)	Sixto Lopez Gutierrez (S)
Margaret Ann Garnica (F/S)	John Guzman (MK)
Eliberto Garza (S)	Julian Guzman (L)
Gilbert N. Garza (L/C)	Rudy Guzman (H)
Ricardo Martinez Garza (S)	Alex Hernandez Jr. (S)
Roberto Garza Jr. (S)	Cameleo Hernandez (S)
Rogilio Garza (L)	Carlos Hernandez (S)
Salvador Reyes Garza (S)	Carmelo Hernandez (S)
Carmen Gomez Jr. (S)	Edward C. Hernandez (S)
Aristeo Gonzales (S)	Henry Hernandez (S)
Bernadine "Burt" Gonzales (S)	Homero Tijerino Hernandez (S)
Carlos Gonzales Jr. (B)	Jacob Hernandez (S)
Hector Ruiz Gonzales (D)	Jesse Hernandez (S)
Jesus Gonzales (S)	Jose Luis Hernandez (S)
Oscar Gonzales (L)	Josephine Silva Hernandez (S)
Gilberto Cortez Gonzales (S)	Joseph Duron Hernandez (S)
Ray Guajardo (S)	Louis Hernandez (S)
Roy Guajardo (S)	Manuel Hernandez (L)
Lynda Gutierrez Guerra (S)	Margarito Hernandez (S)
Robert Guerra (S)	Olga Hernandez (S)
Victor Guerra (S)	Pedro Hernandez (S)
Daniel Guerrero (GR)	Petra Hernandez (S)
Linda D. Guerrero (S)	Richard Jesse Hernandez (S)
Juan H. Guerrero Jr. (S)	Roberto Hernandez (S)
Antonio Gullen (L)	Rudolpho Hernandez (S)
Procopio Gullen (L)	Tony Hernandez (S)
Cruz Gutierrez (S)	Jose Herrera (L)

Richard Leroy Herrera (S)	Jesse Francisco Montez (S)
Al Holappa (S/F)	Antonia N. Moreno (C)
Carlos Holguin (L)	Leandro Moreno (S)
Fernando Jackson (S)	Arthur Mosqueda (S)
Benito Galavie Jimenez (S)	Carlos Charles "Tony" Mosqueda (S)
Jesse Jimenez (S)	Felix Mosqueda (S)
Jose Jimenez (S)	Jose Luz Mosqueda (S)
Nancy Carol Jimenez (S)	Josephine Mary Mosqueda (S)
Antonio Juarez (S)	Louis Mosqueda Jr. (S)
John J. "Chino" Juarez (F)	Raul Munoz (S)
Raymond Lamas (S)	Joe Andrew "Joe Flores" Nabarrette (S)
Luis C. Landin (S)	Olga Nabarrette (S)
Raul C. Landin (S)	John Nagel (S)
Juan Ernesto "Chico" Lara (F)	Harold Linn Neibler (F)
Mary J. Ledesma (S)	Elizabeth "Flores" Nerio (S)
Margaret Mary Lopez (S)	Rosa Ontiveroz (S)
Gloria Lynn Lozano (S)	Theodore Richard Ontiveroz (S)
Leonel Reyes Maldonado (S)	Geronimo "Jerry" Orta (TX)
Reynaldo Maldonado (S)	Josephine Ortega (S)
George Lopez Martinez (S)	Emilio Ortiz Jr. (B)
George Michael Martinez (D)	Adolph Osuna (S)
Isidro Martinez Jr. (S)	Angelo Osuna (S)
Jesus Martinez Jr. (S)	Henry J. Osuna (S)
Jose G. "Joe" Martinez (TX)	Jesus Osuna (S)
Juan Antonio Martinez (S)	Augustina Ovalle (TX)
Marcos G. Martinez (S)	Domingo Ovalle (MEX)
Mario Hector Martinez (S)	Eddie Ovalle (S)
Pedro "Pete" Martinez (S)	Gloria Marie Torrez Ovalle (S)
Raul Martinez (L)	Leonard C. Ovalle (S)
Rudy "Roy Rivers" Martinez (S/TX)	Pauline Olivia Ovalle (S)
Tomas Valasques "Whitey" Martinez (S)	Ricardo Ovalle (S)
Marcos Garcia Mascorro (TX)	Santos Ovalle (S)
Alice Mata (S)	Vincente H. Ovalle (S)
Carlos Mata (S)	Jacinto "Pinto" Palacio (S)
Christine Darlina Acosta "Sugar" McKenzie (S/D)	Karen Louise Palacio (S)
Richard Lee McKenzie (D)	Silverio "Sal" Palacio (S)
Leo Medina (S)	Gabriel Palamores (S/TX)
Nieves Medina Jr. (B)	Fidencios Eleno Pena (S)

"THE MEXICAN MAFIA"
(Continued - Page 6)

George Davilla Pena (S)	Carlos Rodriguez (GR)
Joel David Pena (S)	Dominic Rodriguez (S)
Larry Pena (S)	Juan Antonio Rodriguez (S)
Oscar Pena (S)	Nancy Rodriguez (S)
Rachel Pena (S)	Raul Rojas Humberto Rodriguez (S/TX)
Thomas M. Pena (S)	Raymond A. Rodriguez (S)
Ysalias A. Pena (S)	Steve J. Rodriguez (S)
John Anthony "Tony" Perez (S)	Guadalupe Romero Jr. (L)
Linda Christine Perez (S)	Guadalupe Manuel Romero (L)
Margaret Lou Perez (S)	Gilberto A. Rondon (GR)
Ramon Garcia Perez Jr. (D)	Daniel Rosales Jr. (S)
Ramon Perez Sr. (S)	Roberto Rosales (S)
Teresa Catherine Garcia Perez (S)	Danny Ruiz (S)
Joaquin C. Perez (S)	David Arnold Ruiz (S)
Jackie Ramirez (S)	Hector Ruiz (H)
Frank Ramos (S)	Irene Ruiz (L/TX)
Maria Rendon (L)	Jesus Martinez Ruiz (S)
Rodolpho "Tito" Rendon (L)	Jesus Ruiz Jr. (S)
Alvino Reyes (S)	Jimmy Martinez Ruiz (S)
David Reyes (S)	Richard Ruiz (S)
Felipe Reyes (S)	Robert J. Ruiz (S)
Filiberto Reyes (S)	Roland Roy Ruiz (S)
Larry Paco Reyes (S)	Thomas Ruiz (L/TX)
Laura Irene Reyes (S)	Lauro Marines "Larry" Salas (S)
Maria Dejesus Felan Reyes (S)	Arturo Salazar (S)
Richard Perez Reyes (S)	Connie Salazar (MEX)
Ruben A. Reyes (S)	Janie Salas Salazar (S)
Jose Riojas (L)	Lorenza Salazar (S)
Peter T. Rios (S)	Manuel Salazar (S)
Alberto Rivera (S)	Peter Salazar (S)
Guadalupe Rivera (S)	Roberto Luis Salazar (S)
Louis Rivera (S)	Arthur Paul "Art" Sanchez (S)
Reuben Rivera (S)	Donny Sanchez (S)
Anthony Rocha (S)	Ernesto Sanchez (L)
Guadalupe Rocha (GR)	Gildardo Sanchez (S)
Phillip Rocha (S)	Guadalupe "Lupy" Sanchez (S)
Royall Rocha (S)	Miguel Sanchez (L)
Antonio Rodriguez (GR)	Rodolfo Sanchez (S)

"THE MEXICAN MAFIA"
(Continued - Page 7)

Gilbert Sanmiguel (S)
Joseph P. Santana (D)
Michael Manuel "Macky" Santoyo (S)
Raymond Victor Santoyo (S)
Juan Armando "Marine" Saucedo (L)
Margaritz Alejandro Saucedo (GR)
Anthony Sepulveda (D)
Clarence Severado (GR)
Gustavo G. Silva (S)
Joseph Manuel "Jose" Silva Sr. (S)
Joseph Manuel Silva Jr. (S)
Peter Joseph Silva (S)
Sylvia Marie Silva (S)
Jose Angel Solis (L)
Modesta Barragan Luna Solis (L)
Abelardo Soto (GR)
Elias Soto (GR)
Jose Mania Soto (F)
Juan Soto (S)
Richard Teneyuque (S)
Bertha Torrez (S)
Daniel Gonzales Torrez (S)
Faustino Salazar Torrez (S)
Henry Anthony Torrez (S)
Jesus G. Torrez (S)
Juanita Narsedalia Ovalle Torrez (S)
Rodolfo "Rudy" Torrez (S)
Thomas Wayne "Tommy" Torrez (S)
Yolanda Torrez (S)
Carlos Gueterus Trevino (S)
Ernesto Trevino (S)
Gilbert Trevino (S)
Guadalupe C. Trevino (S)
Johnny Trevino (S)
Jose Trevino Jr. (L)
Luis Trevino (S)
Manuel Trevino (S)
Jose Vasquez Jr. (S)

Jose Gomez Vasquez Sr. (S)
Margaret Vasquez (S)
Olga Vasquez (S)
Vincent Tiburcio Vasquez (S)
Felix Vega (S)
Ignacio Vega Jr. (S)
Jose Rolando Vega (S)
Reyes Vega Jr. (S)
Robert Villarreal (C/GR)
Terry Lee Villareal (S)
Thomas Villarreal (D/S)
Juan Ximenez (D)
Gilbert G. Yanez (S)
Yolanda Yanez (S)
John Yrlas (S)
Jose Rubin Yrlas (S)
Ramiro Ray Yrlas (S)
Roberto "Bob" Yrlas (S)
Victor S. Yrlas Jr. (S)
Ernest Carlos Zamora (S)
Frank Lonnie Zamora (S)
Guadalupe Zamora (S)
Robert Zamora (S)
Uvaldo Zamora (S)
Adelita Zertuche (S)

LEGEND:

B: Bay City
C: Chicago
CA: California
D: Detroit
F: Flint
FL: Florida
GR: Grand Rapids
L: Lansing
M: Midland
MK: Muskegon
MEX: Mexico
S: Saginaw
TX: Texas

ORGANIZED CRIMINAL ACTIVITY

PERSONS OF INTEREST

METROPOLITAN FLINT, MICHIGAN, AREA

MAJOR FIGURES

John Quincy "Jake" Adams
 Theodore Burek
 Charles F. Crosno, Sr.
 Joseph B. "Joey" Cusenza
 Jerome "Jerry" Davidson
 Robert Dubie
 Larry Fulton
 George "Jiggs" Gazell
 Steve Germani, Jr.
 Joseph "Joey Jack" Giacalone
 Chester L. Harris
 Charles M. Isaac
 Harold Dean Jones

Thomas Joubran
 Melvin "Whitey" Kane
 Ronald "The Barber" Kuchrawy
 Robert Francis "Bob" Leonard
 Vincent B. Martorelli
 Harrell S. Millhouse
 Harry Virgil Mohney
 Dennis C. Morgan
 Julius Serges
 Joseph Shaheen
 Bruce W. Shoemaker
 Nicholas Stickovich
 Craig Wirsing

OTHER FIGURES

James "Garbage Man" Allen
 William "Pruitt" Allen
 Charles S. Armstead
 Anthony D. Barlow
 Benny B. Bell
 Manuel Berman
 Paul R. Bolanowski
 Phillip B. Brousseau
 Walter E. Bruder
 George E. "Tom Tom" Cain
 Shelley Caldwell
 John Casadonte
 Peter Casadonte
 Douglas Casteel
 Mark Vernon Christenson
 Lathern Clark
 James William Clark
 Tom Coco
 Ronald Coryell
 Jesse Cox
 Charles F. Crosno, Jr.
 Charles William D'Ary
 Charles M. Danto
 Barbara Darrough
 Edward Dukes

Ray Durfee
 Basil Farah
 Harold Fineburg
 Henry L. Gadson
 Abe Gantos
 Edward Gazell
 William D. Gerlach
 John B. Gerlach
 David Allen Gerwolds
 Arthur C. Goldfarb
 Bruce M. Green
 Johnny Green
 Robert Grundell
 Rodney Guy
 Samuel Ernest Hariskins
 Charles D. Haynes
 Roy Lee Henderson
 Rick Holderbaum
 Columbus Hunt
 Stacie Hunt
 Leon Jackson
 Arnetta "Peaches" Jamerson
 Elgene Johnson
 Joseph Douglas Johnson
 Andrew Charles Jones

(FLINT, MICHIGAN, LIST CONTINUED)

John J. "Chino" Juarez
Mark Kolenda
Bobby R. McDaniels
Oliver McGee
Jack C. McKee
Ronald McQueen
Leroy Moore
George Moorhatch
Raymond Peter Morissette
George Mukdsi
Robert E. Nelson
James Norris
Howard Oliver
Ralph Proctor
Edward C. Rasak
Dorthea Render
Yvonne Rogers
John Sargent
Terry M. Shoultes
George Sudar
Richard C. Tate
Miles Tefft
Junious Turner
Bernard Tyler
Lonnie J. Waits
Guy Weir
Michael J. Williams
Marzzellus H. Wilson
James E. Woods, Jr.
Lawrence Wynn

DETROIT INFLUENCES ON THE SAGINAW VALLEY

- * Anthony "Tony" Corrado
- * Anthony "Tony Jack" Giacalone
- * Vito "Billy Jack" Giacalone
- * Raymond Paul Guaresimo
- * Vincent "Black Vince" Meli
- * Antonino "Tony" Ruggirello
- * Louis "Louie" Ruggirello
- * James "Occo" Tamer
- * Giacomo W. "Jack" Tocco

United States District Court

FOR THE

EASTERN DISTRICT OF MICHIGAN - NORTHERN DIVISION

UNITED STATES OF AMERICA

Docket No.

VS.

Case No.

Tittabawassee Club,
2345 Midland Road,
Township of Saginaw, Michigan
A block building

SEARCH WARRANT

To ANY SPECIAL AGENT OF THE FEDERAL BUREAU OF INVESTIGATION

Affidavit(s) having been made before me by

that he has reason to believe that { ~~no one person~~ }
on the premises known as { }

Tittabawassee Club, 2345 Midland Road, Township of Saginaw,
Michigan, a block building.

in the Eastern District of Michigan -

Northern Division

there is now being concealed certain property, namely

here describe property

Sports bookmaking records consisting of, but not limited to,
accounting sheets, miscellaneous notations, books of account,
notations of telephone numbers and addresses, checks, money
orders, U. S. currency, currency bags and any other means,
fruits or instrumentalities

and as I am satisfied that there is probable cause to believe that the property so described is being
concealed on the person or premises above described and that grounds for application for issuance of the
search warrant exist as stated in the supporting affidavit(s).

You are hereby commanded to search within a period of _____
(not to exceed 10 days) the person or place named for the property specified, serving this warrant
and making the search { ~~at any time in the day or night~~ } and if the property be found
there to seize it, leaving a copy of this warrant and receipt for the property taken, and prepare a written
inventory of the property seized and promptly return this warrant and bring the property before
Judge JAMES HARVEY as required by law.

Federal judge or magistrate

Dated this 20 day of October, 1978

James Harvey
Judge (Judge of State Court of Record) or Federal Magistrate
Judge JAMES HARVEY

*The Federal Rules of Criminal Procedure provide: "The warrant shall be served in the daytime, unless the issuing authority, by appropriate provision in the warrant, and for reasonable cause shown, authorizes its execution at times other than daytime." (Rule 41(c)). A statement of grounds for reasonable cause should be made in the affidavit(s); if a search is to be authorized "at any time day or night" pursuant to Rule 41(c).

†United States Judge or Judge of a State Court of Record.

‡If a search is to be authorized "at any time in the day or night" pursuant to Rule 41(c), show reasonable cause therefor.

§If the warrant is to authorize execution pursuant to 21 U.S.C. § 875 without prior notice of authority or purpose, indicate the circumstances creating the need for such a warrant.

An individual, known hereafter as FBI-1, has been providing information to the Federal Bureau of Investigation (FBI) for approximately ten (10) months regarding loansharking and illegal bookmaking activities. Information provided by FBI-1 has been corroborated by independent investigation and surveillance activity conducted by the FBI. FBI-1 has never been known to provide unreliable or inaccurate information.

FBI-1, on a continuing basis since fall of 1977, has related to the affiant that he/she is a "close" personal acquaintance of one William Loiacano, and has seen and spoken in conversation with William Loiacano on numerous occasions from November of 1977 through mid-October of 1978. FBI-1 further has told me of having been at what Loiacano described to FBI-1 as his, Loiacano's, "place of business": The Pasta House at 777 Midland Road in Saginaw, Michigan. On numerous occasions during this period from fall of 1977 through mid-October, 1978, FBI-1 has described to me the various circumstances in which Loiacano has engaged in intense and prolonged conversation with various friends and associates; these include persons known to FBI-1 as Bruce LaBreche; Norman George Crawford, known as "Pete" Crawford; John Conversa; Tom Halliday, Brent LaBreche and one Russ Edwards.

On July 7, 1978, FBI-1 told your affiant that William Loiacano, in direct, personal conversation with FBI-1 at the Pasta House, expressly stated to FBI-1 that Bruce LaBreche, "Pete" Crawford and John Conversa work for him, Loiacano, in a loansharking and extortion business, based party on illegal sports bookmaking. FBI-1 further learned from firsthand conversation with Loiacano (which he/she related to me), that Loiacano considers and refers to Saginaw, Bay City and Midland -- frequently termed a "Tri-City" area -- as his, Loiacano's, exclusive "territory" for these extortion and illegal bookmaking operations.

FBI-1 further has stated to me on several different occasions throughout the period from November, 1977 through October 15, 1978, that he/she, FBI-1, has observed Loiacano, Conversa, LaBrecht and Crawford -- sometimes on a daily basis -- meeting together in the Pasta House. FBI-1 has observed that group discussions regarding the Loiacano bookmaking and extortion operations (termed the "Business") are discussed in the office. In this respect, moreover, Loiacano, LaBrecht, Crawford and Conversa have repeatedly stated, in the presence of FBI-1, that they are extremely apprehensive about using residential or business telephones for the purpose of discussing the "Business". Moreover, they prefer to, and habitually do meet in the office of the Pasta House; or when a telephone call is necessary, Loiacano, Bruce LaBrecht and their associates resort to a pay phone with respect to discussions regarding management, supervision, control and direction of the "Business". FBI-1 has observed, and continues to observe firsthand that Loiacano and his associates evidence security in this respect only in the described areas within the Pasta House, in their vehicles, or in their respective residences.

On December 21, 1977, FBI-1 told your affiant of a meeting among William Loiacano, Bruce LaBrecht and others at the Pasta House around noon of the previous day, when Bruce LaBrecht was given \$6,000 cash in an envelope by Loiacano. On December 22, 1977, FBI-1 told me he/she had learned from conversation with LaBrecht and Loiacano that LaBrecht was going out of town the next day (December 23) and that "Pete" Crawford would be placed in charge of the "Business" in LaBrecht's absence. Bruce LaBrecht, on this occasion, was seen by the informant to furnish

Crawford with \$10,000 in cash to be used for an unspecified purpose the next day. FBI-1 then watched LaBreche and Crawford discuss a sheet of paper containing what the informant estimated to be at least 30 names, with each name followed by a dollar amount. This discussion between Bruce LaBreche and Crawford took place at a table near the bar in the Pasta House.

On January 5, 1978, FBI-1 told me that William Loiacano, Bruce LaBreche, "Pete" Crawford and one Tom Halliday expressed continued concern about police surveillance, and stated their reluctance to use business or residential telephones to carry on their activities. They also expressed their preference for meeting in person at the Pasta House, and if necessary, using the pay telephone in the north lobby of the Pasta House.

On January 10, 1978, FBI-1 stated to your affiant that William Loiacano and Bruce LaBreche met on that date with Pete Crawford at the Pasta House. LaBreche on this occasion confided to the informant that he, LaBreche, operates a large bookmaking operation as well as what LaBreche described as a "high-percentage" loan business under the direction of William Loiacano.

On February 7, 1978, FBI-1 stated that Bruce LaBreche and Loiacano met privately at the office of the Pasta House that evening, where LaBreche "turned in" \$2,500 in cash to Loiacano. Two days later, according to FBI-1, William Loiacano and Bruce LaBreche met with Brent LaBreche (brother of Bruce) at the Pasta House. The informant learned from conversations with Loiacano and Bruce LaBreche that Brent LaBreche resides in California and comes to Saginaw when ordered by Loiacano to "deal" physically with persons who are "slow" in making payments on their illegal

loans owed to LaBreche and Loiacano. The informant learned that Bruce and Brent LaBreche left the Pasta House the night of February 9, 1978, and they discussed plans to "rough somebody up" in connection with non-payment on a loan.

On February 16, 1978, FBI-1 stated that a lengthy meeting between Bruce LaBreche and William Loiacano at the Pasta House, had focused upon contents of a briefcase from the trunk of Loiacano's black 1977 Mark V. While sitting at the table, Loiacano and LaBreche were heard by the informant to discuss the contents of a small accountant's notebook, which they examined carefully. After this discussion, the book and briefcase were returned to Loiacano's automobile.

FBI-1 told me on February 21, 1978, that on that day he/she watched Bruce LaBreche give \$1,000 in cash to William Loiacano at the Pasta House during a meeting which also included Pete Crawford and Tom Halliday. LaBreche, Loiacano, and Crawford were heard by the informant to discuss interest rates in connection with their extortionate loan business.

On March 6, 1978, Bruce LaBreche and William Loiacano, according to FBI-1, met at the Pasta House and were heard by the informant to order Pete Crawford to collect a loan payment from a person referred to only as "Mike". FBI-1 also said that Loiacano and LaBreche talked about plans to move casino gambling equipment located in LaBreche's garage at his residence, 4249 Kirkwood, Saginaw. They determined that Pete Crawford would pick up the equipment -- which was to be used in an after-hours casino operation.

The informant subsequently told your affiant on March 7, 1978, that Bruce LaBreche had gone to Midland, Michigan (near Saginaw) to "settle up" with "his man" in Midland, identified only as "Phil". FBI-1 stated that he/she had never been told anything about "Phil", except that "Phil" managed "loansharking" (extortionate credit) and bookmaking activities in Midland under the supervision of LaBreche and Loiacano.

On May 1, 1978, your affiant was told by FBI-1 that Bruce LaBreche, William Loiacano and one Russ Edwards had broadened their activities by forming a vending machine company, and were attempting to secure installation of their leased vending machines in Saginaw-area commercial establishments. LaBreche and Loiacano, according to the informant, continued their meetings at the Pasta House in the course of which they discussed specific aspects of their extortion and bookmaking activities. This meeting, the informant observed, was interrupted by two telephone calls placed by Bruce LaBreche -- at Loiacano's instruction -- from the Pasta House pay phone. Loiacano and LaBreche during this talk were heard by FBI-1 to candidly discuss the need for "strong-arm" techniques to establish their vending machine business and meet competition. Loiacano was heard by the informant to declare that they would put "heavy" pressure on one John Sawyer, the owner of the Barnstormer Restaurant in Saginaw, to install their vending machines in this restaurant. LaBreche, some ten days later, told the informant that they had warned Sawyer that if he, Sawyer, did not put in their vending machines at the Barnstormer, Brent LaBreche would "do a number" on Sawyer.

On May 24, 1978, FBI-1 related that he/she had heard LaBreche and Loiacano, two days earlier, discuss the desirability of using Tom Halliday in employing strong-arm techniques to collect interest payments on loans which Loiacano and LaBreche had placed. Halliday, the informant said, was given a job at Robertson's Linen Company, said by LaBreche and Loiacano to be owned by Anthony "Tony" Corrado of Detroit. On August 9, 1978, your affiant placed a pretext call to Robertson's Linen Company, at the telephone number (517-752-5151) furnished by the public information operator, and confirmed that one Tom Halliday is an employee of Robertson's.

LaBreche and Loiacano, according to information furnished your affiant by FBI-1 on June 1, 1978, actively discussed the opening of a casino gambling club -- including high-stakes card and dice games -- near the intersection of State and Midland Roads in Saginaw. The informant overheard discussion that the casino club was to open "in the next few weeks" and also would feature an athletic equipment on the first floor, and an after-hours bar and gambling operation on the second floor. Membership would be restricted to persons within their trust or who were reliably referred to them.

The Loiacano-LaBreche casino gambling club, I further was informed by FBI-1 on June 13, 1978, would be operated by their associate Pete Crawford, and was to be financed with funds furnished by Loiacano and LaBreche. Some two weeks later (June 26), FBI-1 told the affiant that Loiacano, LaBreche and, increasingly, Crawford continue to meet regularly at the Pasta House, where they discuss placing of loans, methods of collection of interest payments, and establishment of their card and dice

gambling club. Loiacano again complained that sports bookmaking is "slow" because of lack of interest in baseball betting, and LaBreche and Loiacano both stressed their reliance on loans as an active source of income. Bruce LaBreche on this occasion told the informant, who in turn told me, that the high-stakes cards and casino gambling club planned by LaBreche and Loiacano would open shortly after the Fourth of July, 1978.

Less than one week later (July 10) I was informed by FBI-1 that an informal open house was held at the new casino gambling establishment of Loiacano, LaBreche and Pete Crawford on the previous Saturday (July 8). The club is located, as planned, near the intersection of State and Midland Roads in Saginaw.

On July 25, 1978, FBI-1 informed your affiant that he/she had learned from William Loiacano that during the previous week (July 17-21) Loiacano loaned \$13,000 to one Pat Kinney to assist Kinney in purchase of the Barnstormer Restaurant on the west side of Saginaw. The informant further learned at this time that Loiacano, Bruce LaBreche and Pete Crawford continue to plan heavily on the actual opening of their casino gambling club on or near the opening of the football season. The informant heard the three remark on how anxious they were to gain income from sports betting at the club.

FBI-1 on July 28, 1978, told your affiant that an individual known to the informant as "Bob Sewer" (phonetic) had come to the Pasta House Restaurant in Saginaw, and contacted "Billy" Loiacano in an attempt to obtain a \$2,000 loan. Loiacano initially told Sewer that Bruce LaBreche would handle the loan and that Sewer should talk to LaBreche. Subsequent to receiving this report, I conducted a review of various routine physical surveillance reports relative to automotive traffic in and

around the home of LaBreche. On November 24, 1976, Special Agent Brian G. Kobinsky -- as shown in these reports -- observed a vehicle in the driveway of the residence of Bruce LaBreche, at 4275 Kirkwood, Saginaw, Michigan. Inquiry to the Bureau of Motor Vehicles of the State of Michigan showed that this vehicle and license plate were registered to Robert Merlin Suhr of 3175 Shattuck Arms, Number 11, Saginaw, Michigan, driving a 1976 Chevrolet.

Four days later, subsequent to the Suhr inquiry, FBI-1 stated to me that during the preceding weekend (July 29-30), he/she (the informant) learned that the Loiacano - LaBreche casino gambling club opened and present among others were -- Loiacano, Bruce LaBreche, Pete Crawford, and one Jerry Zolton. It was clear to the informant from talks among these four that Pete Crawford, Jerry Zolton and others are to run the club on a daily basis for Loiacano and LaBreche. Crawford has given the telephone number at the club as 792-7164 (area 517). Crawford explained within hearing of the informant that he, Crawford, keeps money to be used for funding the various gambling games locked in a safe in a back room at the club.

The informant further told me on this occasion that Crawford is closely involved in collecting extortionate loans extended by Bruce LaBreche and William Loiacano. FBI-1 said that he/she observed Crawford confide in Jerry Zolton on a regular basis in the course of setting up the casino business. The informant further told me that he/she, during the week of July 31-August 4, 1978, observed Crawford, Loiacano and LaBreche meeting at the Pasta House on a continuous basis for the purpose of making decisions with respect to their extortionate loans business and their bookmaking.

On March 3, 1978, Sergeant Joseph Fliegel, Metro-Narcotics Unit, Saginaw Police Department, advised your affiant that on January 4, 1978, his office had surveilled an individual known to them to be Tom Halliday, with respect to a possible state drug law violation. Halliday was observed by Sergeant Fliegel's unit to travel to the residence of one Russell Edwards, located at 6455 North Michigan, Saginaw. From there Halliday was surveilled to make additional contacts, and as a result of Halliday's activities during this surveillance, Halliday was arrested and charged with violation of statutes related to narcotics enforcement.

A second informant, designated hereafter as FBI-2, has been providing information to the Federal Bureau of Investigation for a period of ten (10) months regarding loansharking, extortion and bookmaking in and around Saginaw. Information provided by FBI-2 has been corroborated throughout this period by means of independent investigation (other informant information and matters of record) as well as surveillance activity conducted by the FBI. FBI-2 never has been known to provide untruthful or unreliable information to your affiant or other Bureau Agents.

FBI-2 in late June of 1978, told your affiant that he/she, FBI-2, is a personal acquaintance of long-standing with William Loiacano, and has seen and spoken with Loiacano on several occasions during a 14-month period from June of 1977 through mid-October of 1978. FBI-2, as he/she related to me, in the course of this time has been at Loiacano's place of business, the Pasta House at 777 Midland Road in Saginaw. He/she, the informant, has learned in and from personal conversation with "Billy" Loiacano that Loiacano regularly meets with one Bruce LaBreche, one Norman George Crawford, also called "Pete", and one John Conversa.

FBI-2, on July 29, 1977, related to Special Agent George A. Barron, III, who subsequently told your affiant, that he/she, FBI-2, has had lengthy conversations with Loiacano. From these conversations, as he/she told Barron, FBI-2 learned that Bruce LaBreche, "Pete" Crawford and Conversa actively work for and with Loiacano in making and collecting illegal and extortionate loans, as well as conducting a sports book-making business. FBI-2 further was told in conversation with Loiacano that Loiacano has used and does not hesitate to employ strong-arm tactics to collect both interest and principal on his loans, which are "placed" at rates from 10 to 16 percent a month. (Interest on personal loans in the State of Michigan may not exceed eighteen (18) percent per annum. Michigan Compiled Laws Annotated 438.31.) Loiacano also confided to FBI-2 that he, Loiacano, is closely associated in running his loan "business" with Anthony "Tony Jack" Giacalone who is his (Loiacano's) uncle of Detroit, and under whose "authority" Loiacano operates. The informant learned from extended discussion with Loiacano that Loiacano has talked and deliberated with Anthony Giacalone -- said by Loiacano to be a "boss" in a Detroit syndicate -- regarding collection of the above-described loans and interest payments or "juice" in Saginaw. Loiacano, in fact, on one occasion which he described to FBI-2, used Anthony Giacalone to personally intimidate and threaten a Loiacano associate in Saginaw otherwise owed money by Loiacano.

FBI-2 subsequently related to your affiant on July 12, 1978, that through conversation with William "Billy" Loiacano, he/she, the informant, learned that from June of 1977 through July of 1978, Loiacano's extortionate loan operations involved loans in amounts from \$3,000 to \$25,000

to several individuals, and that Loiacano's customers were located throughout the Saginaw, Bay City and Midland areas. The informant also learned specifically in talking with Loiacano that Loiacano has made substantial loans to one Robert Moskal, a Saginaw attorney; one Mick Grant, a medical doctor in Saginaw; Mike McGovern, a Saginaw stockbroker; and one Bob LaRush, a restaurant owner in nearby Bay City. Loiacano further indicated in conversation with FBI-2 that "Pete" Crawford and Bruce LaBreche are used by Loiacano as "collectors", not only for payments on loans, but also for settlement of gambling debts owed to the bookmaking operation managed by Loiacano and LaBreche.

On January 9, 1978, a surveillance was conducted by Special Agents Philip R. Kerby and Brian G. Kobinsky, a surveillance log for that date reflects the following entries:
January 9, 1978.

12:25 PM - A man known to the surveilling Agents from previous contact to be Bruce LaBreche, is driving his car with a single passenger (later identified by Agents on subsequent surveillances to be Norman George "Pete" Crawford). LaBreche and Crawford are watched by the Agents as they part at Richie's Restaurant on North Euclid Avenue in Bay City, get out of LaBreche's automobile and enter the restaurant.

12:27 PM - LaBreche and Crawford are observed having coffee with a male, white, in his early 50's with gray hair, who is called "Bob" by LaBreche and who appears to be the manager. FBI-2, subsequently given a detailed physical description of "Bob", stated to your affiant that the individual described is identical to Bob LaRush, owner and manager of Richie's Restaurant in Bay City.

FBI-3 learned that one Jerry Yeager of Midland -- a building contractor -- recently was beaten severely by Brent LaBreche (brother of Bruce) because of Yeager's alleged failure to pay interest on a loan made to Yeager jointly through Loiacano and the LaBreche brothers. FBI-3 told me that this beating of Yeager took place at the Holiday Inn in Midland. The informant, FBI-3, stated to your affiant in early July of 1978, moreover, that he/she had been told by one "Bill" Everitt that Everitt and one Roger Sundquist (phonetic) -- both from nearby Bay City -- are active sports and horse race bookmakers who do several thousand dollars in business or "action" per week, and turn in their "action" directly to Bruce LaBreche.

FBI-3 subsequently told your affiant, on or about July 12, 1978, that he/she learned from a Loiacano associate -- that William Loiacano and Bruce LaBreche had financed and organized the establishment of a casino-style gambling "club" at the corner of State and Midland Roads in Saginaw. Crawford told FBI-3, who advised me, that an "opening" had been held about four days earlier at the club, which would be run on an actual day-to-day basis by Pete Crawford. Activities have included high-stakes poker games and dice played at what was described to the informant as a professional craps table.

A fourth individual, known hereafter as FBI-4, has provided information to the FBI for approximately nine (9) months regarding extortion and bookmaking activities in the Saginaw area. Information provided by FBI-4 has been corroborated by independent investigation and surveillance activity conducted by the FBI, and FBI-4 is known to consistently provide accurate and reliable information.

FBI-4 stated to your affiant in April of 1978 that FBI-4 is a personal acquaintance of William "Billy" Loiacano, and has seen and talked at some length with Loiacano on numerous occasions during the period July through mid-October, 1978. FBI-4 told me of being at Loiacano's place of business -- the Pasta House in Saginaw -- on numerous occasions from June of 1977 through August of 1978. FBI-4 said that he/she learned from personal conversation with Loiacano that Loiacano operates and controls a bookmaking and "loansharking" business in the Saginaw area, and for this purpose employs Bruce LaBrecht and one "Pete" Crawford. FBI-4 further told your affiant that he/she, FBI-4, personally has seen "Billy" Loiacano, Bruce LaBrecht and "Pete" Crawford meet on a regular basis at the Pasta House, and has heard them discuss the making of high-interest extortionate loans, particularly their anticipation of increased loan demands during their fall football bookmaking.

Additionally, FBI-4 related to me that in conversation Loiacano revealed to him/her that one Mick Grant, a physician, has been in debt to him, Loiacano, for a substantial sum of money composed of Dr. Grant's gambling debts. Moreover, according to FBI-4, one John Sawyer, a Saginaw-area bar owner, borrowed a large sum of money from Loiacano during late, 1977. Additionally, Loiacano said to FBI-4, an attorney in Saginaw named Robert Moskal has been heavily in debt to Loiacano through incursion of large betting losses.

FBI-4 also stated that Loiacano, in direct conversation with FBI-4, said that he, Loiacano, is "very edgy" about police surveillance and whenever possible attempts to conduct his business in person, with single individuals.

An individual known hereafter as FBI-5 has furnished information to the FBI for approximately six (6) months regarding extortion and loansharking in the Saginaw-Bay City area. Information provided by FBI-5 has been corroborated consistently by independent investigation and by surveillance activity conducted by the FBI. FBI-5 has never, to your affiant's knowledge, provided untruthful information to the FBI.

FBI-5 in spring of 1978 informed your affiant that he/she, FBI-5, is a personal acquaintance of William Loiacano, Bruce LaBreche and Tom Halliday. FBI-5 has seen and had discussions with LaBreche and Halliday on numerous occasions during the period April 17 through mid-July, 1978. FBI-5 further stated to your affiant that he/she, FBI-5, has met William "Billy" Loiacano at Loiacano's place of business, the Pasta House at 777 Midland Road in Saginaw, on several occasions during the period April 17, through July 12 of 1978. Halliday and LaBreche independently have both told the informant that they, along with "Billy" Loiacano and "Pete" Crawford, operate an extortion, arson and bookmaking business. On April 17, 1978, Tom Halliday told FBI-5 that William "Billy" Loiacano controls bookmaking and loansharking in the Saginaw area and that he, Halliday, picks up and drops off money for Loiacano. Halliday stated that Loiacano lends money at ten (10) percent per month. Halliday further explained to FBI-5 that should anyone not pay a loan on time, the borrower would be "taken care of", i.e., roughed up.

Halliday told FBI-5 that Loiacano is a big man in Saginaw mainly because he is backed by his uncle, Anthony Giacalone of Detroit.

On April 20, 1978, Special Agent Alexander again engaged T.C. in conversation and T.C. advised he would take any and all bets and that when football season began the payoff day would be Tuesday.

On March 21, 1978, William Everitt of 1007 West Midland Road, Bay City, Michigan, was observed in an Elias Brothers Restaurant at Michigan Route 46 and I-75 in Saginaw. Special Agent Robert J. Garrity was seated near Everitt and heard Everitt converse with another individual. Everitt was specifically heard to say, "I'm going to keep what you give me," and, "You make it rough on me by calling at the last minute and changing points." He also stated, "North Carolina State is favored, but you want Texas so I'm going to jam it up a couple of points."

On September 8, 1978, FBI-3, advised that from direct conversation with Bill Everitt, he learned Bill Everitt continues to operate a substantial sports book and will accept bets up to \$2,000.00 on any game. If the individual bets exceed \$2,000.00, Everitt needs to get approval. On October 12, 1978, informant recontacted Everitt and confirmed Everitt's operation of a large sports book and that he will take bets over 517/684-0602, which is located at his residence, 1007 West Midland, Bay City, Michigan.

On October 11, 1978, FBI-5 told your affiant that from direct, personal conversation with Pete Crawford, informant learned that Crawford continues to collect loan money and sports betting debts for William Loiacano and Bruce LaBreche. Crawford has also related to informant that he is running the gambling and prostitution club on Midland Road, Township of Saginaw, known as the Tittabawassee Club, and which is

financed by William Loiacano and Bruce LaBreche. Informant has attended the club up to and including the week-end of October 8-9, 1978 and personally observed high stakes craps and card games and prostitution. Crawford was observed running the club with Jerry Zolton, Ray Young and Terry (Last Name Unknown).

Informant advised that he has maintained regular contact with Pete Crawford during the period April, 1978, to October 12, 1978 and is aware from personal observation and direct person-to-person conversation with Crawford that Crawford maintains sports betting records, books of account, U. S. currency and miscellaneous notations in the Tittabawassee Club.

Informant further advised your affiant that this Tittabawassee Club is located in the building which previously housed the Hobart Kitchen Equipment Company with address 2345 Midland Road, Township of Saginaw. Informant described the building as a cement block building consisting of one floor and a basement.

Surveillance conducted by Special Agents of the FBI placed William Loiacano, Bruce LaBreche, and Pete Crawford at the Tittabawassee Club, 2345 Midland Road, Township of Saginaw, on July 10, 1978.

On November 30, 1977, FBI-4 told your affiant that T.C. operates a sports book in Saginaw, Michigan. He accepts bets from eight smaller books and then turns in to Bruce LaBreche. On March 13, 1978, FBI-4 advised that Bill Everitt is a large sports book. He resides at 1007 West Midland Road, Bay City, Michigan, phone 517/684-0602. He will handle any size bet. This information was learned by FBI-4 in direct conversation with Everitt.

On March 16, 1978, Special Agent Wayne Alexander, acting in an undercover capacity, engaged in conversation with T.C. who he learned in direct conversation, is Tom Carpenter. T.C. stated that he turns in all his action to an individual who handles the Saginaw, Bay City and Midland area.

On February 27, 1978, the following information was obtained from Michigan Bell Telephone Company pursuant to subpoena duces tecum: 517/755-2086, Tom W. Carpenter, 2202 Glenwood, Saginaw, Michigan. On March 25, 1978, Special Agent Wayne N. Alexander, acting in an undercover capacity, placed a sports bet with Thomas Carpenter in conversation, which Alexander initiated by calling Carpenter at 517/755-2086.

On March 17, 1978, Special Agent Wayne Alexander, acting in an undercover capacity, again engaged in conversation with Thomas Carpenter, also known as T.C., at Loretta's Lounge, 2365 Michigan, Saginaw, Michigan, and T.C. advised Special Agent Alexander that Bill Everitt operates a large sports book in Bay City, Michigan, and that Everitt and T.C. both work for the same man who controls the Saginaw, Bay City, Midland area. Carpenter stated he receives his line information from a relative who works in Las Vegas, Nevada.

That the affiant further believes, based upon reliable information and personal observation that the gambling activities at the Tittabawassee is a night time activity. That an element under the code is that five or more people operate said club. In order to determine the participants in the management and operation of said club, it is necessary to perform such search at such time that the club is open. Based upon reliable information received by me through the above named informants and personal observation, the Tittabawassee Club is open prior to 6:00 AM in the morning hours.

On October 11, 1978, FBI-5 told your affiant that from direct, personal conversation with Pete Crawford, informant learned that Crawford has moved from 4511 Hess, Saginaw, Michigan, to 5917 Sheridan, Township of Bridgeport, Michigan. Crawford confided to informant that he lived at 4511 Hess, Buena Vista Township, Michigan, with Linda Churnesky until recently when Crawford arranged to have that residence burned to collect insurance. It was further learned in direct conversation with Crawford that Crawford is participating in an arson business which pays cash for an arson job or a percentage of any settlement subsequent to the arson. Crawford, in the same conversation, related that he works for Loiacano and LaBrecht and continues to collect loan money and sports betting debts for William Loiacano and Bruce LaBrecht. Crawford has also related to informant that he runs a gambling and prostitution club on Midland Road, Township of Saginaw known as the Tittabawassee Club, and which is financed by William Loiacano and Bruce LaBrecht. Informant has attended the Club up to and including the week-end of October 8-9, 1978, and personally observed high stakes craps and card games and prostitutes. Crawford was observed running the Club with Jerry Zolton, Ray Young and Terry (Last Name Unknown).

Informant advised that he has maintained regular contact with Pete Crawford during the period April, 1978 to October 12, 1978 and is aware from personal observation and direct person-to-person conversation with Crawford that Crawford has on his person and in his residence, 5917 Sheridan, Township of Bridgeport, Michigan, U. S. Currency, names of extortionate loan victims and sports betting and gambling customers with dollar amounts, and sheets of paper with telephone numbers which directly relate to the management and control of the William Loiacano run gambling and loan shark

operation of which Pete Crawford is known by informant to be a part. In addition, informant has personally observed during this same period of April to October 12, 1978, that a brown Chevrolet station wagon bearing 1978 Michigan license GRH221 is used on a daily basis by Crawford and the same materials relating to this loanshark and sports betting business as described above were habitually placed in this automobile during the described April to October 12, 1978 period by Crawford.

Informant further advised that Pete Crawford maintains several weapons in the residence at 5917 Sheridan, Township of Bridgeport. These weapons are used, among other uses, to back-up Crawford's demands for extortionate loan payments and collection of gambling and sports betting debts owed to the William Loiacano business.

Records of the Secretary of State, State of Michigan were reviewed regarding Michigan license GRH221, and it was determined that this license number was registered to Linda S. Churnesky of 4511 Hess Road, Saginaw, Michigan.

Surveillance conducted by Special Agents of the Federal Bureau of Investigation during the period February, 1978 through October, 1978, have repeatedly placed William Loiacano, Bruce LaBreche, and Pete Crawford together in the Saginaw area.

On October 12, 1978, FBI-1 told your affiant that William Loiacano has been observed on a weekly basis during the period November, 1977, through October 12, 1978. Informant advised that it is Loiacano's custom, established over this period of time, through personal observation of informant, to carry a briefcase containing documents relative to his loan shark and sports betting operation. Informant has observed Loiacano with these documents on at least a weekly basis up to and including the week ending October 12, 1978. Further, informant has also regularly observed Loiacano place this briefcase and documents in his black Lincoln Mark V bearing Michigan license SST234 and regularly carry this briefcase into his residence located at 4275 Kirkwood, Saginaw, Michigan. It is also Loiacano's established custom to take phone messages relating to this loan shark and sports bookmaking business which are written on napkins or note paper and place the messages in his pockets.

On October 10, 1978, FBI-3 advised that through his association over the past several years with William Loiacano, Bruce LaBreche, Pete Crawford and John Conversa, and through personal contacts made up to October 12, 1978, informant has heard William Loiacano and these associates boast about their loan shark and sports betting operation and further, Loiacano has stated on numerous occasions that he carries documents relating to this business on his person, in his vehicle, and in his residence. These documents directly relate to the management and operation of this loan shark and sports betting operation according to FBI-3.

On October 12, 1978, Special Agent Philip R. Kerby observed the premises at 4275 Kirkwood, Saginaw, Michigan and noted the residence to be a brick and stone, ranch-type, single-family residence located on the South side of Kirkwood in the Township of Saginaw.

Flint, Michigan, Sunday, Sept. 10, 1978

It's the main source for area heroin

Drugs flow via

'Saginaw Connection'

Police contend that their enforcement efforts are having an impact in curtailing drug trafficking, but they acknowledge that it is no easy job to shut down the drug business, especially from its main local source, "The Saginaw Connection." This is the first of a series about drugs: How they get here, what police are doing about the problem, the street dealers and users and the rehabilitation programs available.

By ED BACKUS
and DANIEL E. RICHARDS
Journal Staff Writers

In Michigan's early years, the Saginaw Trail was important as a commerce route for furs and other goods.

Today, the city of Saginaw is connected with another commerce route — "The Saginaw Connection" — and it is important in the movement of illicit narcotics. In fact, Saginaw, only 35 miles off the freeway from Flint, is said by Saginaw County law enforcement officials to be the country's leading outlet for heroin, the white crystalline fruit of Mexico's opium poppy fields.

Marijuana and cocaine also move into Michigan via the Saginaw Connection.

Thanks to a substantial Mexican-American community with strong roots south of the Rio Grande border, several Chicano families in the Saginaw area have come into great wealth since Mexico replaced France and Turkey as a major source of heroin. Although the Saginaw drug-runners have competitors in Detroit and Pontiac, narcotics unit police say most of the Mexican "mud" (heroin) sold to the several thousand "junkies" is estimated to inhabit the Flint area is moved out of Saginaw.

It is a multibillion-dollar growth industry that prospers despite intense governmental efforts by the United States and Mexico to curtail or eradicate it.

Police agencies credit the "heroin problem" with significantly adding to other crime statistics. People with \$100-a-day habits turn to prostitution and robbery.

Michael Joe Prast, the convicted killer of three persons during a food store robbery in Flushing, testified that he had used heroin, marijuana, PCP (phenylcyclidine), mescaline, and "whatever I could get my hands on."

Drug-related murders occur with regularity. The bodies of police informers have turned up in the trunks of cars parked at Detroit Metro Airport and in the Flint River.

Once considered a "black community" problem, heroin and the other "street narcotics" now affect virtually all segments of society.

Cocaine, the "rock candy" made from coca leaves and shipped from Colombia, has enjoyed growing popularity in the middle and upper classes. Selling at \$10 a gram, it is the Cadillac of drugs.

Young people, attracted by the mystery attaching to the drug subculture, are drawn into the illicit market. The Saginaw police chief has been quoted as saying that one in 37 persons is involved in narcotics use.

In Detroit, police estimates put the rate of drug abuse at one person in 48. There is a ready supply available to anyone who is in the market, police say.

"Just ask around in the bars and

discos and you'll make contact with someone who can provide the stuff," a narcotics officer said.

"Hit the strip on Flint's north side and if the price is right, someone will steer you to a dope house," he added. Illicit-drug merchants can be found working in Flint-area plants.

And marijuana and some of the chemicals, LSD and PCP (Angel Dust or Crystal T) are other street names for the animal tranquilizer, phenylcyclidine, are sold in area high schools.

The school drug problem is lessening as narcotics officers say it is far from being eliminated.

Most of the violence in the Saginaw drug world springs from the competition that goes on among the Chicago dealers.

A Saginaw County detective said, "If one person or family has a better connection and is getting better dope, he can undercut the price of his competitors. It's just like back in the 1920s during Prohibition. The booze-runners would say, 'you're cutting out my business so I'm going to get you.'"

Although blacks and whites are involved in the heroin trade, it is the Mexican families in the Saginaw area that have the best connections across the Rio Grande border.

There are perhaps 12 to 14 top echelon dealers in the Saginaw area, detectives said. It is a family proposition, with fathers, mothers, sons, daughters, uncles and cousins involved, they said.

The family of Manuel Aguilera is a good example, according to Sgt. Joseph Fliegel of the Saginaw County Sheriff's Department.

Aguilera was in his 30s when he died last year. He was serving a 15-year probation term for a drug delivery conviction.

Three sons of Aguilera are in Southern Michigan Prison at Jackson, all serving time for heroin delivery. A daughter is facing trial in Saginaw, charged with possession of 15 ounces of heroin.

Smuggling heroin across the Mexican border is a tricky business. Frequently it starts with the doctor by a member of a Saginaw Mexican family to visit relatives or friends in the old country, according to Walter A. "Tony" Fuller, head of the Michigan State Police narcotics strike force for the Saginaw Valley.

In Mexico, connections are made with the heroin producers in Culiacan, a major center in Sinaloa State in northwest Mexico.

Traditionally, Sinaloa State has been an important marijuana-growing region. But since 1970 it has also become Mexico's largest area for the growth of opium poppies, with Culiacan the center for hundreds of small laboratories converting opium gum into heroin for smuggling into the United States.

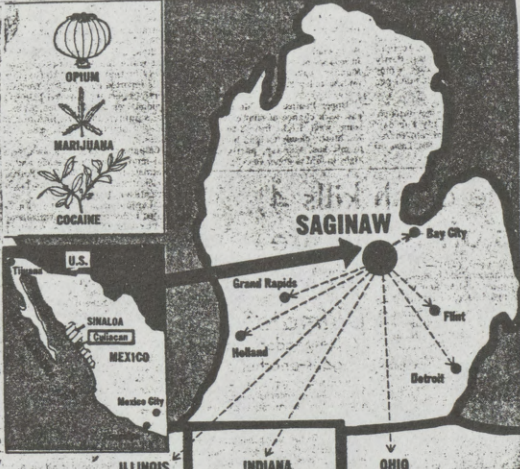
Authorities estimate that more than half the heroin consumed in the United States is produced in Sinaloa.

Arrangements are made, and the money paid to the Mexican source. The Saginaw dealer comes home, empty-handed but a "mule," subsequently crosses the border to pick up the heroin.

A "mule," in the parlance of the narcotics world, is a person employed to watch over a narcotics shipment en route to its destination.

All sorts of ruses are used to get the heroin past the border guards. (Often the mule is an elderly person whose appearance doesn't arouse suspicion.)

Heroin has been concealed in baby diapers, undergarments, phony cases. Recently a man who came to Saginaw to pick up a "B" from Illinois, Indiana and Ohio,



well-known, died" when the balloon opened, said he was poisoned by the heroin.

Sunglasses about the heroin across the Rio Grande by boat and arrow. They dig trenches under electronic alarm systems that have been installed along Mexico's 2,000-mile border with the United States.

Some border guards, particularly on the Mexican side, have been corrupted by the heroin traders and look the other way when it is carried across the border.

Fuller reports that a state police narcotics team recently was sent into Mexico. The idea was to pose as heroin traders and conduct some big Mexican dealers.

"No one would deal with them. The word was out. Everyone in town knew who they were," Fuller said.

There are 2,000 air strips in Michoacán, Sinaloa, and Jalisco. Smugglers are able to fly heroin from these clandestine air strips.

Small boats operating along the Mexican coast make daily pickups of heroin brought down from the mountains.

Cocaine, brought in by Mexican plane and boat from Colombia, is moved across the Mexican-American border in the same way.

Fuller said a lot of heroin and cocaine is brought in by common carrier, plane, bus, truck and car. Often it is concealed in luggage that is transported to terminals in Chicago or Detroit.

Toronto is a frequent entry point of heroin enroute to Saginaw dealers.

Once the heroin arrives in Saginaw, usually in pound or "kilo" quantities, it is broken down and moved to the street dealers within 48 hours. One officer estimated that a kilogram of heroin (about 2.2 pounds) goes through Saginaw every two weeks.

From Saginaw, the heroin is moved to dealers in Flint, Bay City, Grand Rapids, Holland, and Detroit. Customers come to Saginaw to pick up "B" from Illinois, Indiana and Ohio, Fuller said.

Although the Saginaw traders are part of organized crime, detectives say they are not aware of any direct ties to the Mafia.

Some of the Saginaw dealers have recently moved to the Detroit area but detectives say they still return to Saginaw to make their pickups.

The top dealers are never heroin users, Fuller said. They move the heroin to a circle of trusted lieutenants who trade with the street retailers.

Every time heroin changes hands, it is cut. "When you start out in Mexico it's about 90 per cent pure. By the time it hits the street it will average around 2 percent. Some heroin, traded out of Pontiac, has been tested at less than one percent recently, according to Dr. John H. Siefert, director of the Genesee County Crime Lab.

The street dealers are often addicts. They sell to support their habits. A major dealer frequently employs an addict to run a dope house. Often dealers rest several hours for this purpose, moving their operations frequently to avoid detection.

A recent trend police are watching is the movement of numbers operators into the heroin trade. Two men who Prosecutor Robert F. Leonard said were numbers operators in the Flint area recently were arrested on warrants charging 36 counts of heroin and cocaine sale.

A Saginaw man with a past conviction for violating federal gambling laws, Nicholas Trogen Jr., was convicted in 1976 of delivering heroin to an undercover state trooper.

A detective said the combination of gambling and narcotics is a logical marketing development. The numbers operators have the contacts to distribute heroin and other narcotics, he said.

"They don't need it. It's just a case of being greedy," the officer said.

Next: The problems — and solutions — in the job of enforcing narcotics laws.

Flint, Michigan, Monday, September 11, 1977

Selling heroin

Huge profits, deadly risks

Police contend that their enforcement efforts are having an impact in curtailing drug trafficking, but they acknowledge that it is no easy job to shut down the drug business, especially from its main local source, "The Saginaw Connection." This is one in a series about drugs: How they get here, what police are doing about the problem, the street dealers and users and the rehabilitation programs available.

By ED BACKUS
and DANIEL E. RICHARDS
Jugent Staff Writers

Selling heroin obtained through "The Saginaw Connection" can be extremely profitable. It also can be deadly.

The going price for an ounce of heroin as it leaves the laboratory in Mexico is about \$500. When it comes to the buyer, it doubles in value.

By the time it gets to Saginaw it usually has been cut two or three times with quinine, Procain (a local anesthetic), lactose, or sugar.

And the wholesale value of the heroin will have tripled. As it arrives in Saginaw, the value of the an ounce of heroin is about \$1,600, narcotics officers report.

By the time the heroin gets to the street dealer, where it is sold for \$10 a hit or \$120 a bag, the value has climbed dramatically.

The U.S. Drug Enforcement Administration (DEA) estimates that an ounce and a half of pure heroin, after dilution and distribution on the illicit drug market, is worth \$70,000.

This, the DEA reports, makes pure heroin, at current retail prices, worth about 300 times its weight in gold.

Another estimate, by a Saginaw County detective, that a \$10,000 investment in a pound of pure heroin by a Saginaw dealer can amount to about \$2 million in street sales.

With such a huge profit margin, it is not surprising that there are territorial wars among the dealers.

There have been four shootings, two fatal, in the Saginaw area since January that involved Mexican-American suspects of being involved in the narcotics trade.

Four men have been found shot to death in the Flint area this year in slayings that Flint police say were drug-related.

All are listed as unsolved. Even if the police believe they know who was responsible for the homicides, no arrests have been made because they can't prove it.

Silence is golden for people doing business with drug traders in the Saginaw Connection. As Walter A. "Tony" Fuller, lieutenant in charge of the state police narcotics unit for Flint, Saginaw and Bay City, describes it,

"The rule is don't talk. If we catch a mule (carrier) he usually takes his rap without telling us who his source was."

Offers of immunity from prosecution and other deals seldom bring cooperation from Mexican-Americans, Fuller said.

"They know the alternative may be death. It's hard to come up with an offer that will top that," he said.

Although the Chicago mob is in the heroin traffic seldom talk, Fuller reports that his unit gets a lot of cooperation from law-abiding members of the Mexican-American community.

"They want it stopped and will help us," Fuller said. "When we talk about Mexican families who are dealing dope, we are just concerned with maybe 2 percent of the total Mexican-American community."

Topping the list for "discovered" murders linked to the Saginaw Connection is the slaying of four persons on July 4, 1974.

The bodies of James J. Boledovich, 25, and Janice Ann Hartley, 18, were found by a friend who went to Boledovich's home in Mt. Morris Township when his telephone calls went unanswered.

Both had been shot. Boledovich's body was found in a kneeling position in the bathroom. While Hartley's body was found on a bed.

For Boledovich's car police found a large number of bullet holes. The car was found in a garage of a house pure heroin with a street value of about \$100,000.

In Saginaw County, a few hours' drive to the north end of the state, the home of Robert Palacios, 34, was found.

He had escaped to the state after being shot in the back by the police of Palacios, 34, and Barbara A. Miller, 32, of Flint Township.

But Boledovich and Hartley were not the only victims. In the slaying of Palacios, 34, and Barbara A. Miller, 32, of Flint Township.

The contract for the slaying of Boledovich and Palacios was made by the Saginaw County detective.

Witnesses were called before the 17-member citizens grand jury then sitting in Genesee County. No indictments were issued but the investigation did produce information that linked four men to the slaying.

"The contract for the slaying of Boledovich and Palacios was made by the Saginaw County detective."

"We have their names. One of them was shot in the back by the police of Palacios, 34, and Barbara A. Miller, 32, of Flint Township."

The others are in prison, convicted of other crimes. "I'll never consider the case closed," the detective said.

What was the motive? The reason for the slayings apparently lies in the murky goings-on of the drug world. Boledovich and Palacios may have violated the territory of another heroin trader. They may have failed to deliver as promised.

One story the detective heard was that Boledovich was getting out. There was to be one last deal and then he would quit, move to California and study medicine, according to that story.

The killers of the Mt. Morris Township couple were probably known to them. The killers were admitted to the house without a struggle.

Detectives said the women were not targets. They were killed because they were witnesses, they said.

Palacios, the investigators learned, was traveling to Mexico twice a month, making arrangements to have heroin brought across the border.

He met Boledovich while in service. After discharge the two men reportedly began dealing marijuana because of Palacios' Mexican connections.

Detectives say the two men shifted to heroin dealing as that Mexican product became increasingly popular.

Because heroin is the most deadly of the drugs sold illegally and by far the biggest crime-generator of the controlled substances, police narcotics officers spend most of their time working on heroin dealers.

Undercover police work is a difficult, dangerous business. It is difficult because heroin dealers are crafty, "street-wise" people. They are highly organized and usually well-insulated. The top men are protected by loyal lieutenants who know the penalty for messing up is often death.

It is dangerous work because it takes into the home of a drug dealer is like entering the armed camp of an enemy. Drug dealers are gun collectors. Baiting parties frequently turn up armed that include automatic submachine weapons.

In the case of the slaying of Boledovich and Hartley, the police officer in charge of the investigation, a detective, was shot in the back by the police of Palacios, 34, and Barbara A. Miller, 32, of Flint Township.

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The Flint police department has a five-man narcotics squad, which operates in the department's special operations bureau.

In 1977 the unit made 134 arrests for delivery or conspiracy to deliver a controlled substance. Through July of this year, the unit made 134 arrests for delivery or conspiracy to deliver a controlled substance.

That's not much when an ounce of heroin costs nearly \$2,000," he said.

Narcotics agents need "fast money" so they can pose as big spenders and establish credibility, Fernelius said.

Fernelius would like to see the city budget more money for his unit. It would pay off, he said, in a dramatic reduction in street crime. Particularly burglary, armed robbery and receiving stolen property.

The total crime rate for the Flint area could be reduced by 50 per cent, police could stop the narcotics flow, Fernelius said.

Fuller agrees and estimates that with six times the manpower now assigned by the state police to narcotics investigations, the flow of narcotics through the Saginaw Connection, could be drastically reduced.

Narcotics officers spend a lot of time developing contacts that will give them credible informants. The goal is always to break through the layers of street dealers and lieutenants to reach the men at the top of the drug rings.

Fuller's unit has money available to make buys in pound or kilogram quantities. Deals of that size cost at least \$20,000.

Narcotics investigations take a long time. Sometimes an investigation will take months, even years.

"We will use anyone. Our motto is to always trade up," Fuller said. Small-fry dealers are sometimes given breaks, he said, if they provide information or contacts leading to the top echelon of a drug ring.

Progress is hard to measure in the police war against narcotics. Arrests are up, but Fernelius concedes that new people move in to replace dealers who are arrested.

"I don't know if you could spend enough money to shut the drug flow down," Fernelius said. "As soon as you plug one hole, there is another."

Fuller points out that heroin now available in the Saginaw Valley is poorer in quality than it was a few years ago. "We are seeing 5 percent heroin at the wholesaler level. The crackdown in Mexico has really been effective. It's rare that they are able to move heroin at 80 percent across the border now," he said.

A more significant development may be a reduction in heroin overdose deaths. According to the U.S. Drug Enforcement Administration there were, in 1977, 80 fewer heroin overdose deaths per month and 800 fewer injuries reported to emergency rooms and drug abuse clinics.

Former drug pusher creates a whole new life for himself

"Police contend that their enforcement efforts are having an impact on curbing drug trafficking, but acknowledge that it is no easy job to shut down the drug business, especially from its main local source, 'The Saginaw Connection.' This is the last in a series of about drugs. Now they get here, what police are doing about the problem, the street dealers and users and the rehabilitation programs possible."

By CAROL D. RUGG

Journal Staff Writer

The fast life and easy money no longer appeal to him.

He had both once. Looking at his boyish face and slight frame, one would never guess he is 26 years old. Nor would one suspect that less than two years ago he drove a flashy car, threw lavish parties for his friends — and sometimes dealt as much as \$4,000 worth of heroin in a day.

Unlike some pushers, who never touch the dope they sell, he occasionally used heroin — a fact he was slow to admit, but it landed him in a local drug rehabilitation program.

He has spent the past six months at Rubicon-Odyssey House, a residential treatment program for drug addicts. In that short time, he says he has begun to create a new life for himself.

Raymond, which is not his real name, says life in the streets holds no glamour. "Once you've had the fast money, you've been through the gutter, what's the sense of going back?"

But for about 10 years, Raymond founded rooms — cars, clothes and cash — to stay a heroin pusher.

Admitting that he also was a user came hard to Raymond. "I was doing more delivering than using, really," he says.

And even when he was arrested 18 months ago on a delivery of heroin charge (later reduced to possession), Raymond tried to deny to the police that he used drugs.

But as he worked his way through the court system and into Rubicon-Odyssey, the fact that he used heroin could no longer remain hidden.

Raymond insists, however, that he somehow managed to keep his level of use in check. "I never liked to take working money and spend it on dope. I figured, why should I give my money to the guy (pusher)? Why should I pay him 1,000 percent profit?"

"I would do my usage out of my (sale) profits. Other people paid for my use."

Raymond claims his habit was always controlled enough so that he could use small quantities — even establish — if he wanted to.

Nor did he ever think of himself as a junkie in those days. "I didn't have to suck nobody up. I didn't have to beg nobody. I knew I had a habit, but I didn't consider myself a junkie."

"I used to think, 'I'm the dope man. If I wanted to, I could shoot up \$6,000 worth right now.'"

Born and brought up in Flint, Raymond got into dope dealing when he was 16 by selling pills — mostly diet pills.

From there, his business grew to include the sale of cough syrup, which he purchased with legally obtained prescriptions. Within three years, he had dropped the pills and prescriptions and moved into heroin dealing.

When business was lucrative, it was basically a part-time operation. For several years, Raymond worked in a local automotive plant and peddled dope on the side.

Eventually he quit the factory job. "When I could make \$220 in 15 minutes (selling heroin), it didn't make as sense to work in the shop," he explains.

Heroin peddling remained a part-time business. Generally, he says, he would sell for a month or two, quit and then begin selling again.

And because he frequently moved in and out of the heroin business, he says it is difficult to calculate his yearly income derived from heroin dealing.

Although he estimates his yearly earnings at \$5,000, he qualifies it by saying, "That's probably putting it lightly."

It might sell \$2,000 to \$4,000 worth of heroin in a day," he says. And on weekends, "the sky was the limit."

Raymond says he regularly bought heroin from three or four suppliers in Saginaw, Detroit, Chicago and Flint. In turn, he supplied a small group of steady customers in the Flint area and in Grand Rapids.

Some of his customers bought large enough quantities to sell to others. But others purchased only small amounts, apparently for personal use, he said.

From his start in heroin dealing in 1969 until his arrest in late 1974, Raymond says his suppliers remained nearly the same.

What drastically changed was the quality and price not only of heroin but of "the pot and everything else sold illegally."

"The amount of heroin that today costs \$20 cost \$3 then," Raymond said. "Back then, three people could get high off one capsule. Now that couldn't even get YOU high."

"To find quality drugs today, you got to know somebody. Lots of people think they're shooting dope — and they aren't. They're shooting quinine or something."

Then as now, Raymond says both the availability and quality of the drugs sold on the streets vary according to the supply and the demand in the community.

A big bust could close a network or at least make some dealers lay low for a short time, he said.

His claims are supported by several former users and by a former low echelon drug courier.

According to one ex-addict who preferred not to be named, "There were plenty of times when we'd say, 'Flint is dry.' Even the big dealers couldn't get any dope."

Another rehabilitated addict, who also chose not to be named, said that new heroin users often have problems finding a supplier.

Recalling his own experience, the ex-addict, who started using heroin in 1971 and eventually became a "middleman" — a courier — for a large dealer in Flint, said, "At first it (heroin) wasn't easy to get. I wasn't trusted."

And simply shooting up in front of a dealer didn't help build trust, he said. "Even the police are known to shoot up (before making a buy)," he said.

He connected first with suppliers in Detroit, he said. But as the quality went down and the price went up, he found a better source in Saginaw.

But locating that Saginaw source took time, he said. Few local people with a connection there were willing to share their supplier, fearing that he might dry up the source.

"They told me what bars to hang out in, but you had to search for yourself," he said.

Once the connection was made, he started buying grams. Over time the grams became ounces, which he sold as roughly 50 clients in Flint.

"That's something I never had about. Some of those people were close friends, if dope hadn't been available, they probably wouldn't have visited it pushed to our door."

By 1974, he had become a "middleman" for an area dealer who used him to buy, purchase and deliver dope to local customers.

In exchange for providing these services, the dealer, as well as the buyers, often paid him with heroin.

The job lasted about a year. And during the five years he was in the heroin peddling business, he worked sporadically at a local automotive plant.

Unemployed but still dealing heroin in mid-1976, he was arrested on two charges of breaking and entering. As a result, he spent a year in jail.

It was during his jail stay that he decided to get out of the dope business and start a new life — a straight one.

Spending time in jail had a similar effect on another former heroin user who calls himself Doug.

New resident at Rubicon-Odyssey, Doug said he was strictly a user — never a dealer of heroin.

"Curiosity," he said, led him to try smoking heroin about four years ago at age 33. "I met a woman who was smoking heroin. She turned me on to it," he said.

Not long after that, he was visiting people in Saginaw who were injecting heroin, he recalls. The lure of a "quicker rush" soon made him a fairly regular heroin shooter.

Like Raymond, Doug said he always tried to control his habit. "I never wanted to get to the point where I was dependent on drugs. I might have felt the urge, but I never let it get to the point where I had to have them."

"The only reason I used drugs," he continued, "is because I liked the feeling of not having to face things I was afraid of — things I knew later I had to face as a person, as a man."

And like Raymond, Doug points to Saginaw as a major source of the heroin peddled in Flint. Indeed, most drugs in Michigan, Indiana and Ohio come through Saginaw, he said.

Whether someone in Flint can easily find a dealer to buy from depends on the overall heroin market — and the addict's motivation.

"At times it was easy to get," says Doug. "Other times you had to scheme and plot. How far you would go to get it depended upon how bad you wanted it."

Doug went far enough about two years ago to attempt a robbery to get money for drugs. It was his first drug-related crime, he said, but his

options were limited: a prison term or a chance for rehabilitation at Rubicon-Odyssey.

Looking back to his heroin-using days, Doug agrees with Raymond who says, "I think it was harder to get heroin a few years ago. It (heroin use) wasn't as widespread as it is now."

Back then, people — especially the ones I was purchasing for — were real bash-husb about it," Raymond continued. "To me, people have no pride about themselves anymore."

"I bet you could go into a crowd of 10 or 12 people right now in some neighborhoods and find syringes on more than half of 'em," in case they lack up on something."

Although Doug and Raymond said they never got involved with such mind-altering drugs as LSD, they were aware of the growing popularity of such substances — particularly in the late 1960s and early 1970s.

They sense, too, that hallucinogens have waned in popularity through the years — or have been replaced with fewer chemical substances such as phencyclidine (PCP).

But with certainty in his voice, Raymond predicts: "Everything else will come in and go out. But reeder (marijuana) and heroin are here to stay."

Journal

Flint, Michigan, Tuesday, September 14, 1972

s a blizzard! Cocaine arrives in Flint

Police contend that the enforcement efforts are having an impact in curbing drug trafficking, but acknowledge that it is no easy job to shut down the drug business, especially from its main local source, "The Saginaw Connection." This is one in a series about drugs: How they get here, what police are doing about the problem, the street dealers and users and the rehabilitation programs available.

By DANIEL E. RICHARDS
Journal Police Reporter

The telephone would ring on one of those sticky summer evenings.

"Is it anony you?" the caller would ask in an expectant voice.

The hopes were dashed, but raised slightly when told: "Did it get any colder?"

A short time later, the same caller, the same question, but a gleeful answer.

"Yeah, and it's a blizzard."

Soon, troops of people — always the same ones — would begin arriving to sample the white, powdery drug they commonly called "snow" or "nose candy" but revered more than God or gold.

Some would be clients who would blunk down to pay \$10 a gram and be on their merry way.

Others would be friends and would stand to party with cocaine, the good times drug that is fast becoming the drug of choice among those who can afford the steep prices for this short-lived high.

So said Jim and Sally. For more than four years they were at least around cocaine dealing. Sometimes they were actively involved.

They are educated, well-mannered Flint residents working in professional and skilled jobs.

But before they quit drugs altogether, they got their kicks from cocaine, which they partly financed with the profits of selling marijuana.

But the cocaine was expensive, around \$2,000 an ounce. And even with the profits they made on the sale of marijuana, they spent more than \$5,000 of their own money on the drug in one year.

As cocaine users, Jim and Sally were in a minority, but not such a small one.

According to projections based on a survey by Louis Harris and Associates, 11.5 million adults in this country have at least tried cocaine. That is more than one out of 12.

And Genesee County residents are no slugs.

"Flint is snowed out," said Jim.

"Coke is everywhere."

Or, as one Flint police officer who often investigates narcotics cases said, the cocaine problem is "super bad."

Cocaine has become the fashionable drug, the in thing of the '70s. Users attribute all sorts of benefits to it, from keeping them awake at work to relaxing them enough to sleep or enjoy themselves.

On the other hand, experts warn against its illegitimate use. While they generally agree that cocaine is not physically addicting, they say it can produce a psychological dependence.

And, police say, in some persons, it seems to act as a catalyst for violence, much as alcohol does.

Even users admit that extended use of cocaine, which is usually snorted, can "burn out" the nose and sinuses.

Five years ago, cocaine was virtually unheard of in the Flint area, said Charles Gilmore, deputy chief of the Flint Police.

Gilmore, the former head of the department's narcotics unit, said it was "very seldom we could buy coke."

But that is no longer true, said the man who now heads the same unit. "It seems to get more organized every year," he said.

Narcotics raids this year alone have resulted in the seizure of several large quantities of nearly pure cocaine.

And it is not just kids or street people who use and like cocaine. Jim and Sally agree that it enjoys a clientele that includes doctors, lawyers and merchants.

"The bulk of coke use would be confined to the upper strata of society," one officer said. "Professionals, successful people, are the main coke crowd."

The Harris survey showed that 30 percent of the adult population did not perceive cocaine as a dangerous drug.

One reason for much of its use is confined to the middle class in price. Two persons casually could snap up a 110-gram of average strength cocaine in a night.

Cocaine, which comes from the leaves of the coca bush or tree native to Peru and Bolivia but cultivated elsewhere, is not a new drug.

Archaeological evidence suggests the Incas chewed coca leaves as early as 500 B.C. for religious, medical and pleasurable purposes.

Cocaine was isolated from the coca leaves in the 1860s in Vienna and was used as a local anesthetic. It later gained popularity as such.

Because it is readily absorbed through the mucous membrane, cocaine and its chemical cousins are used sometimes in throat and nasal operations for anesthesia.

And because of that same property, it is usually snorted to get high.

One measure of the drug's widespread use and acceptability is the paraphernalia industry that has grown up around cocaine.

Boutiques and "head shops" sell everything from elaborate purity-testing equipment to kits that include a stash container, a mirror and razor blade for dividing the coke, and a small spoon or a tooth for snorting it.

Gold-plated razor blades are available for dividing cocaine into thin lines to be snorted. Since a hard, flat surface is needed to work on, fancy mirrors with peccot grooves for the lines are available for \$5 and up.

Jeweled spoons and toothers are also available for up to \$300.

Cocaine use generally produces a mild euphoria and pleasant hallucinations. Users say that feelings of fatigue and hunger disappear and are replaced by a feeling of well-being and increased tactile perceptions.

Unlike with alcohol, they say, cocaine does not destroy coordination or muddle the thinking process.

Users say they use it in much the same way others use alcohol at a party or after work — to loosen up and feel good.

Others claim it heightens sexual experiences.

"I think some older guys use it as an enticement and courage for young girls," one police officer said.

Others say it is popular because it is easy and inconspicuous to use. Unlike marijuana, which leaves a distinct smell, there are few tell-tale signs of cocaine use except for a runny nose.

These reasons apparently outweigh the negative side of cocaine use, which includes feelings of what users describe as paranoia and sometimes detachment.

Users also complain about physical damage to the nose, and experts warn that an overdose can cause respiratory arrest and death.

Police believe cocaine's popularity is tied to its availability.

"I've heard that there is a ton of cocaine amount of it going around," one officer said.

Asked how long it would take to get new law enforcement officers, he suggested a course of study maybe an afternoon if the person passed an entrance exam.

And, he said, the middle class user doesn't have to get his hands dirty dealing with street people.

For said many have regular, non-resident dealers.

Jim and Sally agree that cocaine is often distributed through small groups. One person of a small group buys an ounce and then sells it to his friends.

Police say that much of the cocaine in town now is pretty bad. The average purity level is down around 15 percent, though it should be around 25 percent to get a fix.

It is often cut with procaine, which has a numbing effect similar to cocaine and fools the user into thinking it is the real thing.

Jim and Sally said they dealt only in good cocaine — 70 to 80 percent pure.

They and their small group made money by boosting the price — buying cheap and selling high — instead of cutting the drug and increasing the quantity.

But for them, selling cocaine was not a money-making proposition; they sold enough to break even. Instead, they and their group sold marijuana to help them buy as much cocaine as they needed.

The pot, like the coke, came from Florida. Jim said they were never involved in trucking it into Flint, only in distribution.

He said marijuana came in "30-pound bales like dog food bags."

Since the marijuana entered the country by boat, some would usually be ruled by salt water, and would have to be mixed with undamaged pot. It wasn't the water that hurt the herb, it was the salt, he said.

The pot would be sold in any quantity — ounces, half pounds, pounds, kilograms, and by the bale. It would not be uncommon to distribute a bale a week, he said, at a profit of about \$50 a pound.

"Every time it changes hands, the price goes up," he said.

Prices varied by the grade of the drug.

Mexican marijuana went for about \$15 an ounce or \$175 a pound. Colombian sold for \$30 to \$35 an ounce or \$300 a pound. "Kono," from Hawaii, sold for \$200 an ounce.

For some of the marijuana, Flint was just a stopover; before it went to Canada by car through Port Huron. Because of the increased risk, the profit jumped to \$500 a pound.

"We'd do a lot of business with Canada," he said. "It would be uncommon for a person to load his vehicle with 50 pounds — stuff it in seats, door panels, behind the dash — drive to Canada, unload it, and pick up the cash."

Because of the Canadian connection, he said, getting rid of foreign cash was always a problem.

The Canadian money would usually be divided up between a group of people, who would then exchange small quantities at different banks here and in the Detroit area.

They said they could easily sell an ounce a week — or more.

When the cocaine arrived — usually in a Ziplock bag — the first order of business would be to test its quality.

One of several testing methods would be used.

One was to heat a small amount and examine the melting process; different cuts melt at different rates. There were also chemical and light tests to determine purity.

Sally said one method of field testing the quality of cocaine when not at home with elaborate equipment was with cotton balls.

If the cocaine dissolved immediately, it was close to pure. Fizzing, settling or turning different colors indicated different kinds of cuts.

Often, Jim said, it would be cut with sugar or procaine. Sometimes it would be cut with baby laxative, which, he said, would have the expected effect on the bowels.

"With good cocaine, some of it is going to stick to the inside of your nose," he said. "But if it is cut with sugar, a LOT of it is going to stick to your nose."

If the cocaine was up to snuff, the money was counted — casually — and several thousand dollars would change hands.

Next, he said, came the process of straining it into a fine powder, weighing it on precision scales, and packaging it.

It would usually be packaged in something like glossy magazine paper or specially purchased paper made for cocaine packaging that the substance wouldn't stick in.

The process, Jim and Sally said, was almost ritualistic at times and involved a lot of playing with the drug. And then the word went out: "It's a blizzard."

THE FLINT Journal

Flint, Michigan, Tuesday, September 12, 1978

It's another part of area's drug traffic

'Angel dust' use can cause brain damage

By DANIEL E. RICHARDS
Journal Police Reporter

About nine years ago, a man with normal intelligence, a warrant officer in the U.S. Navy, was comatose in the emergency room of Hurley Medical Center.

In three days, he made some progress: He was conscious and could sit up in bed. He could respond to commands, but he couldn't talk; all he could do was make sounds.

Six months later, it was determined that the man had brain damage: His IQ was measured at 78, below normal, and well below what was normal for him.

It was Hurley's first known phenylcyclidine (PCP) overdose, and it was a chiller, said Douglass Vivian, director of the Regional Drug Information Services and the Flint Poison Control Center. PCP is another element in the Flint area's drug traffic.

He said he remembers seeing the man and thinking that the officer was little more than a vegetable.

He admitted that it was an extreme case, saying that the "kid must have gotten a whole of a dose." But, he said, it was not atypical in that it shows the dangers and unpredictability of the drug.

Since then, countless numbers of persons have wandered into emergency rooms across the country with symptoms of PCP overdose.

They often appear to be drunk, authorities say, because they stagger and lack coordination. They complain about hearing things and being afraid of being alone, or boast about their supposedly new-found strength.

Sometimes, authorities say, they show signs of schizophrenia, and the PCP overdose is misdiagnosed.

In many cases, the overdose symptoms wear off leaving no ill effects.

But, according to one federal study, in the last three years, 93 cases of PCP overdose have resulted in death. Often, death is caused by suicide or by an accident resulting from the impaired condition.

PCP, said Vivian, "is the No. 1 problem (drug) on the market today. It's available and it's desirable" to persons who use drugs.

Drug counselor Debbie Hodge, of the Genesee County Commission on Drug Abuse Services, estimated that 80 to 90 percent of the people she sees use PCP to some extent, though it may not be their drug of choice.

"Almost everybody" uses it, she said, "except for people who are really into another drug, such as heroin."

William Thomas, acting deputy regional director of the Drug Enforcement Administration's Detroit office, said PCP is "one of the most unpredictable and dangerous drugs there is."

The agency considers the dangerous enough and the abuse problem big enough to have moved PCP up on its enforcement priority list to a spot right behind heroin.

According to a 1977 survey by the National Institute on Drug Abuse, 14 percent of 18 and 25 have at least tried PCP once.

Of the persons between 12 and 17 years old, 6 percent, or 1.4 million persons, have at least tried PCP, according to NIDA, a division of the U.S. Department of Health, Education and Welfare.

And Michigan is in the forefront of the problem, Thomas said. The state has been ranked second to California in PCP abuse and manufacture.

"For some reason, it seemed to spring up here," Thomas said. "We're curious ourselves as to why it started here."

PCP was developed as an anesthetic, but dropped from use on humans because patients became agitated after operations.

The drug is still used to immobilize large animals, and on the street is often called "horse tranquilizer."

PCP is relatively easy to make, Thomas said, and anyone with even elementary training in chemistry can figure out how to do it with substances that are readily available.

Because of that, he said, PCP laboratories pop up all the time throughout Michigan.

The labs, he said, can be "as elaborate as a chemist can make them, or as simple as a couple of pots on a stove."

In one pots-on-the-stove lab, DEA agents found written instructions on recipe cards.

At one time, Thomas said, the labs were usually located in urban areas. But, because of the strong odor associated with the manufacture of PCP, the labs are moving into rural areas where manufacturers think the odor is less conspicuous.

Thomas said this is ironic because in rural areas the odor is noticed faster in the fresh air and easier to track to the lab.

He said the manufacturer usually sells the drug to a distributor, for up to \$6,000 a pound. The distributor then sells it to a dealer for up to \$600 an

ounce, and it is sold on the street for about \$1.50 a hit.

PCP is often sold on the street as horse tranquilizer or angel dust, in tablets and in powder, respectively. As such, its purity ranges between 50 and 100 percent.

It is also mixed with other drugs sometimes to give the host drug an extra kick.

Often, authorities say, PCP is sold on the street as THC, the psychoactive chemical in marijuana that gives the herb its kick.

But, authorities say, what is sold as THC is almost always PCP.

Mrs. Hodge said the persons she counsels often say they would "never use angel dust — that stuff is too hard."

But they will use what they believe to be THC, she said, and will "argue with you up and down that it is THC, not PCP."

She said the majority of persons who knowingly use PCP do so because it is a combination of a depressant and a hallucinogen.

Many of the persons she sees who use it regularly are in high school, she said.

She said she believes not too many older persons use PCP because they are used to the clean, solid trip they got from LSD, an intense trip that PCP doesn't produce.

Senator DECONCINI. The committee will reconvene.

Mr. Thatcher, if you have a full statement there, we will be glad to put it in the record, if you would like to proceed.

**STATEMENT OF JOHN THATCHER, PRESIDENT, BANANA
SUPPLY CO., INC., MIAMI, FLA.**

Mr. THATCHER. All right, sir. I would like to talk off the top of my head, if that is agreeable.

Senator DECONCINI. That will be fine, if you could tell us a little bit about who you are and where you are from.

Mr. THATCHER. My name is John Thatcher and I am from Miami, Fla. I am the president of the Banana Supply Co., Inc., in Miami, Fla. Our firm is a firm involved in the importation and the distribution of bananas from Central and South America.

We operate primarily in the south Florida area. We have a number of refrigerated motor vessels. The purpose of those motor vessels, of course, is to go to the tropics, pick up bananas in the tropics, and then bring them back to Miami, where they are ripened and further distributed throughout the south Florida area.

Among the various places that our vessels call on, of course, is the country of Colombia, which is a large producer of bananas. Let me say parenthetically here that I am not an expert in government organization; I do not appear here as an expert in government organization. I do believe that I am now an expert in the efforts of the drug community to use private enterprise and private business for their own purpose and to corrupt organizations in an effort to provide transportation and distribution for their product. To that extent, I would like to testify here today on some of the ramifications to our business of the problem of narcotics in our community.

This problem came to my attention in 1972, when we received a tip from one of our captains who had, in turn, received a tip from somebody in Colombia that efforts were being made to infiltrate our vessels with what are called in the tropics mules—people who are willing to bring narcotics in return for large sums of money in any way that they can get them to the United States.

Because of the nature of our operation, in that our vessels go back and forth to Colombia—primarily to Turbo, Colombia—on a regular basis, this is a natural set-up to enable people on the Colombian end to have a regular source of transportation to the United States.

How does the thing work? Well, it works by either bribing crewmembers or threatening crewmembers to bring narcotics into the United States. The bribe, of course, is the easiest way, and the sums of money that we are talking about are so large that the average crewmember is certainly going to be tempted to listen to the story. Perhaps in one voyage a crewmember can make as much as he can all of his life as a seaman on a merchant vessel. So those kinds of temptations are difficult to refuse and only people with a very strong character can say no.

Frequently, when a man says no, the next approach, of course, is the threat. Many of these people who are on our vessels are Colombian nationals. They have families in Colombia, and if they do not cooperate with the Colombian Mafia, as they are called, the next

step is to threaten their family and put pressure on them in that fashion.

As I say, we first heard of this back in 1972 and, of course, the product in those early years was marihuana. Because of the high bulk of marihuana, it was not long before the product changed to cocaine, not only because of the bulk but because of the high value of cocaine in small packages. Within a few years, we were known as the people who smuggled bananas and imported cocaine. The attendant publicity that has gone with this has been, of course, a source of embarrassment to our firm, and there has been a continuing battle on the front of trying to keep this from developing into something that we cannot contain.

We have, of course, over the years cooperated with Customs closely in an effort to stop the crewmembers who are involved in this. You say, what are you doing to try to prevent it from happening? Well, let me just cite a few of the things that we have tried to do in order to keep this from being a continuing problem.

Of course, we have warned the crewmembers of the penalties that can be imposed by the Government in the event that they are caught bringing narcotics into this country. Special attention, of course, is given to the captains and the officers of the vessels in order to help them and encourage them to control the problem.

Obviously, as soon as we find out that somebody is involved in narcotics, the first thing we are going to do is fire them. We maintain a list of suspects of all the people we can identify as being involved in narcotics over the years, and we exchange that list of suspects with all of our vessel captains in order to keep one guy from getting off one ship and going to another ship. We use informants; we pay informants. As I said before, we cooperate with Customs and DEA in passing on information that we can develop about what may be taking place on our vessels.

We put pressure on the Colombian authorities and we put pressure on our Colombian supplier to take all of the steps that they can take to try to reduce the supply of narcotics in Colombia. We have offered rewards for information that leads to the conviction of someone on one of our vessels that is involved in this problem. We post armed guards 24 hours a day when the ships are in port. We have employed private investigative services to try to develop information on which of our people may be involved.

We have had regular searches made of the vessels on every voyage, of course, and we have tried to eliminate the hiding places on the vessels where these narcotics are stored. We have even gone to the extent of reducing our dependence on Colombia as a source of banana importation and shifted that into some of the more expensive supply areas in an effort to try to control the problem.

We have tried to employ crewmembers from other countries, thinking that if not so many people on the ships were from Colombia, that that might exercise some control over the thing. But when you begin to realize the type of money that is involved in the transportation and sale of narcotics, you realize why, no matter what country the crewmembers come from, they are not only susceptible to bribes, but also susceptible to the threats that I mentioned before.

We have had some of our people convicted in court; some of our crewmembers have been convicted in court of being involved in narcotics smuggling. Usually, the final disposition of that case is that within 6 months after conviction, they are back in Colombia with a pocketful of money, laughing at the American authorities who say that it is dangerous to import illicit drugs into this country.

I give you all that background just for the purpose of letting you know some of the time and effort that is involved in a private company in trying to control the impact of illegal narcotics on their business. You say, what are the economic consequences of this problem?

Of course, we have a tremendous crew turnover, which results in high expenses of repatriating the crew. It is our obligation, when we fire somebody, to send them back to the country in which they were employed, and normally that is done on airlines in an effort to keep them from being on the ship, because the vessel is subject to sabotage by crewmembers who feel that they have been discovered as narcotics smugglers.

There is the obvious deterioration of morale in a crew where you have some people who are trying to play it straight and some who are trying to play it crooked. There is the obvious difficulty in trying to hire good crewmembers, when there is suspicion among the crew of those who may be involved. There is tremendous pressure on our captains to try to control this problem, not only by our company but also by the U.S. Customs authorities.

In order to retain good captains, of course, we have had to give them what we call extra hazardous duty pay to try to cope with this narcotics problem. There is the added cost of guards, of rewards, of paying informants; there is the tremendous amount of management time and attention that is given to trying to control the problem.

We are basically banana importers; we are not policemen. Yet, a large part of management's time is spent in trying to ferret out the crewmembers that are involved in this operation and see that they are replaced. It is not so much a question of, is this going to solve the problem. It merely postpones it for a little while, because somebody that takes the fired crewmember's place is going to be involved in it within a period of 2 to 3 months because of the size of the rewards involved.

I think I mentioned the matter of the bad publicity that has come to our company because of the sensationalism that comes from the media about narcotics seizures on our vessels.

I might mention, finally, the constant threat that we are under from U.S. Customs regarding confiscation of our vessels. As you perhaps are aware, Customs has the right to confiscate a vessel that is used for the importation of any illegal narcotics. In spite of our cooperation with Customs over the years, about 5 months ago, because they did not like the way that the captain had performed in a particular case, they seized one of our vessels. And after some \$80,000 in legal fees and fines, we finally got the vessel back about 2 weeks ago.

We are now faced with the problem of how we are going to finance the expansion of our business, inasmuch as the last vessel

that was confiscated was the collateral for a large loan. Once the bank found that that collateral had been seized by Customs, they were prepared to call our loan of \$1.2 million. It was only because we were able to secure the release of the vessel that we were able to keep that loan from being called.

Now, when we go to try to finance the expansion of our business, we find that we are faced with the consequences of the threat that Customs may be able to confiscate another one of our vessels in the future.

What is the result of all the efforts that we have made over the years to try to control the problem? I have tried to capsule the problem; I could go into it to a greater extent if I did not feel the pressure of time in an effort to let some of the other witnesses testify also.

The effect of all our efforts and of all of Customs' efforts and of all the DEA efforts over the last 8 years, as far as I am concerned, is absolutely zero. We are no farther along in solving this problem than we were 8 years ago when it first started.

As long as the rewards are so great and as long as the penalties are so small, crewmembers are going to try to smuggle narcotics into the United States, and they are going to try to utilize legitimate business people who are in the transportation business; they are going to try to utilize their facilities to accomplish those ends. It means that legitimate business people are going to have to pay the price, as we have paid the price over the last 8 years, to try to control this problem.

Frankly, we are discouraged; we are discouraged because of the ineffectiveness of the programs that have been undertaken to this date. That is not a criticism of Customs or DEA. I think that with the limited resources they have and the limited manpower they have, they are probably doing as good as they can do, but they are not getting the job done.

Will a Senate select committee solve the problem? I said before that I am not expert on government, and I really do not know. But I know the problem is not being solved under the present structure, and I think the time has come to try something different. If the present system is not producing some long-term improvement in the overall narcotics problem—and from a person who lives in south Florida and sees the headlines in the paper everyday and who deals with the narcotics problem on a daily basis, it is not getting better; it is getting worse.

I was here when Mr. Messick testified as to the extent of narcotics problems in south Florida, and it does not sound possible; you think he has to be exaggerating. I tell you he is not exaggerating; it is that bad in south Florida, and it is getting worse everyday.

We encourage you to consider something new, something different, because we have now is not getting the job done. Thank you, Senator.

Senator DECONCINI. Mr. Thatcher, thank you very much. Can you give me just a little bit of background? When you talk about the bribe, is that usually non-officer people who are involved in that?

Mr. THATCHER. It is anyone. We recently had a captain testify before a Customs hearings in which he, under oath and with a

willingness to take a lie detector test, said that he had recently been offered \$200,000 for one voyage, just to look the other way; not to be a participant, but just to look the other way so that somebody on the ship could bring the narcotics into the United States. Those are the kinds of bribes I am talking about and the kind of money we are talking about.

Senator DeCONCINI. It goes all the way from the captain on down to the stevedores?

Mr. THATCHER. Absolutely. We have fired captains that we knew or we suspected were involved themselves.

Senator DeCONCINI. Are you aware of actual drugs being brought in by your ships and unloaded?

Mr. THATCHER. Oh, yes. At one time, about 25 percent of all the narcotics that had been seized coming into south Florida had been on our vessels.

Senator DeCONCINI. How many vessels do you have?

Mr. THATCHER. We have five vessels operating out of south Florida. One seizure at the time was the largest seizure that had taken place in the South—42 pounds, worth some \$40 million, in one shipment; pure, uncut cocaine.

Senator DeCONCINI. In your opinion, it is not just your company, but many others that are involved in this transportation?

Mr. THATCHER. We know that all of the importers from Turbo, Colombia are having exactly the same problem—some to a larger extent than we are.

Senator DeCONCINI. How many ships would you estimate that might entail?

Mr. THATCHER. Probably 10 or 15, something like that. But it is not only Turbo, Colombia; it is Santa Marta; it is Barranquilla; it is Cartagena. It is all of the Colombian ports, and to a lesser extent, other ports in the Caribbean.

Senator DeCONCINI. Would you care to estimate how many you think there are from Colombia into Florida, the legal ships that are operating there?

Mr. THATCHER. It would be a guess, but I would say something on the order of perhaps 8 or 10 vessels a week that come to Florida.

Senator DeCONCINI. How much money would you estimate your company has had to expend on a yearly basis for these extra protections and all the efforts that you have gone through?

Mr. THATCHER. I would say in the neighborhood of \$100,000.

Senator DeCONCINI. And that is obviously passed on to your customers who pay you for bringing your product in?

Mr. THATCHER. Right. We have also calculated that in the last year, in order to avoid doing business in Colombia as much as we possibly can, we paid about \$500,000 in additional costs to buy elsewhere.

Senator DeCONCINI. You mentioned Customs and you mentioned the Coast Guard, and also the Drug Enforcement Administration.

Mr. THATCHER. I do not think I mentioned the Coast Guard; I only mentioned Customs and DEA.

Senator DeCONCINI. And those are the primary agencies that you work with?

Mr. THATCHER. Right.

Senator DECONCINI. In your opinion, is it a shortage of people and resources that is the problem, or do you have any other observations?

Mr. THATCHER. I certainly think that as far as controlling the influx, they are strung out to the point that they just do not have enough people.

Senator DECONCINI. Does the State of Florida do anything?

Mr. THATCHER. Yes. The Governor has gotten very much involved in it recently.

Senator DECONCINI. Do they have the same problem of allocating the resources?

Mr. THATCHER. I think that is true of all of the governmental agencies that are trying to cope with the narcotics problem.

Senator DECONCINI. The thrust of your testimony is that the problem is bad or worse than Mr. Messick pointed out in south Florida?

Mr. THATCHER. Absolutely.

Senator DECONCINI. Second, whatever is being done on the Federal level—and that includes in Congress—you would like to see us try something else?

Mr. THATCHER. Absolutely; we do not feel that any significant progress has been made to date.

Senator DECONCINI. In the past 8 years?

Mr. THATCHER. No, sir.

Senator DECONCINI. If anything, it is worse?

Mr. THATCHER. I think it is.

Senator DECONCINI. Thank you very much, Mr. Thatcher; we appreciate your coming here.

Mr. THATCHER. Thank you, sir.

Senator DECONCINI. Our next witness will be Patrick Healy, executive director of the Chicago Crime Commission. Mr. Healy is also past executive director of the National District Attorneys Association, and he is an old associate of mine. I am very glad to see you here, Pat.

Mr. HEALY. Thank you, Senator.

Senator DECONCINI. If you have a full statement, we will be glad to put it in the record.

STATEMENT OF PATRICK F. HEALY, EXECUTIVE DIRECTOR, CHICAGO CRIME COMMISSION, CHICAGO, ILL.

Mr. HEALY. I would like to state my president, Mr. Philip W. Hummer, is presently meeting with the Attorney General, and I told him that you would accept his statement into the record as being read.

Senator DECONCINI. He is the president of the Chicago Crime Commission?

Mr. HEALY. Yes; Philip Wayne Hummer. He is a stockbroker and is a partner in a brokerage firm on LaSalle Street. He has been president of the commission for 2 years. He would have given you an introduction concerning the purpose of the Chicago Crime Commission; I can summarize it, in maybe a minute.

It is a civic organization of businessmen and civic leaders; it was formed 61 years ago and is nonpartisan and nonpolitical. It exists solely on the money which is contributed from the business com-

munity. Our main purpose for existing is to be a watchdog over city government, and specifically fight organized crime. With that, Senator, and I will capsulize my statement with the full statement being inserted into the record.

I have been in prosecutorial work, both Federal and State, for 21 years. I welcome this opportunity to appear before the Senate Rules Committee to discuss a very important and crucial matter, and that is the problem of narcotics. I hope that this committee in its deliberations and its weighing of its decision will view the testimony that is heard from the viewpoint of the local law enforcement officer, not the Federal level.

If we are only stopping 5 to 10 percent of the drugs coming into this country, the burden is falling on the shoulders of local law enforcement. If the burden is falling on the shoulders of local law enforcement, let us view the problems from their eyes.

The drug problem—and I use that term in the broad sense, since it involves more than just cocaine and marihuana and heroin; it might be well also to review the manufactured drugs. The climate of this country as to drugs has been so set a great deal by previous conduct of legislative bodies, by the news media, and by the television, that it is almost acceptable in our communities today to dabble and dabble in marihuana and a little coke. It is a standing joke that when you go to Aspen, Colo., it is not peanuts on the table; it is a little coke. No one seems to get excited about the fact that that is against the law.

The reason that this bothers me is that it is all observed by the younger generation. I am not talking about 18- and 19-year-olds; I am talking about 12-year-olds. We set the tone of what is good, what is bad, what is permissible, and what is not permissible from what they see, and hear, adults do.

I have heard testimony, and I will not belabor that point, concerning a multibillion dollar, worldwide industry. You have the facts and statistics in my statement concerning the numbers of addicts, the people on PCP, the people that have used cocaine, and the amount of heroin and marihuana; the poundage per day, the death rate among young children, et cetera.

It is this overwhelming and smothering statistical information that leads the local law enforcement agency, who encounters it on a day-to-day basis to almost express despair and express an attitude of, "I cannot do it; I am fighting a losing battle; why should I be the only one? Who else cares? The heck with it."

I realize that this may go contrary to other witnesses, but we do know that there has been some outstanding work done by Federal agencies, but close is only good in horseshoes. They have made some key buys, some key arrests, and some key convictions. I know that the French-Turkish connection, when that was broken, created a hiatus in the supply of hard-core drugs to Chicago, which, in our jurisdiction, was replaced by the Mexican source out of Durango. The heroin supply increased from Mexico from 35 to 90 percent. With that came a complete change in the hierarchy of command of the drug traffic in Chicago; it changed from the blacks to the Mexicans; it changed from the Far East to Durango. It bypassed New York and its connection with organized crime.

I know for a fact that in the fifties and sixties, the drugs in Chicago were basically handled by the blacks, who received their supply out of the east coast. We know that later, that changed and it came up from Mexico. I also know that in New York, organized crime does not have the reservations of dealing with drugs as they do in Chicago. In Chicago it is taboo for organized crime, figures to deal directly with drugs, as we know organized crime. They may bankroll a purchase, but they have been pretty well staying clear of dealing with drugs, as such. We are talking about organized crime as it is commonly referred to.

What you have in Chicago, basically, is a group of blacks or a group of Mexicans, loosely organized, with a certain set of territories set aside with loose agreements. That is not what we call organized crime in the true sense of the word.

I will not bother you with a litany of drug murders and horror stories; those have been paraded before this committee already. Our fear today is that although the quantity and quality of Mexican heroin is poor, we may expect very high grade heroin from Pakistan, Afghanistan and Iran, the drugs are already starting to enter this country. Last week at O'Hare Airport, in one arrest alone, they stopped a man with \$10 million worth of heroin in caviar cans. The week before, they caught a man with \$8 million worth of heroin; they let him go through and they arrested him in Arizona. It was judged to be 80 percent pure heroin.

We know it is starting to come in. Those countries do not have stable governments. There is no way you can work out a law enforcement agreement with those countries at this time. The situation over there is out of control, and we are getting the backlash of it.

When you figure that we are talking about between \$35 and \$51 billion a year in the United States just on drugs, it staggers the imagination. You can corrupt with that amount of money.

Now, if the Federal Government is only catching 5 to 10 percent of the illicit drugs being smuggled in, what is the frame of mind of local law enforcement? I have been in prosecuting work for 21 years, and sometimes I sincerely wonder if anyone is really trying to make an effort; are they really trying?

If you can get some assistant district attorney in a town prosecuting some drug case and he comes to that conclusion, what are the larger cities thinking?

I am not taking away any credit due to DEA for what it has done in its limited capacity. For what it has done, we are thankful. Much, much more has to be done, and I would hope that they would not consider this negative criticism, but constructive criticism.

The DEA central tactical units must be expanded. It is extremely discouraging to see IRS sit on the sidelines and withdraw. Personally, I am not interested in what the public opinion is of IRS because they prosecute drug traffickers. I think the public would take their hats off to them. To say that IRS is withdrawing from prosecution and investigation of drug trafficking because they do not want the label of whatever you want to call it in this day and age of Watergate I think is a misnomer; I think they are misjudging the American people very, very seriously. They have with-

drawn from the strike force program and the narcotic traffickers tax investigations; two giant holes are left in the fight against drug trafficking.

I ask that you consider the drug sentencing and bail laws; I think that in many regards they are a sham. They are not being enforced; they are just not working.

Everything that I have mentioned has been duly noted by the local police departments, wherever it may be—Chicago, Miami, Tucson, New York, Seattle. Senator, they cannot do the job; I think they have candidly admitted it. With the budget cuts, force reductions, lack of cooperation, and competitiveness, the fight is doubly hard.

They do not ask for much; they ask basically for two general conditions of help from the Federal Government—intelligence-sharing, and I know you open up a Pandora's box of problems with that; and money to make reasonable buys. When you consider that if you wanted to make a \$3,000 buy of narcotics in Chicago, the Chicago police department would have to turn it over to the Feds, that is ridiculous, just ludicrous.

I am not advocating that the Federal Government devote its resources to low-level violators; that is not the business they should be in. There is only one exception—to shame a local jurisdiction into prosecuting a drug case. If they come upon a local jurisdiction that refuses, go in and, out of sheer shame and embarrassment, make the local law enforcement agencies respond.

The Federal Government is the only agency in existence that can have a major impact on drug violations; the locals cannot. The Federal Government should have the resources, the expertise, and manpower available to it. The local law enforcement agencies know this and they are looking to you to supply it.

There is a multiplicity of agencies and subagencies charged with addressing the problem with different approaches and instructions, all reporting to different heads, all getting different marching orders, all receiving different types of commands on what to do and what not to do. That must stop, and it must be coordinated. The problem is much too big and too important to the Nation to be treated otherwise.

I personally feel that it is clearly evident that national or regional hearings once or twice a year are completely inadequate. To consider this as just another part of organized crime is not to admit to its magnitude. It cannot be handled with chop shops, arson, labor racketeering, and anything else that might be considered as organized crime. We have been band-aiding the drug problem for 30 years, and I am sorry to say that it does not look like we learned too much.

Whatever solution this committee decides on, it should be limited to narcotics and address itself to some of the following areas: A review of all Federal agencies, subagencies, and departments which now have something to do with narcotics enforcement, in order to develop a coordinated plan. Interagency fighting over jurisdiction, et cetera, should stop.

Out of all the testimony I have heard today, I have heard no facts on arrest and conviction rates. It would be very interesting to see how many arrests and how many convictions there are. Gentle-

men, the proof is a matter of record if you have performed, it will show it.

We need a review of sentencing laws and procedures; let the penalty fit the crime; a hard look at bail procedures and new guidelines to stop repeated commission of new crimes by felons on bond. Just as an example, we have a family in Chicago called the Herrera family. One Herrera out of Durango made a \$1 million cash bond; he jumped bond and forfeited the \$100,000 premium. He has not been caught since. His brother made a \$250,000 cash bond, jumped the bond, forfeited the \$25,000 premium, and has not been seen since. The money profit is so vast that this is just considered as a cost of doing business.

A concerted effort has to be made to develop conspiracy cases. The higher-ups are seldom directly involved; conspiracy is the answer.

Suits to recover the assets of traffickers; because a man is sentenced to 5, 10, 15 or 20 years in prison, the U.S. Government should file suit to confiscate all of his assets. The name of the game is money; if you take away the money, you take away the incentive.

I would suggest that you develop tax cases against suspected and known drug pushers. It is rather interesting that Al Capone was convicted on a tax case. With everything that he was to have done taxes got him.

I would suggest that the committee review and amend the Freedom of Information and the Privacy Acts. I would suggest that you review and amend the Bank Secrecy, and the Tax Reform Acts. These are all tools that law enforcement can use. Right now, they are shackled; quite candidly, Senator, Congress overreacted.

A substantial increase in DEA and Customs agents is needed. One properly-placed and properly-trained Federal agent is worth 100 local agents. Advance training in conspiracy and financial aspects of drug prosecution; most prosecutors, and most investigators do not know how to handle a conspiracy case. Because they do not know how to handle it, they will not touch it. Senator, conspiracy is a big net.

We need some way to help coordinate Federal and State efforts. This is the hardest of all. You have to overcome all the taboos of "one-on-one," because right now, as much as I like to think that there are certain agencies and jurisdictions that enjoy cooperation, my gut reaction is still that unless somebody trusts you specifically, they will not share any knowledge with you. In fact, those were my instructions when I was a prosecutor; get everything, tell nothing.

In closing, I would just like to say this: I forecast a tremendous increase in drug traffic. The profits are enormous. We expect Chicago organized crime to enter this field, more than just bankrolling it.

Lastly, and most importantly of all, we ask the legislators here in Washington to coordinate these efforts and hold all people responsible. Responsibility is the key; if you hold them responsible, they must perform.

I heard the testimony of the Senators and the previous witnesses, and it is hard to disagree. I do not like a proliferation of commit-

tees; I do not like to go over budget; I do not like an overlapping of jurisdiction. But if I had the option, I would go for strong drug enforcement more than a balanced budget. I would not go for a balanced budget at the expense of a wild, runaway drug problem. I think that is being very foolish. Thank you, Senator.

Senator DECONCINI. Mr. Healy, thank you very much, and I will not take much more of your time. Are you familiar with the GAO report that is dated October 1979 regarding drug enforcement?

Mr. HEALY. DEA?

Senator DECONCINI. GAO.

Mr. HEALY. Of March 27, 1980? There are two of them; I referred to both of them in my testimony. Is it a critique of DEA?

Senator DECONCINI. No. It is entitled, "Gains Made in Drug Enforcement, but the Drug Trade Flourishes." I think it is dated October 27.

Mr. HEALY. Was that submitted to PSI?

Senator DECONCINI. No; it was submitted by GAO to the Senate Appropriations Committee back in November. Have you read that?

Mr. HEALY. That does not ring a bell, Senator.

Senator DECONCINI. It is entitled, "Gains Made in Controlling Illegal Drugs, Yet the Drug Trade Flourishes." If I sent you a copy of that, would you give me your observations on it? It sounded like you wrote it, and I am sure you did not because the GAO wrote it. It talked about the problem of the lack of cooperation; it talked about the need for the Federal Government to get in touch with and help the local law enforcement agencies. It went so far as to say that there are probably as many as 15,000 competent, honest law enforcement agents in the area of drug enforcement that are not tapped or coordinated with any Federal effort. It stresses the need for stiffer sentencing, the need for changing our bail laws, and the need for the IRS to be involved.

So many of the things that you raised were right in that report, but you have not read it. I would like to send you a copy and have your comments on it.

Mr. HEALY. Dealing with prosecutors on a semi-social basis at dinner or something, this is all they talk about, so basically it is Old Home Week.

Senator DECONCINI. That report concludes that though there has been some specific improvement—the report does make the conclusion: Inconsistent and sometimes conflicting drug policy results in no clear, overall direction on the Federal level.

That seems to me to be what you are saying; that we have not put the act together on the Federal level.

Mr. HEALY. I am sorry to say this, but I have not seen where it has been done.

Senator DECONCINI. I am like you; I do not cast blame at DEA. Congress and the prior administration are the ones that did the reorganization. I am not casting blame on DEA: They do the best they can with what they have, perhaps.

But would you agree with that, that there just does not seem to be an overall direction on the Federal level?

Mr. HEALY. Yes. Senator, all you have to do is stand in a Federal court or county court in Cook County and just watch the merry-go-round.

Senator DECONCINI. I do not know if you were here when Bob Greene, Tom Renner, and Mr. Messick testified, but they left a horrible feeling with me on the record; that in the past 8 or 10 years, there just has not been much improvement in the Federal effort to do something about it. Do you concur, generally, with that?

Mr. HEALY. Yes. I would even drop down one level and make it very personal. As a prosecutor, I did not have to worry; my children were young. I have five children now, and they tell me if you are in eighth grade or seventh grade, there is no problem; buy what you want.

Senator DECONCINI. That is very discouraging.

Mr. HEALY. At least when I was a prosecutor, it was junior or senior year in high school.

Senator DECONCINI. You make reference to traditional organized crime syndicates and groups now just coming into narcotics distribution in the Chicago area. Do you see a greater emphasis by the Federal agencies now that more traditional organized crime, if you want to call it that, is involved. Do you witness any greater effort by any of the agencies? In other words, are the FBI, the BATF, or any of these agencies getting involved, now that traditional organized crime groups are moving into the area?

Mr. HEALY. I do not know how to answer your question, for the simple reason that I am not in law enforcement presently. You know the Crime Commission's status.

Senator DECONCINI. Yes.

Mr. HEALY. I can only read what is in the paper, but I would like to know what is not in the paper. It is nice to read about the big bust, but what got away?

Senator DECONCINI. Do you generally agree with Mr. Thatcher, who testified a few minutes ago, that whatever the Congress and the Federal Government are doing, it is not enough and it is not working?

Mr. HEALY. That is the consensus of the Nation.

Senator DECONCINI. I just wanted to see what your feelings were from the Crime Commission. Thank you very much, Mr. Healy. I wish you would express my thanks to Mr. Hummer, the President of the Commission, for his having you here to testify in support of doing something about this difficult problem that we have.

Mr. HEALY. Thank you.

Senator DECONCINI. Thank you, sir.

[The prepared statements of Mr. Healy and of Mr. Philip Wayne Hummer, president of the Chicago Crime Commission, are as follows:]

PREPARED STATEMENT OF PATRICK F. HEALY

My name is Patrick F. Healy and I am the executive Director of the Chicago Crime Commission. I have been involved in prosecutorial work, both federal and state, for the last 21 years.

I welcome this opportunity to appear before the Senate Rules Committee and give my views on this important and crucial matter. I think it is very important that the committee examine this matter from the viewpoint of local law enforcement in order to appreciate the magnitude of the problem. With this in mind, I would like to set the stage.

The "drug problem," and I use that term in the broad sense, is alive and well and very much flourishing. Flourishing not because no one cares; but because of the

nature of the problem. The enormous supply of and demand for drugs has created a multi-billion dollar worldwide business involving millions of Americans.

It is estimated that there are: 1.7 million persons who have used heroin with 450,000 daily users; 13 million persons who have used stimulants such as amphetamines; 6.9 million persons who have used PCP at least once; 10 million who have used cocaine; and 43 million people who have tried marijuana at least once.

The marijuana market alone consumes between 60,000 and 100,000 pounds per day.

A continuing trend of great concern is the level of drug abuse and use among young people in the United States. Drugs were the seventh most common cause of death for Americans aged 10-19 and ranked fourth for the 20-24 age group in 1976.

These are the facts that face local law enforcement agencies on a daily basis; it is no wonder some express despair.

Have we made gains against drug trafficking—absolutely. Some outstanding work has been done by key federal agencies. We know for a fact that the French-Turkish heroin connection was seriously crippled in the seventies, but only to be replaced by the Mexican trafficking, which increased its supply from 35 percent to 90 percent of the heroin used in the U.S.A. With this came a change in the control of the drug traffic in Chicago from the black dealer to the Mexicans, since they controlled the supply and network of dispensers in Chicago.

Drugs in the fifties and sixties in Chicago were left mostly to the blacks who were not organized, as we use the term, but a group of dealers with loosely defined territories. With the curtailment of the French-Turkish connection, Mexican heroin came on the scene in force in Chicago, and with it a whole new hierarchy of control, namely the Herrera family. The exploits of the Herrera family are legendary. The drug supply shifted directly to Durango, Mexico, bypassing the traditional connections in New York and the organized crime figures there. In New York, the taboos of dealing with drugs is not as strong with the mob as it is in Chicago.

I would like to mention that it has been traditionally an area that the Chicago "outfit" has not directly dealt in. The Chicago outfit is not as fragmented as in New York where there is evidence of drug dealing by organized crime figures.

With the change also came the switch in where the blacks received their heroin—it was from the Mexicans. A new element added was that the Mexicans also dealt with the drugs on the street level.

I have not sought to recite a litany of drug murders and horror stories, they are well known to this committee and I am sure you will hear that from other witnesses.

The fear today is that we are about to be hit with an influx of heroin, the likes of which we have never encountered, from Pakistan, Afghanistan, and the Far East. Just last week in Chicago, ten million dollars of heroin was taken from a person returning to the U.S. from Iran, and a week before another eight million dollars passed through Chicago to Arizona where the arrest was made. This is due to the political upheaval in those parts of the world. These countries are willing to furnish the drugs due to the enormous profits. Countries where smuggling and governmental corruption is a way of life. We are talking of from \$35 to \$51 billion annually, just in the U.S.A.

The rewards are great, the risk slight, it is easy to enter the U.S. and distribute drugs. It is estimated that only five to ten percent of all illicit drugs are seized. Is it no wonder that local law enforcement is overwhelmed by the problem.

I do want to pay tribute and acknowledge the outstanding work done by DEA and other Federal Agencies. We know that the Mexican heroin quality is poor and quantity limited due to excellent federal law enforcement efforts.

The emphasis on conspiracy investigations has led to high level drug traffickers' convictions and some substantial prison sentences, but much more must be done in this area.

The DEA Central Tactical Units (CENTAC) must be greatly expanded and heavy emphasis by Prosecutors must be placed on pursuing the assets of the traffickers. This has not been done in the past. (GAO Report to Attorney General, 3/27/80).

It is discouraging to note that IRS has seen fit to withdraw from participation in two important tax enforcement programs:

1. Organized crime and the strike force program.
2. Narcotic traffickers tax investigators.

Testimony of former Assistant Secretary of Treasury, David R. MacDonald, before the United States Senate Permanent Subcommittee on Investigations of the committee on governmental affairs, December 13, 1979, confirms this.

Another major obstacle to successful enforcement of the drug laws is sentencing and bail.

Everything that I have just mentioned has been observed and duly noted by local law enforcement across the country. What the Federal Agencies do not stop, local law enforcement must; and gentlemen, they cannot with what they have. With budget cuts, force reductions, lack of cooperation and competitiveness, the fight is doubly hard. From what I can gather in talking with local law enforcement, they are requesting help in two main areas:

1. Intelligence sharing.

2. Money to make reasonable buys—not nickle and dime buys.

The Federal effort should not involve its resources in low level violators, except possibly to shame a local jurisdiction into action.

Only the Federal Government can have a major impact on drug trafficking, not local law enforcement. Only the Federal Government has the resources, expertise, and manpower available to it. Local law enforcement recognizes this, relies on it, but also knows that the Federal Government must coordinate its efforts to a much greater degree than it has done in the past. There is a multiplicity of agencies and sub-agencies charged with addressing the problem, all with different approaches and instructions—all reporting to different heads—it must be coordinated to work—this is too big and important a matter to our nation to be otherwise.

I will not presume to advise this committee on the solution to address this problem, but it is clearly evident that national or regional hearings once or twice a year are insufficient. To consider this just another part of the organized crime problem is not to admit its magnitude. Someone, something, must watch it daily—we have been band-aiding the drug problem for 30 years, surely we have learned that that is not the approach.

Whatever solution this committee decides on, it should be limited to narcotics and address itself to some of the following areas:

1. A review of all federal agencies, sub-agencies, and departments which now have something to do with narcotic enforcement, in order to develop a coordinated plan.

2. A review of sentencing laws and procedures—let the penalty fit the crime.

3. Bail procedures and new guidelines, to stop the repeated commission of new crimes by felons while on bond for previous offenses.

4. A concerted effort to develop more conspiracy cases, the higher up's seldom are directly involved.

5. Increase suits against traffickers' assets, money is why they are in this business—take away the reward.

6. Development of tax cases against suspected and known drug pushers, tax violations are the only method of convicting many of the higher up's.

7. Review and amend the Freedom of Information Act and the Right to Privacy Act.

8. Review and amend the Bank Secrecy Act.

9. Review and amend the Tax Reform Act of 1976.

10. A substantial increase in DEA and customs agents, one properly trained and placed Federal Agent is worth 100 local law enforcement agents.

11. Advance training in conspiracy and financial aspects of drug prosecution, this complicated type of prosecution is understood by few.

12. Some way to help and coordinate federal and state efforts—this might be the hardest of all.

Let me close in saying that what is Forecast in the near future is a tremendous increase in the drug supply and the appearance of organized crime figures. The profits are too enormous to resist.

Lastly, we urge the most important of all—that the legislators here in Washington coordinate these efforts and have the power to hold all responsible.

Thank you.

PREPARED STATEMENT OF PHILIP WAYNE HUMMER, PRESIDENT, CHICAGO CRIME COMMISSION

My name is Philip Wayne Hummer, and I am President of the Chicago Crime Commission. I am pleased to be here today with the Crime Commission's Executive Director, Mr. Patrick F. Healy.

Since 1919 the Chicago Crime Commission, an independent, non-partisan citizen supported body, has served the Chicago community as a watchdog over all of the functions of the criminal justice system and, in addition, has gathered and maintained detailed intelligence and public source data on the activities of organized crime in our area. It is in its latter role that the Crime Commission is here today. We are also here because we share your belief that the illegal trafficking of

narcotics and other dangerous and controlled substances has produced an enormous social and economic impact on the daily lives of all our citizens.

We have been asked to comment specifically on the subject of organized crime and drug trafficking. Clearly, the first step is to define "organized crime" as the basis for the context of our testimony. Virgil W. Peterson, who served as the Chicago Crime Commission's Executive Director for a quarter of a century before his retirement in 1970, has provided us with a short definition that may be useful in this regard. Mr. Peterson describes organized crime as "a continuing conspiracy for profit which attempts to perpetrate itself through violence or threat of violence and by making arrangements for immunity through the corruption of public officials." This definition accurately describes the traditional so-called crime syndicate which has been called the Mafia, La Cosa Nostra, or, in Chicago, "the Outfit," but it is sufficiently broad to describe the sophisticated, large volume, highly profitable trafficking of dangerous drugs by non-traditional criminal syndicates whose multi-national activities have so characterized the distribution of illegal drugs in today's world.

All of us are aware of the scope of the problem. Recent news stories have estimated that illegal drug trade constitutes an economic factor as large as our nation's biggest corporations. We know that drug smuggling into South Florida alone has created a cash surplus in Miami's Federal Reserve Bank that amounts to about three-quarters of the total cash surplus of the entire Federal Reserve System and we know that the flow of cash from the United States to Colombia and some other Latin nations has created a very real balance of payments problem. We know of the inflationary effect of this cash flow on the economy of South Florida.

I am, by profession and vocation, a stock broker and, thus, am prone to look at the economic consequences of illegal drug trafficking. In a major urban area like Chicago, we have not felt the impact of drug trade in the same way as has South Florida. But, we see its evidence every day in our crime rates and all of our police agencies are devoting increasing human and financial assets to combating it. We know that the costs in victimization, often far more tragic than mere economic costs, are staggering. The Commission has long been a proponent of increased Congressional activity to meet the challenge.

I would now like to introduce Mr. Patrick F. Healy, the Executive Director of the Chicago Crime Commission, who is prepared to discuss this issue in greater specific detail.

Thank you.

Senator DECONCINI. Our next witness will be Mr. William Riley. Mr. Riley, I am sorry that Mr. McNerney had to leave. I hope you will express to him my regrets; we have taken longer today than we had anticipated.

Mr. RILEY. He had another commitment.

Senator DECONCINI. I wish you would please express my regrets to him, and I appreciate your being here with us.

STATEMENT OF WILLIAM E. RILEY, FEDERAL CRIMINAL INVESTIGATORS ASSOCIATION

Mr. RILEY. Mr. McNerney will submit a written statement at a later date. I am just going to make a few brief remarks.

I spent 25 years as a criminal investigator for the then Intelligence Division of the Internal Revenue Service, the last 17 years of which involved participation in the organized crime drive, narcotics traffickers program, and the strike force program. I was involved both as a field agent and as a manager.

I am sure you are well aware that the FCIA is the representative of all Federal criminal investigators. From my own knowledge and experience, I can assure you that Federal criminal investigators share your concern about this problem. The problem has been well identified. I think that something has to be done about it.

There are several problems that affect the morale, if that is the proper term, of the criminal investigators, no matter what agency they are from. There is a fragmentation of programs—there is no

unification. There is a problem with communication between agencies and with cooperation between the various agencies, which deteriorates sometimes into a competitive thing, so that everybody is going their own way rather than in a unified way.

There is a problem of commitment of resources by the various agencies, and the lack of a unifying top force that compels each agency to give their utmost in this particular effort. There is a lack of clout. I have not seen direction from Washington on any of these organized crime problems since the early 1960's when the late Senator Kennedy was the Attorney General; when he spoke, agencies did things. That is the better part of 20 years ago. It seems to me that things have gone downhill since that time. Programs seem to arise, but then they drift off to nowhere.

From the agent's point of view, all these things are very frustrating. The agent on the street wants to do the job, but bureaucracy prohibits it in most cases. You know the problems that are involved in the IRS situation; they have been spoken to, and they are real problems. I understand that efforts are being made to correct some of those problems.

The biggest morale factor as far as the agent goes is at the end of the line when he has done his job and we get to the disposition situation. It is very frustrating to put all that investigative effort in and see it end up with the proverbial slap on the wrist.

The FCIA wholeheartedly supports the establishment of a select committee; it is the necessary unifying force that we feel can get the job done.

Senator DECONCINI. Mr. Riley, the problem with the IRS is very disturbing. I was not here, but I was a prosecutor prior to the time of Watergate and some of the laws that were changed and some of the administrative practices and rules that were changed in IRS. I remember how active they used to be in the narcotics enforcement area in southern Arizona. We would call them and they would show up instantly and sometimes go with us when we were going to make a bust or a raid, and they would immediately confiscate any cash that was there, which put a crimp in the efforts of the alleged offender to even make bail that night. Those days are gone.

Mr. RILEY. Gone.

Senator DECONCINI. Was your experience similar to that when you were active in the strike force effort?

Mr. RILEY. Yes, it was. I do not have any statistics on the amount of money seized, and what not. In one instance I know that there was \$500,000 posted as cash bond, and we seized the bond.

Senator DECONCINI. You did seize the bond?

Mr. RILEY. Yes.

Senator DECONCINI. My understanding is that now, that could not be done, is that correct?

Mr. RILEY. As of the time I retired, that could not be done.

Senator DECONCINI. Is that right?

Mr. RILEY. Yes, and I am sure it has not improved since then.

Senator DECONCINI. Mr. Messick laid some of the fault on Commissioner Donald Alexander. Do you think it is more of a congressional problem, or more of a problem of the head of the IRS, in some of the determinations and rules they have issued, or is it a combination?

Mr. RILEY. It is a combination of both. The IRS criminal investigation division is the one organization that is in a boat without a paddle.

Senator DECONCINI. Right now?

Mr. RILEY. Traditionally, because you have a criminal investigation unit that is controlled by people who are not criminal investigators, and this creates awful problems.

Senator DECONCINI. What are they; are they accountants? What are their backgrounds?

Mr. RILEY. It is my personal opinion that the commissioners of IRS and assistant commissioners, and so forth, are always leery of the criminal investigation division embarrassing the Internal Revenue Service.

Senator DECONCINI. Which goes to the point that you make, that no one in the Federal Government can insist that the IRS or the DEA or the FBI, or somebody, work on organized crime and organized narcotics. Is that what you are saying?

Mr. RILEY. That is right.

Senator DECONCINI. And that is what this country probably needs.

Mr. RILEY. And each agency is doing the job as they see it.

Senator DECONCINI. With tunnel vision.

Mr. RILEY. With no regard to how somebody else sees it. If I might draw a parallel, I heard testimony this morning from several Senators about how many committees have jurisdiction over the narcotics problem and they all think they are doing a great job.

Senator DECONCINI. Yes.

Mr. RILEY. I am not in a position to criticize constructively or adversely; I just do not know that much about the operation of the Senate. But you have the same problem; you have several agencies, whether you are talking about IRS, DEA, or anybody else. They come up and say, "Here is what we are doing about the narcotics program; we do not need this." You have to have a unification somewhere along the line.

Senator DECONCINI. Do you think that this resolution, which would zero in on this problem, would be advantageous, from your outside observation of what we might do to get a handle on the whole picture?

Mr. RILEY. It certainly would. I see that you have no legislative authority.

Senator DECONCINI. That is right.

Mr. RILEY. I hope that you could then convince other committees to legislate, as necessary.

Senator DECONCINI. I would expect that you would agree that it is important to demonstrate the problem, to point out that there is just no coordinated effort among well-intended law enforcement agencies, even the Internal Revenue Service because of their lack of someone directing them to really get after the problem of organized crime and narcotics.

Mr. RILEY. The Tax Reform Act really had the net effect, it seems to me, of taking the average special agent and putting a muzzle on him, handcuffs, and a pair of cement overshoes; he just cannot do anything.

Senator DECONCINI. One last question, Mr. Riley. You have expressed support of this resolution. Does the Federal Criminal Investigators Association also support it?

Mr. RILEY. Oh, yes.

Senator DECONCINI. And you can speak in their behalf?

Mr. RILEY. Yes, sir.

Senator DECONCINI. Let me thank you very much for your testimony. Again, please express my regrets to Mr. McNerney for not getting to him. I wanted to hear him, and I would love to speak to him sometime again, and also yourself.

Mr. RILEY. Well, as I mentioned, he is going to submit a written statement.

Senator DECONCINI. Very good. Thank you very much, Mr. Riley.

Mr. RILEY. Thank you, Senator.

[The prepared statement of Mr. McNerney, subsequently received by the committee, is as follows:]

PREPARED STATEMENT OF JOHN S. MCNERNEY, IMMEDIATE PAST NATIONAL
PRESIDENT, FEDERAL CRIMINAL INVESTIGATORS ASSOCIATION

Mr. Chairman and Members of the Committee: We appreciate the opportunity to express our views concerning this most important subject, the establishment of a Select Senate Committee on Narcotics, and to explain why we are so interested in Senate Resolution 207.

The Federal Criminal Investigators Association is the only professional association composed exclusively of federal criminal investigators both active and retired. Our membership rolls include the Federal Bureau of Investigation, Internal Revenue Service (Criminal Investigation Division and Internal Security Division), Drug Enforcement Administration, United States Secret Service, United States Customs, Post Office Inspection Service, Bureau of Alcohol, Tobacco and Firearms, Immigration and Naturalization Service, State Department agents and United States Attorneys to mention a few. Every member of this association is vitally interested in the establishment of a Select Committee on Narcotics in the United States Senate.

I am the immediate past national president of this association and served as its president for four years. I retired in 1976 as a special agent of the Criminal Investigation Division of the Internal Revenue Service after 41 years as a Federal employee.

The world of drugs is not confined to organized crime, to the Black mafia or the hispanic mafia. Each day the media carries stories of physicians, pharmacists, professional athletes, high school teachers, high school students and even grammar school students who are "pushers" or purveyors of what I call "black death". It was not too long ago that a search of lockers in a junior high school turned up drugs valued at \$50,000.00 and cash in the amount of \$16,000.00. Although the student who owned the drugs and cash was not a "user", he was a source for any student or teacher that could afford his merchandise.

The "user" is but a small part of the drug problem in today's society. We also have the financiers, the entrepreneurs, the transporters, the pushers and the many others who assist in the marketing of the product. We also have the public officials who are corrupted by accepting bribes, police officers who accept favors to look the other way, prosecutors and judges who attempt to downgrade the seriousness of the problem, social workers who are not trained to handle the problem and "throw up their hands in despair" and the parents who refuse to help law enforcement and counsel their children not to cooperate with the police. We even had a Commissioner of Internal Revenue who brought the narcotics traffickers tax program to a screeching halt because he felt the special agents of the criminal investigation division should devote their energies to his program of tax administration rather than bring the dispensers of "black death" to their knees through termination procedures available only to the Internal Revenue Service.

We are always too eager to place the blame on the law enforcement officer for the lack of sufficient enforcement activity to wipe out the drug problem. I think we should look at the activity of the United States pitting the Drug Enforcement Administration against the Customs Service (Department of Justice vs. Treasury Department). The average "street agent" could care less who makes the "bust", but the same attitude does not prevail within the top management of the respective

agencies. Each agency head tries to impress the administration and the Congress by building up statistics to make themselves look good. They are not really concerned with the effect such activity will have on the narcotics problem.

This situation is similar to the demise of the "narcotics traffickers tax program" in the Internal Revenue Service. Donald Alexander, a high level government official and a member of the American Bar Association, was far more interested in investigating "mom and pop" stores than he was in the narcotics problem in this country, because the former program provided him with numbers that he could wave before the Congress of the United States at appropriation time.

At the hearings held by this committee on April 23, 1980, I listened to Senator Percy, Senator Stevenson and Senator Biden all say in many thousands of words, "Don't water down my subcommittee as I have a sexy subject—narcotics—to keep my name in front of the American public". Each and everyone of them stated unequivocally that Senator Dennis DeConcini was the most knowledgeable man on narcotics in the Congress of the United States, yet each of them implored the committee to turn down Senate Resolution 207. Was this because of the economic situation in the country? Was it because of efficiency? Was it because of ego? It certainly wasn't motivated by a love for the youth of our country. In order to properly and efficiently handle this problem, law enforcement needs:

1. *Direction.*—Not from 2 or 3 sources, but from one central point so that there will be no overlapping of jurisdiction and agency heads will not try outdo each other, but will expend their efforts and resources in a manner that will help to eradicate the drug problem in this country.

2. *Law.*—Enactment of statutes that will get to the heart of the problem, are specific yet broad enough to put the entire drug industry on notice that we mean business.

3. *Sentencing.*—Mandatory and specific sentences should be the order of the day. Pleas bargaining, judge shopping and suspended sentences should not be allowed in "any" narcotics offense.

4. *Personnel.*—DEA has approximately 1200 "street agents" who are our front-line troops in the battle against narcotics and some of them have been deployed to foreign countries. 1200 agents, if they worked 24 hours a day would not be able to contain the drug problem of to-day and certainly not the drug problem we face tomorrow.

5. *Financial expertise.*—Special agents of the Criminal Investigation Division of the Internal Revenue Service should be used to implement the highly successful narcotics traffickers tax program and use the legal tools available to them to help in the battle against narcotics.

Where can law enforcement get these investigative aids? From a Select Senate Committee on Narcotics headed by the one United States Senator hailed by his colleagues as the most knowledgeable in the field of narcotics—Senator Dennis DeConcini.

The two things that will hurt the purveyors of "black death" are the loss of their freedom and the loss of their money. The loss of freedom can come from laws that provide mandatory sentences for all narcotics offenses. How can they dispense, transport or otherwise dispose of large shipments of drugs while in prison? The loss of money can come from the reestablishment of the narcotics traffickers tax program and the expertise of the special agents of the criminal investigation division of the Internal Revenue Service, who are the best financial investigators in the world. Without money how does one make large purchases of narcotics, pay bribes and otherwise make all of the payments necessary for a successful drug operation.

As citizens of the United States we are concerned, as parents we are frightened, and as law enforcement officers we are outraged.

Mr. Chairman and members of the committee, we urge the immediate establishment of a Senate Select Committee on Narcotics as called for in Senate resolution 207.

Thank you for permitting us to express our views.

Senator DECONCINI. Our last witness today is Mr. Paul Rowell, field counsel, Florida Department of Law Enforcement. Mr. Rowell, thank you for waiting patiently today; I regret the lateness and hope we have not caused you too much inconvenience. We are very pleased to have you here today. Any full statement that you have will appear in the record, if you would so like it to. You may proceed.

STATEMENT OF PAUL A. ROWELL, ACTING CHIEF FIELD COUNSEL, DIVISION OF CRIMINAL INVESTIGATIONS, FLORIDA DEPARTMENT OF LAW ENFORCEMENT

Mr. ROWELL. Yes, sir, I would like for my statement to appear in the record, and I welcome this opportunity to address the committee.

Since the statement will appear in the record and since many of the things that I was going to address have already been spoken to this afternoon, there are just a few comments that I would like to make.

Florida agrees that we are involved in a war on drugs. In fact, in Florida we sort of feel like we have been on the frontlines for some time. Peter Bensinger of the Drug Enforcement Administration has, in fact, referred to south Florida as the hub and focal point of international smuggling in the United States.

The gross value of the narcotics industry in the United States—and I have heard figures this afternoon that range from \$40 billion to \$58 billion annually. In 1978, Florida's share of that traffic was roughly \$7 billion, attributable to marihuana and cocaine, although at that time and since then, trafficking and smuggling in methaqualone, popularly known as quaaludes, has been on the upswing.

In October of 1979, U.S. Customs officers made the largest single cocaine haul in U.S. history in Fort Lauderdale—329 pounds, valued at \$80 million. Within 48 hours, customs agents broke their own record by seizing 384 pounds in Tampa, valued at roughly \$100 million. In a 16-month period in the panhandle area of Florida—and I might point out that the panhandle area is one of the more sparsely populated areas of Florida—marihuana seizures totalled \$84 million.

Florida has approximately 8,000 miles of shoreline and abundant isolated areas conducive to smuggling both by sea and by air. Florida's geographic proximity to drug-producing countries has made Florida a primary point of entry for smugglers.

Marihuana seizures by the Florida Department of Law Enforcement in joint investigations rose from 14.5 tons in 1976 to 328.8 tons in 1978. Additionally, importation of cocaine and methaqualone appears to be on the increase.

In 1979, Florida reported 1,084 homicides statewide. Sixty-one, or 5.6 percent, were directly related to drug trafficking. I might point out that that attribution was made only when the law enforcement agency had clear evidence that it was connected with drug trafficking, so the figure could, of course, be higher. Thirty-five of these drug-related deaths occurred in Dade County alone; that is, the Miami area.

Perhaps as important, and as Mr. Thatcher pointed out in his testimony, the financial impact on the State of Florida is significant, but difficult to measure. Offloaders are reportedly paid \$10,000 to \$15,000 for 1 night's work. A pilot routinely earns \$50 to \$100,000 for a round trip flight down to Colombia.

In a recent 3-year period, cash receipts of the Miami branch of the Federal Reserve System increased 83 percent, from \$1.4 billion to \$2.7 billion. Large cash deposits are not at all unusual in that area. I would commend to the attention of the committee the testimony of Mr. Charles Kimball before the Permanent Subcom-

mittee on Investigations in December of 1979. His expertise in that area is much greater than mine, and his figures are most convincing.

Financial analysts have recently suggested that any pending recession in the United States will be slow to hit Florida due to the large infusion of drug money into Florida's economy. This untaxed money furnishes criminals enormous leverage to move into otherwise legitimate businesses, as they seem to be doing to Mr. Thatcher. Florida has seen this money buy official corruption. Legitimate business enterprises have been diverted to smuggling. Aircraft are sold for unreasonably high prices.

Members of the seafood industry in Florida joke about fishing for square grouper, which is a reference to the standard packaging of marihuana bales.

The State of Florida has not been particularly shy or quiet in requesting Federal resources and Federal assistance in battling against the importation and smuggling of drugs. There has been excellent cooperation from Customs and from the Coast Guard. In fact, the Coast Guard probably could be assisted in its efforts if it had additional vessels to help plug the primary channels of importation in the Caribbean and the Gulf of Mexico.

Based on our cooperation with the Coast Guard, Florida has sought a modification of Posse Comitatus to encourage more active support by the U.S. military, at least in the area of exchange of information—the kind of information that would assist us in interdiction. If Posse Comitatus does, in fact, prevent that kind of sharing of information, it should be amended. It is my understanding that subsequent to the hearings by the Permanent Subcommittee on Investigations in December, there has been a draft of some amendments to that act, and I believe that the State of Florida would probably strongly favor those amendments.

Additionally, I would like to reiterate what has been said earlier in terms of the importance of cooperation between local, State and Federal agencies in dealing with the drug smuggling problem. Particularly, Florida would like to see IRS rejoin the battle against drugs, and it is my understanding that you, Senator, along with others, have drafted some amendments to the Tax Reform Act of 1976, which will help IRS assist places like the State of Florida.

Florida is equipped with a State RICO statute, which imposes both criminal and civil penalties. With the assistance of IRS to make proper analysis of cash flow, we could utilize these statutes effectively to hit smuggling in its profit motive, which is the only way, in the perception of those of us in the Florida Department of Law Enforcement, to deal with drug smuggling.

As to the question of whether or not a select committee is the appropriate response, I would like to just make a couple of observations and recommendations to the committee. Florida is certainly in favor of all congressional efforts that address the drug smuggling problem; there is no question about that.

However, a couple of things need to be brought out. One, drug smuggling has been growing over a number of years. Florida and other States and the Federal Government have been trying to address drug smuggling over a number of years. Any commitment

specifically to the area of narcotics trafficking is probably going to have to be a long-term commitment.

Additionally, one of the experiences that law enforcement officers have had at the State and local level is the fragmentation of resources and the inability to cooperate among local agencies, between local and State agencies, and between local, State and Federal agencies. We would not want to see the U.S. Congress become fragmented in its approach to dealing with the narcotics issue.

Finally, I would point out, as I think has already been pointed out, that what we are beginning to find in Florida is that there is an overlap from the narcotics industry in other types of organized crime; that that money is being used to perpetrate other types of organized crime and to take over legitimate businesses. So any step to create a select committee would have to take into consideration the fact that you are probably going to run into other kinds of organized crime in addition to the drug smuggling question.

Finally, as I said, we encourage all congressional efforts, including those that we have mentioned, to articulate a clear and consistent Federal policy. Of course, we have gone on record favoring the resumption of funding for the use of paraquat so that the marijuana crop in Colombia can be treated with paraquat. Quite candidly, based on the trip that Commissioner York took to Colombia this past summer, it was apparent that the Government of Colombia did not understand the inconsistent approach on the part of the U.S. Government. I think that is the prime indicator of the problem that we are facing. What we need from the Federal Government is a clear and consistent policy for all Federal agencies. Thank you.

Senator DeCONCINI. Mr. Rowell, thank you very much. I think you bring to the committee at the proper time during these hearings the frustration that local law enforcement has. I am from local law enforcement, and I have witnessed that same lack of policy on the Federal level.

I do not know if you were here this morning when various Senators discussed their jurisdictions. The concern I have with the GAO report, and I wonder if you would agree, is that there just is no office, no person, or no entity in the Federal Government that really has total control of this enforcement effort. This is a real handicap from the standpoint of developing any national policy of cooperation or enforcement. Would you agree with that?

Mr. ROWELL. I think that is an appropriate analysis, yes, sir.

Senator DeCONCINI. In light of that, if that can be developed through the use of a select committee that would have authority to get into all the areas of organized crime and narcotic-related areas, do you think this would be worth moving for to see if that could be accomplished?

Mr. ROWELL. As I indicated, we are pleased with some of the progress that we have seen recently. However, we would definitely support any approach that would result in consistent policies and approaches among the Federal agencies that we must deal with in order to effectively combat narcotics smuggling.

Senator DeCONCINI. Including the creation of a select committee, if in fact that had something to do with promoting that?

Mr. ROWELL. If, in fact, that was the determination that was made, yes, sir.

Senator DECONCINI. Thank you very much; we greatly appreciate your being here.

Mr. ROWELL. Thank you for letting me be here.

[The prepared statement of Mr. Rowell is as follows:]

PREPARED STATEMENT OF PAUL A. ROWELL

It would be very difficult and very time consuming to attempt a detailed description of Florida's drug problem. However, it is important to note at the outset that Florida's drug problem is the nation's drug problem. Mr. Peter Bensinger of the Drug Enforcement Administration has referred to south Florida as "the hub and the focal point of international smuggling in the United States." The gross value of the narcotics industry in the United States in 1978 exceeded 40 billion dollars per year. Florida's share of that was 7 billion dollars attributable primarily to marijuana and cocaine although trafficking in methaqualone is increasing in Florida. Florida is a record setting state in narcotics. In October 1979 U.S. Customs officers made the single largest cocaine haul in U.S. History in Fort Lauderdale—329 pounds valued at \$80 million. Forty-eight hours later in Tampa 384 pounds of cocaine valued at \$100 million were seized. In a 16 month period in the panhandle area of Florida marijuana seizure totaled \$84 million. Compare these figures to a \$200 million Federal expenditure for drug enforcement worldwide. In 1978 seventy percent of marijuana seized by DEA in the United States was impounded in Florida.

Florida has 8,000 miles of shoreline and abundant isolated areas conducive to smuggling by air and sea. Florida's geographic proximity to drug producing countries has made Florida a primary point of entry for smugglers. Marijuana seizure by FDLE in joint investigations rose from 14.5 tons in 1976 to 328.8 tons in 1978. Importation of cocaine and methaqualone, popularly known as quaaludes, appears to be on the upswing.

In 1979 Florida reported 1,084 homicides statewide. Sixty-one or 5.6 percent were directly related to drug trafficking. Thirty-five of these drug related deaths occurred in Dade County.

The financial impact on the State of Florida is difficult to measure. Off loaders are reportedly paid ten to fifteen thousand dollars for one night's work. A pilot routinely earns fifty to one hundred thousand dollars for a round trip flight. In a recent three year period cash receipts of the Miami Branch of the Federal Reserve System increased eighty-three percent from 1.4 billion to 2.7 billion. Financial analysts have suggested that any pending recession in the United States will be slow to hit Florida due to the large infusion of drug money into Florida's economy. This untaxed money furnishes criminals enormous leverage to move into otherwise legitimate businesses. Florida has seen this money buy official corruption. Legitimate business enterprises have been diverted to smuggling. Aircraft are sold for unreasonably high prices. Members of the seafood industry joke about fishing for square grouper referring to the standard packaging of marijuana bales.

Law enforcement has generally recognized three methods of combatting drug smuggling: (1) destruction and prevention at the source, (2) interdiction, (3) prosecution of major violators by employing undercover and informant techniques. To be effective those methods must be coordinated to attack the profitability of smuggling.

Destruction of marijuana at the source is prevented from being effective by the refusal of the Federal Government to fund the use of paraquat in source countries. This refusal is based on health concerns. Yet the most current research seems to consistently suggest that marijuana itself, constitutes a significant health hazard. The Colombian government has seen the effectiveness of paraquat in Mexico and is unable to understand the inconsistent positions taken by the United States Government. It is worthy of note in that context that Colombia is the largest source of marijuana imported into the United States.

Only the resources of the Federal Government can help make interdiction effective. Additional vessels furnished to the Coast Guard would assist the Coast Guard in its efforts to close off the three key sea passages to Florida's waters. There is some concern that Posse Comitatus prevents the use of U.S. Military forces to assist in interdiction of drugs. If it does prevent the type of assistance we need, it should be amended to permit the military to furnish civilian law enforcement with advice, equipment, and intelligence. Subsequent to the hearings of the Permanent Subcommittee on Investigations in December, 1979. A draft amendment of Posse Comitatus which appears to accommodate these needs has been prepared.

However, law enforcement in the State of Florida also recognizes that interdiction does not catch the financiers. We need to utilize undercover operations, informants and innovative investigative techniques to identify and prosecute the financiers, coordinators, and promoters of drug smuggling operations. These types of investigations are time consuming and expensive. Smuggling organization memberships are constantly shifting and overlapping. Local, state, and federal agencies must work together in order to investigate smuggling organizations. Additionally the assistance of IRS is sorely needed in order to analyze the flow of cash resulting from drug smuggling. It is my understanding that Senators Percy, Chiles, Cohen, DeConcini, Long, Talmadge, Ribicoff, Jackson and Nunn have proposed amendments to the Tax Reform Act of 1976 which would strike a balance between the privacy of tax returns and the legitimate needs of law enforcement.

With the restoration of the IRS to an appropriate role Florida will be better able to utilize the state RICO statute in imposing both criminal and civil penalties against these smuggling enterprises. The Florida legislature is currently considering an expanded contraband forfeiture act which would provide for the seizure and forfeiture of personal property, including money and securities used in the commission of felonies to the state. Applying the RICO law and forfeiture provisions will help Florida attack the profit motive in drug smuggling.

A viable approach to this complex problem requires a unified local, state, and federal approach to eliminating the profit in drug smuggling. We encourage all congressional efforts, including those previously mentioned, to articulate a clear and consistent Federal policy on drug smuggling. We applaud the steps that have been taken since Attorney General Smith and Commissioner York visited Senator Nunn's Subcommittee in December of last year.

Thank you very much.

Senator DECONCINI. Before we recess, let me thank the staff of the Rules and Administration Committee for their time and patience with my staff. I also want to express my thanks to members of my staff for their efforts in this area. Indeed, Chairman Pell was most gracious to give us his time, and also Senator Hatfield, to listen to a good part of the testimony today.

The record will remain open for 2 weeks for technical corrections and additional information that will be submitted. I want to thank the reporter, too.

With that, the Committee on Rules and Administration will stand in recess, subject to the call of the Chair.

[Whereupon, at 4:56 p.m., the committee was adjourned, subject to the call of the Chair.]

96TH CONGRESS
1ST SESSION

S. RES. 207

To create a Select Committee on Narcotics Abuse and Control.

IN THE SENATE OF THE UNITED STATES

JULY 26 (legislative day, JUNE 21), 1979

Mr. DECONCINI (for himself, Mr. FORD, Mr. LEAHY, Mr. HATFIELD, and Mr. SCHWEIKER) submitted the following resolution; which was referred to the Committee on Rules and Administration

RESOLUTION

To create a Select Committee on Narcotics Abuse and Control.

1 *Resolved*, That (a)(1) there hereby is established in the
2 Senate of the United States a select committee to be known
3 as the Select Committee on Narcotics Abuse and Control
4 (hereinafter in this resolution referred to as the "select com-
5 mittee"). The select committee shall be composed of nine,
6 Members of the Senate.

7 (2) Members of the select committee shall be appointed
8 by the President pro tempore of the Senate. One member of
9 the select committee shall be designated by the President pro
10 tempore to serve as chairman of the select committee.

1 (3) At least one member of the select committee shall be
2 chosen from each of the following committees of the Senate:
3 the Committee on Armed Services, the Committee on Gov-
4 ernment Operations, the Committee on Foreign Relations,
5 the Committee on Commerce, the Committee on Human Re-
6 sources, and the Committee on the Judiciary.

7 (4) Any vacancy occurring in the membership of the
8 select committee shall be filled in the same manner as the
9 original appointment.

10 (b) The chairman of the select committee may establish
11 such subcommittees of the select committee as he considers
12 appropriate. Any such subcommittee shall be composed of
13 not less than four members of the select committee.

14 SEC. 2. The select committee shall not have legislative
15 jurisdiction. The select committee shall have authority—

16 (1) to conduct a continuing comprehensive study
17 and review of the problems of narcotics abuse and con-
18 trol, including, but not limited to, international traffick-
19 ing, enforcement, prevention, narcotics-related viola-
20 tions of the Internal Revenue Code of 1954, interna-
21 tional treaties, organized crime, drug abuse in the
22 Armed Forces of the United States, treatment and re-
23 habilitation, and the approach of the criminal justice
24 system with respect to narcotics law violations and
25 crimes related to drug abuse; and

1 (2) to review any recommendations made by the
2 President, or by any department or agency of the ex-
3 ecutive branch of the Federal Government, relating to
4 programs or policies affecting narcotics abuse or
5 control.

6 SEC. 3. (a) For the purposes of this resolution, the select
7 committee, or any subcommittee thereof authorized by the
8 select committee, may sit and act at such times and places as
9 it considers appropriate whether the Senate is sitting, has
10 recessed, or has adjourned.

11 (b) For the purposes of this resolution, the select com-
12 mittee, or any subcommittee thereof authorized by the select
13 committee to hold hearings, may hold such hearings, and
14 may require, by subpoena or otherwise, the attendance and
15 testimony of such witnesses and the production of such
16 books, records, correspondence, memorandums, papers, docu-
17 ments, and other exhibits and materials, as it considers nec-
18 essary. Subpenas may be issued under the signature of the
19 chairman of the select committee or any member of the select
20 committee designated by him, and may be served by any
21 person designated by such chairman or member.

22 (c) A majority of the members of the select committee
23 shall constitute a quorum for the transaction of business,
24 except that the select committee may designate a lesser
25 number as a quorum for the purpose of taking testimony. The

1 chairman of the select committee, or any member of the
2 select committee designated by him, may administer oaths or
3 affirmations to any witness.

4 (d) The select committee and any subcommittee thereof
5 and its staff may conduct field investigations or inspections.
6 Members and staff of the select committee may engage in
7 such travel as may be necessary to conduct investigations
8 relating to the purpose of this resolution.

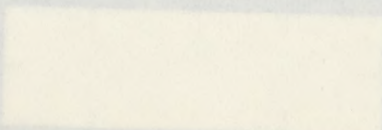
9 SEC. 4. The select committee may employ and fix the
10 compensation of such clerks, experts, consultants, techni-
11 cians, attorneys, investigators, and clerical and stenographic
12 assistants as it considers necessary to carry out the purpose
13 of this resolution. The select committee may reimburse the
14 members of its staff for travel, subsistence, and other neces-
15 sary expenses incurred by them in the performance of the
16 duties vested in the select committee, other than expenses in
17 connection with meetings of the select committee or any sub-
18 committee thereof held in the District of Columbia.

19 SEC. 5. (a) The select committee shall report to the
20 Senate with respect to the results of any investigation con-
21 ducted by the select committee, or any subcommittee thereof,
22 under section 3(d).

23 (b) The select committee shall submit an annual report
24 to the Senate which shall include a summary of the activities

1 of the select committee during the calendar year to which
2 such report applies.

3 (c) Any report of the select committee under this section
4 which is submitted during a period in which the Senate is not
5 in session shall be filed with the clerk of the Senate.



VAN NUYS, CALIF., April 17, 1980.

Senator DENNIS DeCONCINI,
Committee on the Judiciary,
U.S. Senate, Washington, D.C.

DEAR SENATOR DeCONCINI: I would have much preferred to be with you in person on April 23 to add my testimony to that of others in support of your proposal for the establishment of a Senate Select Committee on Narcotics.

As a 30-year student of the problem I share your concern about the lack of a cohesive national policy that properly addresses the problem of drug abuse.

By way of giving one example of the dreadful effect the present narcotics distribution industry is having on our nation, I enclose several copies of an article that I hope you will distribute among interested parties. It makes clear that enormous investments in the American marketplace are now being made with illegal funds in large part derived from the traffic in narcotics.

I urge that the Senate Rules Committee give careful and sympathetic attention to your proposal.

Sincerely,

STEVE ALLEN.

RIVERSIDE, ILL., April 7, 1980.

Hon. DENNIS DeCONCINI,
Committee on the Judiciary,
U.S. Senate, Washington, D.C.

DEAR SENATOR DeCONCINI: I wish to thank you for your recent letter in which you invite me to testify on April 23, 1980 in support of Senate Resolution 207, which provides for the establishment of a Senate Select Committee on Narcotics.

I heartily approve of the formation of a Senate Select Committee on Narcotics. There is need for a nationwide study of the problem which could be undertaken by a Senate Select Committee concentrating this single subject. Such a committee would perform a great public service benefitting the entire Nation.

As you may be aware, I was actively involved with the U.S. Senate Special Committee To Investigate Organized Crime in Interstate Commerce which was headed by Senator Estes Kefauver in 1950 and 1951. The nationwide investigations and hearings on organized crime conducted by the Kefauver Committee performed a public service of tremendous benefit to the nation. The impact of the Kefauver Committee is still felt today. I can fully appreciate the potential value of a Senate Committee on Narcotics.

Unfortunately, I shall not be able to testify on April 23, 1980. I am scheduled to enter the hospital for surgery very shortly and shall probably be in the hospital at the time of your hearings. As indicated above, however, I thoroughly approve of the formation of a Senate Select Committee on Narcotics and I extend to you my very best wishes.

Sincerely,

VIRGIL W. PETERSON.



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