

President's Commission on Organized Crime

MF-1

Record of Hearing V  
February 20-21, 1985  
Miami, Florida

ORGANIZED CRIME  
and  
Heroin Trafficking

105010



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**ORGANIZED CRIME**  
and  
**Heroin Trafficking**



**PRESIDENT'S COMMISSION ON ORGANIZED CRIME**

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## INTRODUCTION

On July 28, 1983, President Reagan established the President's Commission on Organized Crime. Under Executive Order 12435, which established the Commission, the Commission is required to

make a full and complete national and region-by-region analysis of organized crime; define the nature of traditional organized crime as well as emerging organized crime groups, the sources and amounts of organized crime's income, and the uses to which organized crime puts its income; develop in-depth information on the participants in organized crime networks; . . . evaluate Federal laws pertinent to the effort to combat organized crime[;] . . . advise the President and the Attorney General with respect to its findings and actions which can be undertaken to improve law enforcement efforts directed against organized crime[;] and make recommendations concerning appropriate administrative and legislative improvements and improvements in the administration of justice.

In addition, the Commission is required to report to the President from time to time, and to submit its final report no later than April 1, 1986.

Of all the illegal drugs, heroin is perhaps the best-understood by law enforcement authorities. Its addictive properties, the pernicious effects of heroin overdoses, and the lucrative nature of the heroin trade have long been recognized and studied intensively. Paradoxically, however, heroin appears to have lost some of its reputation as a highly addictive and dangerous substance. In recent years, there has been an increasing number of instances in which middle-class or upper-middle class people -- even film actors and other entertainers -- have tried heroin, either by itself or in combination with other drugs. Moreover, in the last few years, heroin consumption in the United States has increased steadily, even though the heroin addict population has remained relatively stable.

To examine these and other trends in heroin trafficking, the Commission held two days of hearings in Miami, Florida, in February, 1985. At these

hearings, the Commission sought testimony from representatives of Federal and local law enforcement agencies that have been significantly involved in combating heroin trafficking, as well as from private persons who could provide first-hand information on their participation as leaders or couriers for heroin trafficking networks.

**THE PRESIDENT'S COMMISSION ON ORGANIZED CRIME**

**PUBLIC HEARING**

**HEROIN TRAFFICKING NETWORKS**

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Miami Federal Courthouse  
Central Courtroom  
Miami, Florida

Tuesday, February 19, 1985

**PRESS CONFERENCE**

MR. BRILL: Ladies and gentlemen, I am Arthur Brill. I would like to welcome you here today.

Before I introduce Judge Kaufman, I would like to just make a couple of administrative remarks, if I may, about our hearing.

There will be very tight security in the next two days. We ask you to get here early. They will start at 10 in the morning. They will go from about 10 to 12, an hour break for lunch and about 1 to 3.

There is a possibility it could go a little longer depending on the witnesses.

Again, heavy security concerns, so we ask you to get here early. I know there are TV reps here, TV reporters. We will have a pool camera. That is being worked out right now.

One pool camera located in the jury box area shooting the witness straight on, and that pool camera must serve everyone.

That is being worked out now with the affiliates in Miami as to who will actually have that facility, and they will also have a mult box for that.

We do have a press office in the rear here, through these double doors and the next double doors.

You can get us at 350-6943 or 6944.

Brad Marman and Connie Tatko will be manning

those phones from about 9 in the morning until 5 or 6 in the evening each day.

We are also staying at the Riverparc Hotel. You can get ahold of me. My room is 502.

We are still working out, because of security, we may have to stop the cameras during one or two possible witnesses. That is still being worked out.

Now, because of security concerns, we will give you some briefings when we make those final decisions.

Now, it is my great honor to introduce you to the Chairman of our Commission, Judge Irving Kaufman.

MR. KAUFMAN: Thank you, Arthur.

Good morning, ladies and gentlemen. I have not, in the past, attended these press conferences held in advance of the meeting, but I feel that our achievements are such that it is about time the Commission reared its head and took a little credit for some of the things that have been going on, and principally because we are, I would say, going around the last lap, that I thought it might be wise to appear here this morning.

I want to read a brief statement first and then I will take some questions, and I will ask Jim Harmon to give me some help if I need some.

Tomorrow, the President's Commission on Organized Crime will convene to examine the current

1 scope of heroin trafficking in the United States.

2 When President Reagan created the Commission  
3 and he asked me to chair it, we were assigned to the  
4 dual responsibility of investigating the scope of organized  
5 criminal activity and recommending new strategies to  
6 combat its pernicious effects.

7 We have brought our investigation to Miami  
8 because no inquiry into organized crime can be complete  
9 without addressing the tidal wave of illegal drugs that  
10 flows into our country across the Gulf Coast.

11 Although drug dealing is endemic to our  
12 nation's major urban centers, this problem is particularly  
13 acute in South Florida, where sophisticated narcotics  
14 networks are already firmly established.

15 I was interested to read in this morning's  
16 Miami Herald that Janet Reno, the Dade County State  
17 Attorney General, referred to the use of cocaine in  
18 this area as an epidemic. It is interesting.

19 The Southern Governors' Conference in New  
20 Orleans last month focused its attention on this growing  
21 problem and it became clear the situation is not limited  
22 to Florida alone.

23 In Georgia, for example, 6,000 pounds of  
24 cocaine was seized last year. Previously, only 25 pounds  
25 a year were confiscated.

Our purpose in meeting in Miami is to demonstrate that drug trafficking in this region is not limited to cocaine and marijuana; and, conversely, to dramatize that the heroin problem is not limited to New York or Detroit or to any one area of the country.

As our hearing will make clear in the next two days, heroin is a nationwide problem extending to South Florida and to every other part of the nation.

Our meeting here occurs in an atmosphere of heightened apprehension over the pervasive use of drugs by Americans, and the law enforcement crisis that use has spawned.

I might interject, here, that I hope, at some point, we will ask ourselves and we will have some answers to the question why Americans have this great need for drugs and why has America become the principal market of the world for the sale of drugs.

The result has been a world-wide campaign of threats and terrorism against the United States and its law enforcement officials.

The recent kidnapping of a Drug Enforcement agent in Mexico is a grim reminder of the toll exacted by this ongoing battle.

As this hearing will demonstrate, we are determined to make this drug crisis one of our highest

priorities.

Our investigations to date have demonstrated conclusively that the illegal narcotics trade is a principal activity of organized crime. International criminal organizations now armed with world-wide logistical capabilities and equipped with sophisticated financial ingenuity, control a global system of narcotics cultivation, distribution and sale.

As uncovered by our earlier hearings, the billions of dollars garnered annually by these ruthless cartels are laundered and integrated into the legitimate economy.

Now, this process disguises the illegal source of the funds.

The Commission addressed this issue of money laundering in an interim report I presented to President Reagan and Attorney General Smith last October.

I might say on the side, and I think a light moment is in order, I presented this report to the President about two or three weeks before the termination of his campaign for the presidency, and it so happened that it took us, oh, at least nine months to prepare, and changes at the last minute and so forth, and then to make the appointment, and so the date fell about three weeks before the end, and it was a very serious

meeting with the Attorney General of the United States present, and the President was there, et cetera.

So, I don't know what caused me to say it, but in a light moment I said, Mr. President, you may wonder why I am here today to present you with this Report. I want you to know that I looked at your schedule for the next few weeks, and I saw you were doing nothing.

The President, I must say, either didn't realize that I was being a little flippant at the moment, and said, I promise you I will read that Report within the next few weeks, but at any rate he has the Report.

The recommendations of that Report will facilitate the detection and punishment of laundering activities, and, as you know, we have announced previously that we intend to make laundering and attempt to launder a crime in and of itself.

Of equal importance to this mission is the increased media coverage accorded to the financial irregularities that characterize money laundering.

Fox Butterfield has been doing similar articles for the New York Times. They are well documented, well written and an education for the public if only they will be read.

I might say on that score that the disheartening factor, and I think I speak for the Commission, is the

difficulty that the average individual has in identifying with the drug problem if the problem has not hit home. It is just something that belongs to the next person and they do not understand how it affects our nation, the fiber of our nation, our people, our economy especially, and they will either gloss over a story and pay little attention to it, although the newspapers are dealing with drugs and narcotics and importation and murders every day and the participation of La Cosa Nostra and Mafia in this, and, for some reason or another, they have either become case hardened over the years by hearing about Mafia and nothing being done, and particularly in this age where we have all these new groups coming into this area, but I may be wrong in this.

I wish, I wish I would see at least in those areas in which I move, a little more concern by the public that, I think, is the great problem that is facing this nation, and, as I said before, the backbone and the fiber of this nation.

Now, the recent guilty plea of the First National Bank of Boston, now, there is a bank that is 200 years old, for failing to report one point two billions dollars in cash transactions, received extensive press coverage and dramatized that money laundering is a pervasive problem that cannot be confined solely to

institutions known to be disreputable.

In the Bank of Boston case, some of the one point two billion dollars in unreported overseas cash transactions have been linked in press accounts to the Angiulo organized crime family.

The laundering methods reportedly under investigation in that case are virtually identical to those described in the Commission's Interim Report.

Our Report incorporates our conclusion that bank officials cannot, as Assistant Secretary of the Treasury Walker has said, continue to profess ignorance of their institutions' involvement with money laundering.

In short, the day for this so-called sanctimonious attitude on the part of some banks, some reputable banks, that they know nothing about it, that they have no obligation to report suspicious transactions, that they are not investigators, I believe, is rather short-sighted.

Particularly, when banks are held, legitimate banks are held, in sufficiently high repute by the people of this country.

These transactions, in most instances, could not be started or completed without someone in the bank, whether he is a low official, unsupervised or someone else, being a participant.

Now, I shall say nothing else about the Boston case because it is before a grand jury.

In addition to make drug trafficking and other illegal activities unprofitable, our goal is to educate the public on the methods utilized by drug smugglers.

At tomorrow's hearing we will address heroin --one of the first narcotics imported into the United States on a large scale by organized crime.

Although our investigation will focus initially on the involvement of the Italian criminal cartels in the heroin trade, we will also examine the role played by drug dealers of other nationalities: Nigerians, Mexicans, Pakistanis, and others.

Testimony from undercover agents and convicted participants in drug smuggling operations will, for the first time, expose to the American people the trafficking activities of a wide spectrum of new groups who are turning to heroin smuggling, and we are told that their share of the heroin market has grown to about 60 percent of the total.

We will hear disturbing evidence that heroin use has increased among segments of society that had previously refrained from using the drug.

In short, the cocaine users are beginning

to use heroin for the purpose of leveling off the high that is achieved in the use of cocaine.

Our ultimate goal of the Commission is to devise new legislative and enforcement techniques that will treat what I have previously termed the "cancer of organized crime."

Just as cancer cannot be cured by destroying individual cells, so too, criminal cartels cannot be eradicated by simply arresting individual members and leaders. Our emphasis must, therefore, be systemic, rather than symptomatic, and I believe that these hearings will prove invaluable in our continuing fight against the menace of organized crime.

So much for my statement.

There are so many things that have been happening.

This Commission, of course, has a splendid staff.

We have an executive director in Jim Harmon. We have a group of former and present FBI agents on our investigative staff. We have a group of bright young lawyers. We are mindful, I must say, this is a directive that I, personally, issued at the outset, and I see our deputy director, Rod Smith there, and that is observing carefully the civil rights of everyone who is a witness

before the Commission.

The Commission is important, and I will leave you with this because no other body has undertaken to do what we have done.

We had the Kefauver hearings but that was a sprawling time of investigation, about 30 years, and they did a splendid job, but they didn't zero in, as we have, on the part organized crime is playing, not only in narcotics, but in the general field of economics and money.

Mind you, we are talking about ninety billion dollars that gets laundered and leaves the country in most instances, for which you and I have to pay higher taxes.

Well, I think I will drop this at this point and just, perhaps, try to take one or two or three questions, and if you want to ask Jim Harmon any questions, I am sure he will be ready.

A VOICE: Your Honor, the Southern Governors' Conference which you touched on, the upshot of that was a recommendation to the President for use of the military to step in stopping narcotics trafficking.

Do you have any feelings about that?

MR. KAUFMAN: It is under study by us. The use of the Army, the Navy, the Air Force, the Coast Guard

--of course the Coast Guard has been very helpful, but, of course, there is a lack of money and a lack of manpower.

The question we are--now that we are talking about, interdiction, and I am glad you raised that question because I have been terribly troubled about this, I have watched this scene for many years as a trial judge, oh, about 30 years ago, I tried the meeting of the Mafia in Apalachin, New York.

I learned something about it. It was quite an education. It seemed to me, as I observed this over the years, that nothing really changed, nothing really changed.

You get an important member of organized crime, generally, and I must say, I have the highest praise for the Task Force and of the U.S. Attorneys working so hard, and I also include in that William French Smith, who is going out as Attorney General.

He really made this a prime cause, but I found that you will put an important fellow in jail for 20 or 40 years, but the business goes on. They are waiting--someone is there in the wings to take his place or he runs it from jail, so, early on, after some discussions with editorial boards of newspapers before I agreed to take this on, they all seemed to sound a

common ground, and that was, why don't you get to the source?

Why is it this country can do nothing about the source? You get at it too late. You get at it after the crime is committed.

Can't we do something about the source countries, and you can see now what has been going on with Colombia. There is quite a price being paid over here for it by our drug agents, but as the gentleman of the press who name I will not mention said to me, How do you ever expect to eradicate this if you can't eradicate the source?

We give them money. We give them support, and yet the drugs are sent to this country. The undermine our young people. They raise devastation with the elderly people and so forth.

So we are getting, I will say, cooperation. We wish we could get more from State and Treasury, but there are inroads being made.

You see what the Attorney General did. He went to Italy, and there he was able to agree upon treaty terms with them to get back to the United States members of the Mafia who are guilty of being part of the conspiracy to sell narcotics in this country.

It is a complex situation. Don't expect any

miracle cures, either, from this Commission or from anybody else, but I will say this, we're going to attack this, definitely we are going to attack it from a money point of view because if you take the profit out of this, you are hitting them hard.

They are in this to make money, and if they have trouble laundering, and if you make laundering a crime, we're going to be really hitting at a source, and if we can get these countries that grow and refine cocaine and heroin to cooperate with us, we did, if you remember, get the cooperation of Turkey, but some of this stuff still--heroin still passes through Turkey, it is a difficult situation, and we, in the United States, are paying a price for it.

So you may properly ask yourselves--and I am just about finished--why would a judge with 35 years on Federal court be willing to accept a draft from the President and the Attorney General to undertake something of this kind, which is frustrating, difficult dangerous?

I suppose the answer to it is that, one, I have never stepped back from a challenge, and, number two, we are in desperate shape in the United States when it comes to the matter of the use of these illicit drugs.

It started with marijuana. It is now cocaine

very heavily. It is still growing--cocaine. The use in '84 was over that in '83. The number of people admitted to clinics has grown, and heroin, no cut-backs, and you know the side effects of that is that they steal, and they mug, and they perform other illegal acts in order to support their habits.

Well, I wandered from your question.

VOICE: Judge, you mentioned the nine billion dollars. Is that a year?

MR. KAUFMAN: Ninety.

VOICE: Ninety billion dollars a year?

MR. KAUFMAN: Yes.

VOICE: Thank you.

VOICE: Your Honor, will there be--

MR. KAUFMAN: I don't hear you, ma'am.

VOICE: Will there be any witnesses testifying who are from the South Florida area?

MR. KAUFMAN: I will ask Jim Harmon that question.

MR. HARMON: Yes, there will. There will also be witnesses who will testify as to heroin trafficking through Florida.

VOICE: Can you tell us, at this time, who any of the witnesses will be, Your Honor?

MR. KAUFMAN: I would prefer not to reveal it.

I don't know how the prosecutor feels about it.

MR. HARMON: Former prosecutor, Judge.

I think because of the security factors that are involved with all of these people, we really can't identify them.

I am happy, when the judge has finished his remarks, to go through each day and tell you what kind of witness you can expect to hear testifying about what areas without identifying them in particular.

MR. KAUFMAN: If there aren't any more questions, I will tell you that I am very grateful to you if only for the opportunity to get some things off my own chest that are there.

I wonder if I am engaged in an utterly useless frustrating experience that is doomed to fail or are we going to make some headway?

Well, the most heartening thing, no one else ever approached our paces was our laundering report and now we see the effects of that.

Here is this bank in Boston. You can rest assured there are other banks being scrutinized, and the common method of approach--and I was a former U.S. Attorney in New York--the common method of approach was, you arrest the fellow dealing, and you indict him, and

then he is tried, and he gets a sentence and business as usual.

Well, maybe we can cut some of the profits from this business, and maybe we can get some of the cooperation from organizations, and that is what we are seeking--that always had a vaunted position in the community, and yet has been in a very important position to help law enforcement.

Jim, do you want to come up?

MR. HARMON: Yes.

Now, to follow up, if I could start off by answering the question, from where I don't know at this point, about the Governors' Conference. The Commission staff did have a representative at that meeting.

The military is being used to interdict narcotics.

The question is, to what extent could it be used more effectively?

We have retained a group of consultants to analyze this issue, headed by Nathaniel Gallagher, who is a retired Air Force pilot and Colonel, former head of security for Phillip Morris, who includes, among his West Point classmates, the current Chiefs of Staff of the Air Force and Army, as well as the current Chairman of Eastern Airlines. So we think, through this

group of consultants, we can get an objective view of the law enforcement perspective, as well as the military perspective on this particular issue.

To follow up on the Judge's comments with regard to how important money laundering is at present, the largest income producer of organized crime, which accounts for its greatest economic power, is narcotics trafficking.

Without access to international financial institutions, narcotics trafficking cannot continue at its present levels.

We have been told, as our report indicates, that as of October, 41 banks in the United States were under investigation for money laundering offenses.

I don't know, as I stand here, the identity of all those banks, but one of the questions that these banks should ask themselves, and it is truly an unanswered question at this point, is to what extent, once massive money laundering has been detected, to what extent that can affect the financial stability of major financial institutions.

As the Judge has mentioned generally, this is one of a series of public hearings by the President's Commission which intends to develop a strategic view, to take the long view of organized crime unencumbered,

unburdened by the responsibility of making individual cases.

The hearing started with high representatives of law enforcement testifying, the Attorney General, the Director of the FBI.

Then, in turn, to the money laundering issues, followed by hearings on Asian organized crime, followed last November by hearings on the cocaine problem, which is a national problem and which is not only Florida's problem along. And for that reason, Florida alone cannot be expected to solve the problem created by the cocaine networks operating in this country.

The mandate of the President's Commission is to develop in-depth information about both traditional and emerging organized crime groups operating in this country and, thereafter, to make, as the Judge has said, recommendations drawing from all of these networks and all of the facts that the Commission has gathered, common denominators from which recommendations might be made changing--recommending changes in strategy or changes in the law.

This hearing focuses on the heroin problem, and I would like to thank two Commissioners who worked very closely with the staff over a period of time developing, in some detail, the evidence which we are

about to hear, both of whom are present here this morning, that is, Commissioner Frances Sclafani, as well as Commissioner Manuel Reyes, from New York and from Miami respectively.

The first day of this hearing will focus upon painting the overall picture, the international picture, of the heroin problem, focusing primarily on the Sicilian La Cosa Nostra heroin trafficking operation and their relationship with the American Mafia families.

The second, in general, will concern itself with the other groups, the other networks, which traffic in heroin: primarily a specific network that operated in Harlem subsequent to Nicky Barnes's so-called demise, followed by Paki networks, followed by their relationships with the Nigerians, and concluding with an examination of the ease with which independents can enter the heroin market and, themselves, make connections.

In looking to the future, the Commission will then take a look at the problems created by synthetic heroin, both physical and what the future holds and the extent to which the law should anticipate the development of synthetic narcotic drugs, even assuming that the natural varieties might somehow be contained.

I think what you will see after you listen to this testimony is an increasing fragmentation of the

drug business. Users now tend to use heroin as well as cocaine. More often than not, they tend to use both.

Cocaine usage is now a factor in the economics of street crime in New York City. Traffickers operate by one rule, that is, give them what they want.

It is a business. Marketing strategies are used. Sell them what they will buy.

The same traffickers, trafficking organizations traffic in heroin as well as cocaine and that includes elements of La Cosa Nostra operating here in the United States, and most ominously, you will hear about the development, the recent discovery of poppy cultivation in Colombia, thereby giving the Colombian cocaine networks access to the raw material from which heroin ultimately is made.

This hearing draws extensively upon the powers granted by Congress to the Commission, that is, access to electronic surveillance, the ability to compel testimony of sometimes hostile witnesses.

You will hear insiders testify, including one who began dealing in heroin in the mid-1970's, and who can perhaps explain the degree of the La Cosa Nostra elements from Sicily and the way they linked up with the American Mafia figures in the heroin traffic in the

mid-1970's, and who personally delivered approximately 100 kilos of heroin to Chicago, to Los Angeles, as well as to Florida.

As I say, there will be some testimony during the course of both days of testimony that will be compelled.

That represents a fluid, dynamic situation within the hearing process itself. It is my experience that it is not known whether a witness actually testify until he is given the order to testify and until he has had a chance to respond to that particular order.

We have subpoenaed her Monday, or, rather, tomorrow, the first day of the hearing, three convicted heroin traffickers who trace the sources of their heroin to La Cosa Nostra in Sicily, for the purpose of beginning to understand, beginning to clarify, the relationship between those traffickers and the American Mafia families operating here, in the United States.

With that background in mind, I would be happy to answer any questions that you might have.

VOICE: Could we get a little more specific in terms of those witnesses and how you break them out on Wednesday and Thursday?

You have the three convicted heroin traffickers on Wednesday. Could you elaborate further on the Wednesday list?

MR. HARMON: The first witness will be John Lawn, who was nominated to succeed Mr. Mullen as the head of the Drug Enforcement Administration.

He will be joined by the head of what is known as the heroin desk in the Drug Enforcement Administration.

This will be followed by representatives of a delegation from the Italian Government, from Italian law enforcement authorities, who will explain the reason and the basis for the successes currently underway in Italy with regard to La Cosa Nostra.

This will be followed by testimony from an insider who will testify about his personal involvement in heroin trafficking in the country, followed by a series of undercover and case agents from the Drug Enforcement Administration and the FBI who will lay the foundation so that you and the public will understand the background and the specific questions and the specific reasons for questioning these three possible hostile witnesses.

That will conclude the testimony for the first day.

The second day will concern itself with-- beginning with insider testimony concerning the operations of a major Harlem heroin network and will also involve the use of Commission subpoena power possibly to compel

testimony of one particular witness who headed this major organization, which, on one day, and we will show the records to the Commission and to you, for example, received approximately \$500,000 in profits from heroin sales within a several block area of Harlem.

There will be insider testimony with regard to a Paki network, as well as expert testimony from DEA agents who actually operate in Pakistan and Mexico.

An independent will actually testify about the way in which this independent made direct connections in Thailand as well as Nepal without any previous-- without any previous connections in each one of those countries.

Anything else?

VOICE: That one person on Thursday in which the media is going to be asked to set down the pool cameras, could you give us some indication of why the added security for that person?

MR. HARMON: No, I can't. At present, only one of these witnesses will testify anonymously. The others you will know their identity. That is, if things go as presently planned.

VOICE: What is he going to testify about, the guy who is testifying anonymously?

MR. HARMON: I can't tell you that right now.

VOICE: It is a subject that you have not covered so far?

MR. HARMON: No, it is included.

VOICE: Within which group?

MR. HARMON: I would rather wait for tomorrow for that.

VOICE: Morning or afternoon session for that?

MR. HARMON: Morning.

VOICE: That is Thursday?

MR. HARMON: Yes.

Any other questions?

VOICE: Which one of these guys is going to talk about the heroin business in this part of the country?

MR. HARMON: One of the insiders from the Harlem heroin network, the La Cosa Nostra heroin trafficker as well as one of the Pakistani insiders.

VOICE: How many witnesses are you going to have tomorrow, total, as far as the compelled testimony?

MR. HARMON: Three.

VOICE: Three.

MR. HARMON: Anything else?

Okay. Thank you.

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THE PRESIDENT'S COMMISSION ON ORGANIZED CRIME

PUBLIC HEARING

HEROIN TRAFFICKING NETWORKS

- - - - -

Miami Federal Courthouse  
Central Courtroom  
Miami, Florida

Wednesday, February 20, 1985

The public hearing convened at 10:10 a.m.,  
Irving R. Kaufman (Chairman) presiding.

COMMISSION MEMBERS PRESENT:

IRVING R. KAUFMAN, Chairman  
MANUEL J. REYES  
CAROL CORRIGAN  
FRANCES A. SCLAFANI  
EDWIN L. MILLER, JR.  
THOMAS F. McBRIDE  
JUSTIN J. DINTINO

P R O C E E D I N G S

CHAIRMAN KAUFMAN: May we come to order,  
please?

Please be seated.

I would like to welcome you to the public hearing of the President's Commission on Organized Crime.

This is our fifth open hearing and represents a significant milestone for the Commission. When the President created this Commission and appointed me as Chairman, we were asked to conduct a region-by-region survey of the scope and extent of organized crime in the United States.

In the months ahead, we will be taking our investigation to other areas of the country to examine the pervasive reach of these criminal cartels.

Today's hearing is devoted to international heroin trafficking by criminal syndicates. Our past hearings have demonstrated that organized crime operates sophisticated trans-national networks of drug cultivators, processors, and distributors.

A virtual state of war on land, sea, and air exists between law enforcement officials and the criminal organizations that besiege our country with private armies financed by billions of dollars earned from the drug trade.

Heroin is a world-wide problem; European seizures of the drug have increased 40 percent in the past year, and increased drug use has reached epidemic proportions in both the United States and Western Europe.

I was interested in reading in a newspaper, your local paper here, yesterday or the day before, that the State Attorney General for Dade County, Janet Reno, had indicated that cocaine had reached an epidemic level in this area.

Now, this is the sobering atmosphere in which we meet in Miami to examine the heroin trade.

The description of heroin trading we will depict today is of a business in a constant state of evolution. Heroin was one of the first illegal drugs imported into the United States on a massive scale by organized crime.

As we will see, heroin traffickers are adaptable as well as ruthless, and I hope that one or two of the witnesses will have something to say about the manner in which these people operate.

Heroin smuggling has survived decades of law enforcement attempts at suppression.

Today's testimony will reveal that Sicilian groups, who were among the first criminal organizations to import heroin into the United States, continue to

deal in this drug, and Miami is used as an entry and distribution point. But just as heroin is not limited to one region of the country, no one group dominates the heroin trade.

We will hear evidence at tomorrow's session of the involvement of other nationalities in heroin importation, including Nigerians, Mexicans, and Pakistanis.

Before exploring in detail who these groups are and how they operate, we will hear at the outset an overview of the state of heroin trafficking in the world today.

As we will see, I can say that as a judge having served for 35 years in the Federal judicial system, heroin dealers and other organized crime groups continually change in response to new conditions. The challenge to this Commission is to devise strategies that will eradicate these adaptable criminal organizations and stem the flood of illegal drugs that afflicts our society.

Having said that, I just briefly want to mention the press conference yesterday and to emphasize something that has attracted the attention of Miami and the nation, and that is the laundering of money.

This Commission was first on the scene with that, having submitted a report to the President last October of the methods by which organized crime launder

and try to wash its money. Without that device, I am convinced, one, that it would be difficult, if not impossible, for organized crime to continue to operate because the profits would be squeezed out.

With conditions as they exist today, we find many so-called legitimate banks are either knowingly or unknowingly lending themselves to this operation. I will not repeat what was in that report. I refer you to it. It is available from the Government Printing Office and, certainly, from the Commission office.

Having said that, I will ask Mr. Harmon to call his first witness.

MR. HARMON: Yes. Would Mr. Lawn please come forward and Special Agent Michael Tobin.

STATEMENT OF JOHN C. LAWN,  
DEPUTY ADMINISTRATOR,  
DRUG ENFORCEMENT ADMINISTRATION  
and  
MICHAEL J. TOBIN,  
HEROIN INVESTIGATIONS SECTION,  
DRUG ENFORCEMENT ADMINISTRATION.

MR. HARMON: Mr. Chairman, John Lawn is the Deputy Administrator of the Drug Enforcement Administration and has been nominated to be the next director of the Drug Enforcement Administration.

Michael Tobin is, at present, the head of the heroin desk in the Drug Enforcement Administration and has had many years of experience in the investigation of heroin trafficking organizations.

Mr. Lawn has a statement which he would like to present on an overview of the heroin problem to the Commission, and then, each will then answer a series of questions.

(Mr. Lawn and Mr. Tobin were sworn by a United States Deputy Marshal.)

THE CHAIRMAN: Proceed.

MR. LAWN: Judge Kaufman, members of the President's Commission on Organized Crime, ladies and gentlemen:

I am very pleased to have this opportunity to join with you today as you explore the many facets of the heroin problem facing our nation at this time.

Traditionally, heroin was considered to be the Drug Enforcement Administration's first priority in drug law enforcement. Although we no longer rank drugs in terms of enforcement priorities, and we no longer make any distinctions between hard and soft drugs, we are all too aware of the myriad of problems that heroin causes for our society.

It is no accident that virtually all of the

sociological studies analyzing the linkages between drugs and crime focus their efforts on the heroin abuser.

I would now like to present the Commission with a brief overview of the scope of the contemporary heroin problem and some of its related aspects.

World heroin availability is described in terms of source areas.

The primary source areas are Southeast Asia, which refers to Thailand, Laos, and Burma; Southwest Asia, which refers to Pakistan, Afghanistan, and Iran; and Mexico.

In Southwest Asia, Pakistan and Afghanistan both had appreciable reductions in opium supplies in 1984; however, Afghan production is projected to rise again in 1985.

Southeast Asia is expected to have a better than average opium yield due to ideal weather conditions. Mexico's estimated yield of 17 metric tons of opium could be lower due to the aggressive eradication program that is currently being pursued by the U.S./Mexican Governments.

Despite source countries' fluctuations, the world heroin supply and abuse situation is basically the same as last year.

Heroin availability and consumption in the United States today is representative of the source areas,

i.e., heroin of Southwest Asian, Southeast Asian, and Mexican origin is available in various parts of the United States. On a percentage basis, through the end of 1984, the U.S. market is being supplied as follows: Southeast Asia, 17 percent; Southwest Asia, 49 percent; Mexican, 34 per cent.

Estimates of the quantity of heroin imported and consumed were stable at just over four tons in 1982 and 1983. The preliminary estimate for 1984 is about four point two to four point five tons.

The domestic heroin abuse problem remains relatively constant. The number of users has been estimated in the past few years at just under a half million. Our estimate for 1984 is just over that figure, primarily a statistical increase based on improvements in the accuracy of methodologies.

Two traditional indicators, emergency room admissions and deaths, show some increase, but these are moderate.

Heroin related deaths increased from 1982 to 1983, from just over 700 nationally to just under 600. The figure in 1984 shows little change.

Similarly, heroin related emergency room admissions, i.e., injuries, are also relatively stable at just under 13,000 in 1982 and 1983; the figure in 1984

may be just over 13,000.

Retail level purity is expected to show a slight increase from 1983, but remains below 1982 levels.

In 1984, this figure was four point seven percent, compared to four point five percent in 1983 and five point zero percent in 1982.

There are some differences among heroin from the three sources: Southwest and Southeast Asian heroin has decreased slightly in purity, while Mexican source heroin has increased markedly.

Prices are relatively stable at all levels of sale.

Heroin seizures for fiscal year 1984 surpass those of fiscal year 1983. A total of 385 kilograms of heroin were seized in fiscal year '84 compared to 306 kilograms of heroin seized in fiscal year 1983.

This increase was in part the result of early detection of new smuggling methods and routes by Southeast and Southwest Asian heroin traffickers.

Cooperation in host countries continues to be a significant asset in the control of heroin production and the interdiction of heroin destined for the illicit U.S. market.

Intelligence collection efforts in cooperation with foreign counterparts continue to provide valuable

information on major trafficking organizations.

Despite world-wide law enforcement efforts, there has been no indication of a significant decrease in the availability of heroin for the international market. A significant obstacle is the impossibility of policing narcotics trafficking activities in inaccessible source areas and in areas of Southeast and Southwest Asia where we have no diplomatic relations.

Additionally, the difficulty in patrolling the 2,000 mile U.S./Mexico border continues to provide heroin traffickers with unguarded areas to smuggle heroin from Mexico into the United States.

While the three foreign sources continue to produce--and even to expand production--the foreign user populations in source and transit areas have increased. This increased need has been met by traffickers who have sufficient supplies to supply all markets.

Mr. Chairman, I have just presented a very brief overview of the heroin problem facing the United States, and, indeed, many other nations.

Mr. Michael Tobin, Chief of DEA's Heroin Investigation Section, will testify the Commission in detail regarding opium poppy cultivation, heroin manufacture, and heroin trafficking from each of the source areas to the United States and Europe.

Several other representatives from the Drug Enforcement Administration will describe in detail current situations and investigative successes that we have achieved in all parts of the world.

In conclusion, I would like to briefly make mention of the role of our international enforcement alliances. These multi-lateral and bilateral conventions, dedicated to ameliorating drug trafficking--heroin trafficking--are the key to winning this war.

As I have briefly noted, and as the other DEA officials will describe, heroin production and trafficking is an international organized crime problem. It is only through an equally effective organized response, placing pressure on all points simultaneously, that we can ever hope to rid the world of this problem.

The Franco/American/Candian Conference, which has now been joined by the Italians, is one such mechanism where the principal drug law enforcement officials from these nations come together to share information and intelligence and to strategize about enforcement operations.

Its genesis was in the days of the French Connection and its viability continues today.

With respect to heroin, the other major international initiative is the joint Italian-American Working Group on Organized Crime and Narcotics Trafficking. The

concept for this association began with Attorney General William French Smith and his counterpart, Italian Interior Minister Oscar Scalfaro and was subsequently endorsed by President Reagan and Prime Minister Craxi.

Both the United States and Italy are using this vehicle to implement a joint strategy directed towards organized crime and heroin trafficking.

Although this working group has only had two formal sessions, American and Italian organized crime and drug law enforcement officials continue to work on a daily basis to implement the programs developed in the high-level working meetings.

There is a similar mechanism in another part of the world. United States/Pakistan Working Group, founded in December, 1983, has had a significant impact since its inception. There have been bilateral meetings, and several programs have been implemented as a result.

Notable among them are the task forces now operational in Pakistan which are manned by Pakistani police officers, and United States law enforcement officials act in an advisory capacity.

I am optimistic that given the renewed dedication we have seen around the world, the many enforcement success we have achieved of late, and our nation's own coming to terms with the health and sociological

implications of heroin abuse, that there are brighter times ahead.

I would like to again thank the Commission for inviting me to testify here today. On behalf of the Drug Enforcement Administration, I appreciate the attention that the Commission is bringing to the heroin problem, and, in conclusion, I would be very happy to answer any questions.

THE CHAIRMAN: Now is the appropriate time to ask you to comment on the recent kidnapping of the Drug Enforcement agent in Mexico, Mr. Salazar--either you or your associate.

What is you can tell us about that, and has it undermined the morale of the Drug Enforcement agents and anything else you think we ought to know.

MR. LAWN: Yes, sir.

As the Commission knows, our special agent was kidnapped as he left the Consulate in Guadalajara.

Eyewitness accounts indicate that the agent, Special Agent Camarena, was kidnapped by individuals who were armed, who were wearing holster weapons at their belts.

Eyewitness accounts indicated that the reason they didn't report the abduction was because of their immediate analysis that this was a law enforcement/arrest

type situation. Subsequent to the report by Special Agent Camarena's wife that he had not returned--had not met her for lunch and had not returned that evening to their residence, there was a reluctance on the part of law enforcement personnel in Guadalajara and, subsequently, in Mexico City, to initiate an investigation in order to find the special agent who had been abducted.

Several hours after his abduction, a Mexican citizen who had cooperated with the Drug Enforcement Administration was also abducted as he left his place of residence.

Neither he nor the agent have been seen again, and several witnesses to both of these abductions have been threatened by traffickers in that area and advised that they should not cooperate in the investigation and should not cooperate with members of the Drug Enforcement Administration who are working with the Mexican Federal Judicial Police, the FJP, in trying to determine what has happened to our agent and to the Mexican citizen.

THE CHAIRMAN: Well, I suppose that at this point, I shall not press you if that is all you can say about the matter.

I turn it back to you, Mr. Harmon, unless there are any questions by members of the Commission.

MR. REYES: Mr. Chairman? Thank you,

Mr. Chairman.

Mr. Lawn, you mentioned Southeast Asia, Southwest Asia, and Mexico.

What about Colombia?

MR. LAWN: There is opium cultivation in Colombia. I was in Colombia several weeks ago. I met with Colombian officials.

The Colombian Government has eradicated poppy growth in Colombia. It is an area of very few hectares, and the General in charge of the Colombian Army has indicated that it was his view that it was relatively experimental, and that any of the opium cultivation was for domestic use.

This was a similar situation to the situation I also found in Peru.

MR. REYES: You mentioned indicators about the death situation by heroin.

You mentioned emergency room admissions and death certificates.

How accurate are they? The accuracy of them?

MR. LAWN: The procedure which use on DEWN, the Drug Early Warning Network, reports only in major areas of the country and really only is as valuable as the individuals in those emergency rooms are scrupulous about putting the statistics together.

I would say we believe that they do show indicators, but, certainly, I wouldn't certify to you that they are scrupulously accurate.

MR. REYES: Thank you.

THE CHAIRMAN: Yes.

MR. McBRIDE: Mr. Lawn, you say you are optimistic that we may finally be getting a handle and some degree of control on heroin importation and trafficking problem.

I recall 25 years ago as a young prosecutor in New York handling hundreds if not thousands of drug abuse cases, living during the Nixon Administration through the massive interdiction program that was underway at that time, witnessing the very substantial efforts of DEA under its new leadership and foreign interdiction efforts, our efforts of bilateral negotiations to eliminate production, different strategies and efforts at the local and state levels, drug abuse campaigns which have begun and gone over the years, and Mr. Chairman mentioned in his opening statement this history, long history of law enforcement efforts to suppress and the relatively large amounts of research that have gone into that.

I think what is of most concern to me, at least, is to get some sense of what strategies make most sense.

I have been approached by people from outside, true believers in rather radical solutions: a gentleman from the Far East that I talked to last week said that in his home country, they eliminate the opium problem by imposition of the death penalty.

Another academic who recently talked to me said, well, I am a deregulator. Turn our backs on enforcement, let the price drop, take the money out of it, the mob will leave it, and while addiction will continue, it will continue at a level which has remained fairly constant over the years.

Do you have any advice on this central question of what mix of strategies would be effective in managing-- since I don't think eliminating is possible--this problem?

MR. LAWN: Yes, sir.

You indicated initially, or you reiterated my optimism.

I certainly am optimistic. I am optimistic because I see for the first time that the problems that we face in drug addiction are being addressed not by law enforcement as an entity but by parents' groups around the country, by groups interested in drug abuse education, drug abuse rehabilitation.

We also see the commitment, certainly, of this

administration where the DEA has had a substantial increase in personnel during the past four years.

The sorry fact is that with our last new agent graduation in December of 1984, the Drug Enforcement Administration finally reached the staffing level that it had in 1974, and with your familiarity of the New York situation in 1974, you could almost chart the increased abuse in drugs in a major city like New York which would mirror cities throughout the country with the demise of drug law enforcement.

We see now that we have an administration committed to drug law enforcement. We have the general public not satisfied with the short run.

The Attorney General of the United States has told us that success in drug law enforcement is not for the sprinter, it is for the long distance runner, and as far as I can see--

THE CHAIRMAN: I don't want to cut you off, we have a lot of other witnesses, but will you respond specifically to Commissioner McBride's question, and that is: What do you think of the suggestions that have come to his ears?

Is there any one of them you would adopt or would you just ignore all of them, or is there any particular recommendation you would like to make?

MR. LAWN: Yes, sir.

To not become long-winded again, I think that the key lies in drug education, and we have initiated a number of programs, we have sought the support of professional teams, amateur teams, high school coaches.

We have initiated a program this year with the High School Coaches' Association, where the high school coaches will be schooled in drug abuse, drug abuse prevention.

They, in turn, will give this education to their high school athletes, numbering five point five million youngsters, who then will exert peer pressure among their own fellow students.

We believe that the answer lies in drug abuse education and not solely in enforcement.

MR. McBRIDE: Thank you very much, Mr. Lawn.

THE CHAIRMAN: I was hoping there would be-- You want to wait for the next witness?

MS. SCLAFANI: No, I would like to direct my question to Mr. Lawn, and I will be brief.

On the issue of terrorism, we know now there is a connection between international terrorists and international traffickers, especially from South America and Central America into the United States.

Now, recently, evidence has come to light

with reference to terrorists in the area of Bulgaria and that part of the world, dealing with international drug traffickers.

What has your agency done with reference to trying to tackle those problems?

For instance, recently, the Italian Government has gotten together with other governments of the world, specifically to tackle the problem of terrorism.

MR. LAWN: As recently as two weeks ago, we sent a senior official from the United States, from my office, to meet with our Bulgarian counterparts to address that very issue, and as you have mentioned, not only do we see that problem in Bulgaria, but we certainly see the problem in South America, and it is a question that was raised during my recent visit to Colombia because the Colombian Government now understands the direct link between narcotics trafficking and terrorism.

MS. SCLAFANI: Thank you.

THE CHAIRMAN: Thank you,

Mr. Harmon?

MR. HARMON: Yes, if I could, Mr. Chairman, direct several questions to Agent Tobin.

#### E X A M I N A T I O N

BY MR. HARMON:

Q Could you first, Agent Tobin, tell the

Commission how long you have been a member of the Drug Enforcement Administration?

A. I have been a member since 1973, when it was formed.

Q. Generally, what has been your personal experience during that period of time?

A. Mainly heroin.

Q. Working in what parts of the country?

A. Mainly the New York area.

Q. Generally speaking, which groups have you, personally, worked on, groups being the trafficking organizations?

A. French, Argentines, Italians, Lebanese, Pakistanis, Indians.

Q. Now, as a result of your present position, which is the head of the Heroin Desk, are you able to tell the Commission what the comparative kilogram prices charged by Sicilians compared with Mexicans, Pakistanis, and the rest, and the reasons that you could provide for any price differential charged by those various organizations?

A. Sicilians have pretty much stayed around the \$200,000 figure, a little bit more or a little less.

Lebanese and Pakistanis and Nigerians have tried to cut them in half, and, in some cases, as far as

Lebanese, they have almost halved the price, and the reason for this is they were trying to obtain, and they are obtaining, a market in the United States, and it is like any other commodity, you try to undersell the competitor, and that is what is happening.

Q Now, insofar as the kilogram prices charged by Mexican heroin organizations, how does that price compare with those charged by the Sicilians, for example, as well as those which you have already described?

A They compare almost equally with the Sicilians.

The difference is that there is very little heroin obtained on a kilogram basis from Mexican groups.

Mexican groups control the distribution of the heroin in the United States directly from Mexico, mainly through cities like Chicago, Los Angeles, Houston.

Q Now, are you able to provide, since the Commission is going to spend the rest of the day focusing on the Sicilian and Mafia trafficking organizations, can you approximate the amount of heroin for which the Sicilian organizations have been responsible over the past several years?

A Well, it is very difficult to come up with an accurate figure, since it is almost impossible to differentiate Sicilian heroin from that of any other Southwest Asian heroin; but recent Department of Justice

estimates range in a figure of 330 pounds of heroin per year imported by Sicilians and consumed by the United States.

Q Primarily which addict population does that heroin reach?

A Primarily the northeast New York area.

Q Now, I would like to draw, for the benefit of the Commission, upon your own personal experience with the Drug Enforcement Administration.

Have you seen any changes in the nature of the organizations over the years which traffic in heroin?

A Yes. With the advent of Pakistanis, Nigerians, Lebanese, it is not so much a formal, structured organization. However, they do live with relatives and friends located in various cities.

What we found now is people just arriving in the country with five, ten kilos of heroin, with no customers, and this creates--it is--it affects the Sicilian organizations, the traditional organized crime organizations in that it forces them to sort of reduce the price.

There is an abundance of heroin. They will just keep bringing it, and they will sit, for instance, Pakistanis will come in here and sit for two, three months with a package and stay with a relative, it doesn't

cost them anything, and eventually, find a customer.

Now, once some of the middle level organizations in place find these people and know that they can get a constant supply of quality heroin at a reasonable price, you have got a problem, big problem.

Q Now, is heroin provided on consignment, something new that you have seen?

A Yes, especially with Lebanese.

Lebanese traffickers have given packages up to five kilos without any funds being furnished and, in some cases, they have even said, pay us what you think it is worth.

They are desperately trying to establish a market.

Q Now, in this attempt to establish a market, numerous new people entering the market, does that make the job of law enforcement easier or more difficult?

A It makes it much more difficult because with so many unknowns and coming from all directions, while we mainly relied on one or two or three groups, there may be twenty different groups, and, for instance, in the case of the Nigerians, most of the heroin is brought in in body cavities, not a large amount, not more than 240 grams, mainly around 140 grams, but they just keep coming.

It is just like ants. They just keep coming.

You take one, and you can't really do anything with them. They are poor people. Give me a few dollars to make this trip.

They really have nothing much to lose. Even if they end up in jail, it is probably better than they were living before.

MR. HARMON: Now, Mr. Chairman, we have pursued other areas with each one of these gentlemen. Rather than going into those at this point, if the Commission has any further questions, Mr. Chairman,

THE CHAIRMAN: Well, it is very helpful, Mr. Harmon, and I should say, at this point, I want to say on behalf of the Commission that we appreciate the work that you and Mr. Smith are doing, particularly Manuel Gonzalez, who is the chief investigator. We hear very little about him.

He is alone in the FBI with a squad and so the public ought to know there is a very substantial and very competent staff that works day in and day out on these problems the Commission is dealing with.

Having said that, I would merely like to ask you, Mr. Tobin, one question.

Is there anything you care to say about the kidnapping?

I called him Mr. Salazar. Apparently his name

is Enrique Camarena Salazar, and he is referred to as Mr. Camarena.

Is there anything you would like to add as to the status of the situation now?

MR. TOBIN: The status is the way it was February 7th.

THE CHAIRMAN: Has it had any effect on the drug agents, either in the United States or abroad?

MR. TOBIN: No, it has made us more aware and kind of frustrates some of us.

I believe that this is really the first time that, you know, an entire agency or the Government has been taken on like this.

I mean, it has to stop. I don't think anybody is backing off. I think we are more dedicated that ever to put this down so people don't take this as a way they can do anything they want.

THE CHAIRMAN: I take it the Embassy staff, the American Embassy staff, is working on this and receiving the cooperation of the Mexican Government?

MR. TOBIN: The DEA is working with the Mexican Government along with many other U.S. agencies.

MR. MILLER: On that subject, in the early '70's, the Mexican Government cooperated with our agents in Mexico, and our people were personally involved in

the eradication program both using personnel and equipment.

That program was eliminated somewhere in the '70's and no longer exists.

Now, it is your feeling that the eradication program today in Mexico is as effective as it was then, and, as you know, we have primary states where most of those poppies are grown, and I get the impression that we are not as effective today as we were in the early '70's.

MR. TOBIN: Well, I think Mr. Sedillo will speak to you either later or tomorrow. He is from Monterey, but in the 1970's, the U.S. Government totally controlled the operation. That was U.S. planes, U.S. pilots, U.S. spraying, U.S. verification.

We recently implemented an eradication program in Mexico. It is in its initial stages, and we are involved with the Mexicans in spotting and verifying their elimination by Mexican authorities.

The program is only about three months old, so it is really too early to tell if it is being effective, but you are right, there hasn't been anything from the old operation TRIZO, I guess was a good eight years ago, I am not sure exactly, maybe a little less, but that was very effective--TRIZO, it eliminated the poppy crops.

MR. MILLER: If you had your druthers, would

you go back to that program?

MR. TOBIN: Absolutely. It was a hundred percen successful, as far as I am concerned.

MR. MILLER: But currently, the Mexican Government would prefer to do it?

MR. TOBIN: No, it is done jointly, not with the United States alone, but it is not the same as it was in the past.

MR. MILLER: Now, one other question.

During the course of the last 15 or 20 years, there are well-known organizations that traffic in heroin out of Mexico, bringing to mind one group, the Helen and Robert Hernandez group just south of the border.

At one point, they were apprehended by the Mexican Government. They were sent to prison and continued to traffic out of prison.

They were later apprehended in the United States and sent to prison by our authorities.

It is my understanding that, currently, that organization is back in action again and continuing to traffic in heroin.

What can we do about known organizations operating out of Mexico sending brown heroin into the United States?

The individuals are known, and yet there

never seems to be any end to it.

MR. TOBIN: Well, I think the answer to it is something on the order of what we have with Italy, where we have a treaty where we can get back a national from that country.

I think that is the answer.

MR. LAWN: If I could add, Commissioner Miller, when you speak of the problem in Mexico with an individual who might have been incarcerated in Mexico and continued to operate, that is not unique to Mexico.

We have had numerous situations in the United States where major traffickers have been arrested, convicted and serving time in Federal penal institutions and have continued to operate their drug endeavors from these institutions.

We have had several recent cases where that has happened, so the situation is not unique to Mexico.

THE CHAIRMAN: Whether it is drugs or anything else, we have had situations in American jails where leaders or organized crime have been in prison and yet continued to operate.

MR. MILLER: Yes. My question is: Is there any thought being given to that kind of a situation where the leaders are operating out of penal institutions continuing to traffic in heroin?

Is there any kind of strategy that could be employed to eliminate that kind of situation?

MR. TOBIN: I think--the only example I know, I think it has worked out, is Mr. Ciarillo, going back to the old French Connection days, was re-indicted while he was in jail, and I guess he will be in there for a long, long time.

I don't know what else to do. He just keeps staying in jail, but it is very difficult. You can re-charge them or re-sentence them, but I don't know what the answer is, as far as trafficking from jail.

THE CHAIRMAN: Commissioner Reyes?

MR. REYES: These questions for Mr. Tobin and Mr. Lawn.

In your investigation, have you found any direct connection or link between the heroin traffic and other drugs and the Fidel Castro regime and the Sandinista regime?

MR. TOBIN: With regard to terrorism, I haven't

I have heard, and there were unconfirmed reports, of poppy growing in Cub, but I really couldn't comment any further.

MR. REYES: Did you hear in the Sierra Maestra?

MR. TOBIN: I am not sure where. I really don't know, sir.

There is a connection, there has been some mention of it, with regard to marijuana and cocaine with regard to boat traffic where it is reported they have harbored when pursued by the Coast Guard or other agencies.

MR. REYES: In Cuba and in Nicaragua?

MR. TOBIN: In Cuba, specifically. I don't know about Nicaragua.

MR. REYES: Thank you, sir.

THE CHAIRMAN: Commissioner Dintino?

MR. DINTINO: Yes, I have a few questions.

The first one I would like to address to Mr. Lawn.

The last several years there is no question DEA has accomplished more as far as seizures and arrests, yet in your statement, you say, "despite world-wide law enforcement efforts, there has been no indication of a significant decrease in availability of drugs for the international market."

This is adequately explained why, and I agree with you that drug education would be the number one form of trying to alleviate this condition.

One thing that I noticed was not mentioned, and I want to ask you if you think it has any significance over the past several years with the Florida and South Florida drug enforcement and nationally, there seems to

be a corruption problem developing in the States of Florida, Georgia, and other states.

I am just wondering what that corruption is nationally, internationally, what effect it has on your attempts to enforce the drug laws such as heroin.

MR. LAWN: We think that it has a substantial effect on our efforts.

You had mentioned several states within the United States.

Law enforcement officials with their annual salaries in many cases are given a bonus not to patrol a given site, and unfortunately, these officers elect to take that money in the believe that they are not facilitating trafficking, they are not directly involved in trafficking. It is not where they could have been on a given occasion. We have seen that debilitating influence affect not only local law enforcement, we have seen it affect attorneys, we have seen it affect judges, FBI agents, DEA agents.

It is a pervasiveness that, unfortunately, we have had to live with because of the moneys involved.

MR. DINTINO: Would you liken it to the Prohibition Era, that it is starting to develop into that kind of condition?

MR. LAWN: No, sir.

The only reason I would not is because of the

difference between alcohol abuse and drug abuse.

Without getting into the medical problems, for example, alcohol is water soluble. Someone can have a drink of alcohol, and 48 hours later, it will have purged the system.

Someone can smoke a joint of marijuana. That single joint will remain in his system for several weeks.

It is fat soluble and 460 chemicals react in different ways within the body, so I think it is different from the Prohibition problem in the health area where illicit money is to be made, it is a corrupting influence.

MR. DINTINO: Thank you.

Mickey, as far as when you are successful, and you have been successful in the last few years, as far as drug seizures and arrests, doesn't this tend to lower the price of drugs on the street level?

Would you agree with that assessment?

MR. TOBIN: No, no, I wouldn't--

MR. DINTINO: It should raise the price.

MR. TOBIN: It should raise the price, yes.

MR. DINTINO: What are the prices as far as, say, South Florida and other areas?

Are they increasing or decreasing?

MR. TOBIN: Well, for some unknown reason, and I don't know what it is, as far as heroin, the retail

price has pretty much remained constant, whereas the wholesale price has gone down somewhat.

I guess the middlemen are picking up the slack. It really hasn't--this increased availability and the numerous new groups that are involved really haven't filtered down to the street level.

Actually, the price/purity has pretty much remained constant over the last five, six years.

MR. DINTINO: Even without whether you have been successful or not?

MR. TOBIN: Yes.

MR. DINTINO: Say you concentrate in a particular area, like you did in Florida a few years abck, shouldn't that have driven the prices up?

MR. TOBIN: Well, it has.

For instance--it doesn't really apply to the heroin that much.

For instance, heroin--there hasn't been really significant seizures here, in this country.

It is not a commodity like marijuana or cocaine where you see thousands and hundreds of thousands of pounds being seized.

For instance, the estimate of what Sicilian organizations bring into this country a year is not that much when you look at the cocaine and marijuana situation.

I think you can--with respect to cocaine, we started a program with regulating certain chemicals that we use to make cocaine, and as a result, the price of cocaine has almost doubled.

The wholesale price of cocaine has almost doubled in the last six months.

MR. DINTINO: Maybe that is the point I am trying to get at.

When you are successful in a particular area, and you drive up the price, according to most studies, there is then an increase in property crime and armed robberies, so it is kind of a Catch 22 situation, and I don't know how we alleviate that kind of situation.

If you have any suggestions in that area--

MR. TOBIN: It is very difficult.

On the one hand, you have source countries. The source is external. We really can't control it from here.

At the present time, they are pumping out all the heroin and more that is needed, like especially Southwest Asia.

Here, I think I have an answer to it. I have been doing this for 29 years, but I think you have to give time.

When you go back to the early '70's, when

the so-called French Connection was broken, most of the major traffickers received sentences of upwards of 20 years.

I think today, I think we are having some effect with the new Continuing Criminal Enterprise statute, where there is a mandatory minimum of 20 years involved, and I think, in your state, New Jersey, we have seen that.

I think it is going to be, eventually, if we can get the right prosecutions on these key people, target them and put them away, we will drive them out of business.

MR. DINTINO: Lastly, I saw something that was very interesting to me.

You said that there are independents now becoming involved in narcotics trafficking, like, say, heroin, and all they really need is a source and market.

They are not tied into any organized groups. They don't need a source. They just need a market, and because of that, they are causing the organized groups to reduce their price to remain competitive.

Do you see that as a signal that maybe organized crime has become disorganized?

MR. TOBIN: No, I think it is too much for them to handle.

In a sense, it is difficult for us to handle,

so it is also difficult for them to handle.

I mean, if Joe Blow over here and over here and over there, coming up all over.

If you talk about an organized crime figure, and he is worrying about one or two competitors, he can handle that, but he can't handle what is coming in from different sources. I don't think he can.

MR. DINTINO: Okay. Thank you.

THE CHAIRMAN: Mis Corrigan wants to ask one question.

MS. CORRIGAN: Mr. Tobin, in some of the printed material you supplied the Commission earlier, you made reference to the Communist Party in some countries, primarily Burma.

Would you care to further explain?

MR. TOBIN: Well, I think Burma, most of you have to understand, I have only been at this job four months, but most of northern Burma is not in the control of the Burmese Government.

The Communist Party in Burma is very organized, and the opium traffic is probably the single biggest source of funds for them to obtain arms and supply their armies.

It is just a question of economics. I don't think they are trying--there is a plot to inundate the

United States with heroin, it is just a question of economics in that country.

MS. CORRIGAN: But it is an economic source for that group?

MR. TOBIN: Absolutely.

THE CHAIRMAN: Mr. Harmon?

MR. HARMON: Yes. Just one question to follow up on something asked earlier.

Talking about another kind of bonus, Agent Tobin, are you aware of a situation in Mexico where a large number of public officials were provided with certain gratuities by a trafficking organization in that country?

MR. TOBIN: I am not completely up on the story.

I have heard some stories. I don't know how true they are.

MR. HARMON: Would you care to relate those, what you have been told, to the Commission?

MR. TOBIN: I think Mr. Sedillo, who is going to speak later, would be in a much better position because I couldn't really speak accurately on it at this time.

MR. HARMON: No further questions, Mr. Chairman.

THE CHAIRMAN: Thank you, Mr. Lawn.

MR. LAWN: Thank you.

MR. TOBIN: Thank you very much.

MR. HARMON: Mr. Chairman, the next series of witnesses have been made available to the Commission through the intercession of the Attorney General, as well as Interior Minister Scalfaro of Italy with the assistance of U.S. Ambassador to Italy, William Robb.

STATEMENTS OF

UMBERTO IMPROTA, ANTONIO RAGUSA,

and

GIOVANNI MONACO

MR. HARMON: Before we proceed with the witnesses, Mr. Chairman, I would ask that the interpreter be sworn.

The interpreter is Constance Laforo, who has interpreted for many years before the Supreme Court of the State of New York.

(The interpreter was sworn.)

MR. HARMON: If I could ask the witnesses to be sworn, please.

THE CHAIRMAN: Swear the witnesses.

(The witnesses were sworn.)

MR. HARMON: Please be seated.

Mr. Chairman, the three representatives of the Italian Government before the Commission are Doctor Umberto Improta, Questore from the State Police in Italy, who heads the delegation to the Commission today.

He is joined on his left by Lieutenant Colonel Giovanni Monaco of the Guardia Di Finanza , which is responsible for financial investigations of various types of organized crime in Italy, and on his right by Major Antonio Ragusa of the Carabinieri of the Italian Police.

Major Ragusa is with the Anti-Mob Section and has a special expertise in organized crime in the Calabrian section of Italy.

Prior to their testimony today, here, we have agreed with Doctor Improta that he should proceed by way of a series of questions providing a general overview of the problem of narcotics trafficking through the Sicilian organizations and provide his views for the reasons of success of Italian law enforcement authorities with regard to the Mafia.

We have then agreed that he will be followed by Major Ragusa to provide his expertise as to the operational nature of these networks, and Lieutenant Colonel Monaco will provide his view of the financial aspects of their activities and the reasons for their successes in that area.

If I could, Doctor Improta, address a series of questions to you.

E X A M I N A T I O N

BY MR. HARMON:

Q What is your present position, sir?

A I am the superior agent of the office of the Commissariat in order to combat the Mafia and the corruption which exists.

Q Now, Doctor Improta, would you explain the general philosophy of the Italian Government in combating organized crime?

A Before answering your question, I would, first of all, give to the Commission my personal regards and from the Italian Government, in particular, from the Commissariat prefect and Manuel de Francesco, in my name and in the name of the colleagues which are part of this.

I would like to bring to you--to give to you thanks to the Commission and to the Government of the United States because they have given us the possibility and the honor to be here present today in this big auditorium and to bring to you our experiences in the hope that you can give us an effective contribution to the struggles against criminality because it is part of the terrorism.

Since it is no longer a universal problem-- it is no longer a problem--Italian problem, it is a universal problem, in order to answer your question properly, the struggle against criminality in Italy has brought--has imposed itself to us experts on this investigation--has given us a cause in order to investigate further the reason why this has come to pass.

In order to section the cause of which--of the criminal cause in general, to act--to act and to use those therapeutics necessary, first to contain the phenomena and then we hope to get rid of it altogether.

In the first place, we have undertaken to isolate groups of these malefactors, like the Mafioso groups of the Ndrangheta--this is another word for Mafia and the Camorra, which is part of the Neapolitan Mafia.

In order to try to put a stop, with the-- coming together of them, that they could this way exist with the various structures of the state.

Secondly, we have taken up on ourselves a problem to isolate on a physiological level trying to bring forward even using informers, we want to educate, socially speaking to them, instruct them in a new culture especially about the use in the schools, in the universities, in all those places of public administration and that way to create all around these criminal organizations

an aura completely to burn them out.

Determining this isolation that undoubtedly has brought about an isolation, in fact, of the criminal section, we have, therefore, analyzed this problem thoroughly--

THE CHAIRMAN: Mr. Harmon--

MR. HARMON: Yes, Mr. Chairman?

THE CHAIRMAN: Do you think it would be better to ask a series of leading questions?

MR. HARMON: Yes, I think it would. I think I will do that.

Q If I could, Doctor Improta, direct your attention to what has been described to us as the La Torre law--

A I was about to explain to you in the context of analyzation, the government, the Parliament, the Italian Parliament, they have included to have--to bring forth a new legislation that at the same time we have--we have useful prevention and a repressive manner, the law La Torre, the union La Torre.

At first, it has an office in the Commissariat in the high office--

Q If I could, Doctor Improta, ask you whether the La Torre Law makes it a crimine in Italy to be a member of the Mafia and a member of other criminal groups?

A Article 416-C, because there is another act

of the same number that this controls association, this is dedicated to crimes, the law 1416-C, it provides--it has to do with people associated among themselves in order to bring about acts of Mafioso kind.

Q If I could, Doctor Improta, say that the Commission has been given an analysis of the La Torre Law as the result of information which you have given to us and have seen that in essence, it makes it a crime--

A Yes, it is a crime, yes--

Q --to be a member--

A --yes--

Q Has the fact that it is now a crime to be a member of the Mafia or Mafia-like organizations--

A --yes, it is a crime--

Q --has that been--

A --this could bring to a term in prison--

Q And has this law been important in your fight against the Mafia?

A Yes, it is important, very important, not only for the experiment and to have the preview to see this kind of crime, but besides that, it has given the possibility to operate in a preventative character,

As proofs, according to the nature of--or the strength, according to the level of strength of their belonging to this, they have been able to give way

to this experiment to persons, to determinant persons, that already were under suspicion, they were already suspicious of having taken part in a Mafioso way.

Q Now, before, Doctor Improta, turning to your two colleagues, I would like to ask you a very general question, and that is, in your view, sir, what does the future hold for the Mafia?

A For us Italians, and according to the speaking we have had with the representatives of American criminality against drugs, we are on the right way, the right way of acting on this.

We are in the right way for two or three important factors.

We have instituted the Law La Torre. We have to be sure, we have to be sure of this, that this, which has to do with the countries of their activity, organization which have Mafiosi character--

THE CHAIRMAN: I hope I can interject for a moment here, Doctor Improta, and tell you that we are so grateful to you and your colleagues for coming before the Commission.

We have a great number of witnesses who will also have to testify before us.

Do you want me to pause?

THE INTERPRETER: Would you mind speaking

louder, sir?

THE CHAIRMAN: Have you heard me?

THE INTERPRETER: Not very well.

THE CHAIRMAN: I said, we are very grateful to him and his colleagues for coming here, and since we have a number of witnesses to hear, I would appreciate it, as the Chairman of this Commission, if Doctor Improta would respond to Mr. Harmon's questions in briefer fashion, if he possibly can.

THE WITNESS: In effect, I wanted to finish.

On the basis of the Italian legislative act, the judiciary police has the possibility--has the authority to investigate, control principally either in a primary way all the economic activities, even controlling the banks, the money in the banks, these people who are suspected of having illicit goings on.

Besides that, we face--we bring face to face people who are suspected of conducting illegal acts.

Provisions could be adopted that eliminate the personal liberties of these people before the responsibility is proved.

We are talking about this preventive measure like criminally exiling these people.

THE CHAIRMAN: Mr. Harmon, are you getting the responses you want, or are we going off into other

areas?

MR. HARMON: Mr. Chairman, I think it may be unfair to these witnesses and to this interpreter.

She has not had the opportunity of speaking with them before, so, perhaps, it might facilitate things if I could, Miss Laforo, ask the gentlemen behind you to continue with the interpreting since, as the Chairman says, we do have an interest in securing the information from these gentlemen.

So, if I could just ask Mr. Angoletti to come forward. If you would wait there for some time later today when we will also need your services.

This is Special Agent Carmine Russo.

Please face the Marshal, Agent Russo. Raise your right hand.

Are you, Agent Russo, able to translate Italian to English and English to Italian?

MR. RUSSO: Yes.

MR. HARMON: Do you swear that you will translate English to Italian and Italian to English for these gentlemen?

MR. RUSSO: Yes, sir.

MR. HARMON: Agent Russo is a special agent of the FBI assigned to Rome.

He is accompanied by Special Agent Thomas

Angoletti assigned to the Drug Enforcement Administration, who is also assigned to Rome.

If I could turn to you, Major Ragusa, I would like to ask you some specific questions.

E X A M I N A T I O N

BY MR. HARMON:

Q What are the three primary organized crime groups that operate in Italy?

A The three principal groups that operate in Italy are the Mafia, the Ndrangheta, which operate in the area of Calabria, and the Camorra, which operates in the area of Naples.

Q What is the relationship among these three groups?

A The relation that exists between the Ndrangheta, the Camorra, and the Mafia is a dependency by the Camorra and the Ndrangheta to the Mafia.

Specifically, the Ndrangheta, basically, the Ndrangheta is a person who is a Mafia member who has been sent in exile to the area of Calabria, and that is where the Ndrangheta first evolved, and, therefore, there is always this dependency where the Mafia people are, in fact, on top of the pyramid, and whereas the others are below them.

Q Do each of the several organizations which

you have described traffic in heroin?

Q Yes. Particularly the Camorra and the Mafia.

The Ndrangheta, in particular, interests itself in the kidnappings of people for extortionate demands and the income from these kidnappings, of course, goes to these organizations.

Q What is the nature of their involvement in the heroin traffic?

A The direction is always by the Mafia in Sicily, while the Ndrangheta and the Camorra actually carry out the deeds for the Mafia organization.

They, in fact, carry on the importation of the narcotics.

Q What is the relationship between the Mafia in Italy, the Camorra in Italy, and the American Mafia families, in your view?

A In the past few years, with the ease with which they have been able to travel internationally, crime figures from the three groups we have indicated, the Camorra, the Ndrangheta, and the Mafia have immigrated to the United States, and, through their immigration and their connections, have gotten involved in narcotics trafficking, and, at the same time, keeping the organization on its feet.

It is a big cog. It is a cog that has its

tentacles in Sicily, and, of course, in Italy, as well as to countries overseas.

Q Two final questions, Mr. Ragusa.

In your view, historically, how has the role of these groups in the trafficking of heroin developed over time?

A There are primary reasons for it, where territories are prepared and then, of course, you have the territory where the actual trafficking occurs.

First, there are direct contacts by the top people, the meetings where, at that time, they stabilize or agree on the methodology of the actual narcotics trafficking and Doctor Improta would like to say one thing further, if he may.

Q Please.

DOCTOR IMPROTA: The primary criminal investigative activity that we conduct in Italy, be it either against the Mafia or against narcotics trafficking, is continuing to be conducted in conjunction with our colleagues in Italy, who are in Italy, from the United States.

Based on our legislative laws, which I know quite well, it does not allow us to go and provide specific information.

It may be useful to this Commission to listen

to the United States investigators who are working with us in Italy who, undoubtedly, can give you additional information to see the full picture more precisely.

Q Thank you, Doctor Improta. We have access to that information.

I would like to ask you one last question, Major Ragusa, and that is whether the families that operate in Sicily and the other parts of Italy, whether they each have a geographic area of control?

A Yes, they do have a territory where they operate.

As I said before, the organization is built on a pyramid. Therefore, the heads have over them other heads, and thereby, they divide their zones and territories internationally.

DOCTOR IMPROTA: I would like to also complete this.

We, in Italy, have studied the areas of activities in Italy and also involve ourselves in the investigation of holdins that the criminals have.

As you well know, the Mafia activities are involved in activities that produce moneys in specific sections of Italian life, gambling, prostitutes, narcotics trafficking, speculation in the building industry.

Having identified this typology of criminal

activity, they have also identified their operational activities: the area of Lagutia, the area of Salerno, Italy, is gambling; the Venetian area, we see large narcotics trafficking--

THE CHAIRMAN: Mr. Harmon, don't you want to get to some other witnesses?

MR. HARMON: Yes, sir.

Q To follow up on what you said, Doctor Improta, about the financial side of it, I would like to turn to Lieutenant Colonel Monaco and ask you by way of introduction whether you are familiar with these methods by which organized crime groups based in Italy--

MR. RUSSO: Could you repeat the question?

Q Are you familiar, as a result of your work, with the ways in which the major organized crime groups in Italy are laundering large amounts of money?

A The Guardia Di Financia is a military body with particular responsibilities principally involved with financial investigations, but even customs work, Coast Guard type, against the criminal organizations in the financial area of taxes; but principally within the last few years, the Guardia Di Financia has given its particular attention to criminal organizations.

The La Torre Law that was initiated allows the Guardia Di Financia to conduct investigations

pertaining to assets and holdings, to seize or take assets of organized crime.

The responses of the Carabinieri, as well as the State Police, find help in the Guardia Di Financia since the Guardia Di Financia has the responsibility to conduct financial investigations.

We have seen in the last two years--we have taken notable successes within the last two years. Thanks to the La Torre Law, the Guardia Di Financia has been able to seize assets by presumed members of the Mafia or members or associates of organized crime, a figure of about three hundred million.

If you are interested, I can specify with detail how the law operates.

Q If I could, I would like to ask you to explain that in several minutes.

Is there an expression which we have talked about before you testified, known as door-to-door?

Would you explain that, please?

A There is a way of getting money. It is a savings by members of the community, by fiduciary associates, both nationally and internationally.

We say door-to-door, because you are going from door to door.

The moneys which are accumulated by these

fiduciary companies is compensated with a great return in interest much superior to what is given by the normal banks in Italy.

The Guardia Di Financia is investigating in this sector because we think, in reality, these fiduciary associations have in their hands illicit, dirty money, and in obtaining or requesting that the members of the community give these fiduciary associations their money is justification of their activities which are believed to be illegal.

This is not the only sector that we are, in fact, conducting investigations in.

We are trying to ascertain what are the channels through which money which comes from illicit activities is again put in the normal circuitry.

We have looked at commercial operatives who we see grow from nothing, who seem like they have no experience in a certain sector, and all of a sudden, become businessmen.

Another sector is the investment sector. We are looking at large corporations in Italy who are, in fact, conducting investments way beyond their financial means as far as the companies.

This may signify that a determinant number of businessmen have certain amounts of money coming from

illegal activities that it must put out in the commercial world.

Another sector is the acquisition of businesses or of properties, real estate, at a price way beyond what is normal.

As an example, a number of businessmen present themselves to acquire a package of real estate, a tourist attraction, and acquire it at a much higher price than actually should be on the market.

Even in this sector, these individuals do have at their disposal large quantities of money which they must legalize with the acquisition of normal real estate.

Another sector where we are conducting investigations is professionals, lawyers, an economic world where common or illegal sources derive from illegal activities. Mafia figures must have silence around them. That is imperative, the oath of silence.

While it is very difficult for us to break that code of silence between one man of honor and another man of honor, we are trying to intervene between the man of honor, the Mafia member, and these professionals because, generally, the tie between the Mafia member and the professional person is only a working relationship.

In other words, controlling an attorney by

conducting investigations regarding attorneys. If the clients pay out huge sums of money, they probably could be part of organized crime activities or organized crime organizations. Today, Mafia organizations are in need of professionals, just like attorneys.

Years ago, the Mafia members only needed a so-called person named the consigliere, the counselor.

Today, the large sums of money that organized crime has, which mainly comes from narcotics trafficking, from cigarette smuggling and other criminal activities, and, above all, the dispute on him by the laws that have been imposed, force the Mafia member to go to the professionals to make the right decisions.

Q If I could interrupt you one minute, Lieutenant Colonel Monaco--

THE CHAIRMAN: Go ahead, Mr. Harmon.

MR. HARMON: Yes.

Due to the large amount of material that we have to cover in a certain time and to give the Commission an opportunity to ask questions, I would like to ask you simply this final question.

Q Is it your view that the increased income derived by the Mafia from narcotics, in turn, requires them to use the services of professionals?

A Yes.

Q And that therefore, the need to use these professionals, such as attorneys, accountants, bankers, could provide an opening for law enforcement agencies of all countries to deal a heavy blow to such organizations?

A If I correctly understood, if the link between the professional and the Mafia members could be split-- is that the question?

Q Yes.

A We think, yes.

As I said just before, the Mafia member has need of a professional to administer his wealth.

You can give someone the responsibility to invest money, but he has to know what sectors. He must recognize easier avenues that will give him remuneration, and the only person that can really have knowledge and be able to do so is a technician. Therefore, if we conduct investigations concerning these professionals, we can get to the actual organized criminal organizations.

As recently as of two weeks ago in Italy, a typical example of such a thing occurred.

An attorney who has been arrested for his Mafia associations of an organization that was involved in narcotics activities in Northern Italy, more than 20 people were arrested by the Guardia Di Financia. This

demonstrates the path we should proceed in. One of the many.

MR. HARMON: Okay. Thank you.

Mr. Chairman, if the Commission has questions to address to the witnesses, there are other areas that the staff has gone into with them.

THE CHAIRMAN: I understand, Mr. Harmon, you are anxious to call a witness before lunchtime, who has been a convicted member of the LCN, so, I, personally, don't have any questions.

Mr. Harmon, did you want Commissioner Dintino to ask a question, or would you rather have him wait?

MR. HARMON: At your pleasure, Mr. Chairman.

THE CHAIRMAN: Well, you are anxious to get that witness, Mr. Ronsisvalle?

MR. HARMON: Yes, sir.

THE CHAIRMAN: If you don't think it is terribly important, let's call Mr. Ronsisvalle, and, if necessary, Commissioner Dintino can ask us to bring back one or two of these witnesses.

Is that all right, Mr. Harmon?

MR. HARMON: Yes, Mr. Chairman.

THE CHAIRMAN: We thank you very much, gentlemen.

DOCTOR IMPROTA: We thank the Commission

for the wonderful hospitality they have given us while we have been in the United States.

THE CHAIRMAN: Thank you.

TESTIMONY

OF

LUIGI RONSISVALLE

THE CHAIRMAN: Call your witness, Mr. Harmon.

MR. HARMON: Please stand up. Raise your right hand. Face the Marshal.

(The witness was sworn.)

E X A M I N A T I O N

BY MR. HARMON:

Q Would you please state your name, sir?

A My name is Luigi Ronsisvalle.

Q How old are you, sir?

A Forty-four.

Q Where were you born?

A Catania, Italy.

Q Catania, Italy?

A Yes, sir.

Q Is that located in Sicily?

A Yes.

Q How old were you when you came to the United States?

A Almost 26.

Q Almost 26?

A Yes, sir.

Q When did you arrive here, in the United States?

A March 4--March 16th, 1966.

Q Before you left Sicily, Mr. Ronsisvalle, did you know of an organization known as La Cosa Nostra?

A No, in Sicily, sir. I hear it, but no in Sicily.

Q What did you know about the Cosa Nostra before you came to the United States?

A Almost nothing, sir.

THE CHAIRMAN: Can you speak up a little louder?

THE WITNESS: I say, almost nothing.

Q (By Mr. Harmon) Did you know what it meant to be a man of honor?

A I think I do, sir.

Q Would you explain what you understood that it meant to be a man of honor in Italy at the time that you came to the United States?

A A man of honor no go around stealing and killing for money. A man of honor, he kill for some reason, to help people.

For instance, if somebody does something wrong against another person, go to these people, call

them Mafia, explain the situation, like his daughter being raped. If the man no have a right to live and that to kill him. That is a man of honor.

Q That is what it meant to be a man of honor when you came to the United States?

A Yes, sir.

Q Did a man of honor in some ways administer and give justice in Italy?

A Can you repeat the question, please?

Q Yes. Did a man of honor give justice to people? For example, a kind of justice that the law could not take care of?

A Well, according now with my knowledge of the law can take care of better that, but, at that time, I think that people was do better. We are talking about, now, 30 years ago, 25 years ago, when in Sicily, law was very, very, very good, but many people, I believe, still today do not believe to the Italian law which takes too much time. Like a guy, if he kill my son, and the law take too much time, you first got to find everything, something unbelievable, and also, you no got what you deserve.

So, if I am man that talked to guys, my son has been killed, I would want one thing to do it because people, they ask them justice.

THE CHAIRMAN: Do I understand--it is very hard to hear you, do I understand what you are saying is that a man of honor and justice is one who, for example, in Italy, if a son was killed, the law takes too long to find the killer and to punish him--

THE WITNESS: --I say a son was killed just for instance, but let's say for any reason, at the moment, I don't have a good one--

THE CHAIRMAN: You would say that the man of honor was then justified to go out and take the law in his own hands?

THE WITNESS: In other words, a man do something wrong to another man, the law gives to him five years, five years is forever, but then the family--in this moment, I can't get nothing in my mind to explain to you.

He goes to the people, and he explain to them, and they agree the man no have no right to live, not --in other words, the law gives to him five years for what he has done.

In Mafia justice, you shoot him in the head.

THE CHAIRMAN: So, what you are saying is, the Mafia would decide that there should be a different kind of punishment, more severe for the killer; is that the idea?

THE WITNESS: I believe so.

THE CHAIRMAN: So, the Mafia had its own system of justice?

THE WITNESS: Yes, sir.

THE CHAIRMAN: Aside from the justice meted out by Italy--

THE WITNESS: I grew up in my country for 26 years almost, and all the people--I would say 99 percent --they never go to the law because the law was too slow, and the law make no justice for what they have done.

They prefer Don Tomas, Don Nicolas, Don Ciccio, whatever they call them, and the police beg them, do this to my daughter, do this to my son, or the man ripped off my land or whatever it was, and the people, they sit and discuss the situation and decide to do it, and they do it.

At that time, in my mind, that people was right.

THE CHAIRMAN: So that you would say, in effect, the Mafia was spawned and justified in Sicily because the law, as you viewed it, and as others related to you, viewed it, was unsatisfactory?

THE WITNESS: Yes, sir.

THE CHAIRMAN: Go ahead, Mr. Harmon.

Q (By Mr. Harmon:) Were you ever made a man of

honor yourself?

(Conference between the witness  
and an investigator.)

THE CHAIRMAN: Mr. Harmon, could you tell us  
what is transpiring?

THE WITNESS: Could you please ask the question?

Q (By Mr. Harmon) Yes.

Mr. Ronsisvalle, were you ever made a man of  
honor?

A Not in United States.

Q Was that something you wanted to be?

A Since I was a child.

Q Why?

A I grew up in Sicily. Since age 10, 11, 12,  
like a kid, American kid falls in love with baseball,  
I fall in love with Mafia.

Q Now, after you came to the United States,  
did you come to know members of the American Mafia?

A I should, at this point, not call it American  
Mafia because they are a gang. I don't call these people  
Mafia.

You people call them Mafia. They no are  
Mafia.

Q Well, do you think differently of the American  
Mafia than you do of the Sicilian Mafia?

A I just say to you, sir, in America, is no Mafia. They call themselves Mafia to want to be important people. They don't even got no idea what is Mafia, the word "Mafia."

Q What is the difference, in your view?

A Mafia do for justice things. Of course, after times, some people start to go wrong. Today, the Mafia in Sicily is another gang and no more Mafia, but in the United States, there has never been a Mafia because what they done, shake up Italian people, go around pick up money ever week, killing Italian people, doing every-thing against Italian people, its own people.

Mafia, they help some people.

Q Mr. Ronsisvalle, when you left Sicily, did you know of heroin and what heroin was?

A Never hear in Sicily.

Q Now, in your career in the United States, have you committed any murders?

A Yes, sir.

Q How many murders have you committed?

A Thirteen.

Q And how many of those were done on contracts from La Cosa Nostra?

A Eleven.

Q Have you been convicted of one murder?

A. Yes, sir.

Q. Would you describe that one for the Commission?

You are speaking clearly, speaking understandably. I would like you to speak just a little bit slower.

A. I will try, sir.

In 1976, it was '76, a gentleman named Giuseppe Mirabile said to me, Luigi, I got a contract. A man have raped his niece.

THE CHAIRMAN: Speak a little louder because we don't hear you.

THE WITNESS: A man in Brooklyn raped his sister's daughter, 13 years old girl, and the father is not able to do nothing because the man no got no guts to do nothing to his brother-in-law.

The man put contract \$8,000 to kill his brother-in-law.

When he told me that, there was no matter the money anymore.

I say, I will do. So, he showed, I believe it was the restaurant, the Unicorn or something like that, down Brooklyn, and the gentleman was on vacation.

After a month keeping calling the place, come back, say I am sorry, just a couple of days ago, the mother die and is going to stay two more weeks.

Mr. Mirabile take me down with his own car.

From side of kitchen, the younger daughter show me the man.

At 11:30 at night, I show up at the door. I call the gentleman by name. He came to me, and I shoot him five times.

Q That was for what reason?

A Because he raped some niece.

Q Now, whave you committed other crimes aside from murders and homicides?

A Armed robbery, arson.

Q Now, Mr. Ronsisvalle, before you came to the United States, did you receive instructions from anybody as to where you should go?

A I have a friend in Sicily, in Catania. One day I told him, next month I will go to the United States with my wife and my kid.

He said to me, if you go in Brooklyn, in Knickerbocker Avenue, mention my name. Maybe they can help you.

I did.

Q So, then, you went to Brooklyn?

A I was living in Brooklyn on Pennsylvania Avenue.

Q Did you mention his name?

A Yes, sir.

Q Why did he tell you to go to Knickerbocker Avenue in Brooklyn?

THE CHAIRMAN: Mr. Harmon, will you let us know when you find a convenient time to pause?

MR. HARMON: Yes, Mr. Chairman.

THE CHAIRMAN: And we will continue with the witness after lunch.

MR. HARMON: For the Record, Mr. Chairman, the witness has conferred with Commission Investigator Anthony Lombardi.

Q Are you prepared to answer that question?

A Can you repeat it again, please?

Q Yes. Why were you told to go to Knickerbocker Avenue in Brooklyn?

A Because in Brooklyn, Knickerbocker Avenue have so many Italians, maybe help me find a job or whatever I wish to do.

Q What happened when you went to Knickerbocker Avenue in Brooklyn?

A I was one day at the Cafe Sport early 1967, '68--'68, early '68. I meet a gentleman, Pino D'Aquana, and there was talk, a cup of coffee, and I told him I come from Sicily and make some kind of relationship, and I mentioned the name of the man from Sicily.

Goes by a couple of weeks. About three weeks.

The man comes toward me in Knickerbocker Avenue. He was more friendly with me.

Q This is D'Aquana that was more friendly with you?

A Yes, sir.

Q Mr. D'Aquana?

A Mr. D'Aquana.

We have coffee and things, and he make me meet the first man from him was Mr. Peter Licata.

Q Before we get to that, who was Pino D'Aquana?

A Pino D'Aquana was a man who Mr. Bonanno have a war against in New York, some kind of war.

He make a phone call to the family, Buccellati family, in Castellammare del Golfo, Sicily. Mr. Buccellati send over a dozen men, all hit men, to help him.

The gentleman was Mr. Pino D'Aquana.

Q Who was the first person that Pino D'Aquana introduced you to?

A Mr. Peter Licata, the head, the boss.

Q Before we get to Peter Licata, were you introduced by Pino D'Aquana to a person known as Paolo LaPorta?

A Yes, I do, sir.

Q This is before Peter Licata; is that correct?

A Yes.

Q Would you explain that introduction to the

Commission?

A. I was having a cup of coffee with this gentleman and come inside, a couple of guys, a guy named Rizzo, another guy named Paolo LaPorta, another guy, Charlie the Barber, they call him. This guy was fast with the knife. They call him the Barber, Charles the Barber.

Q. Why do they call him Charlie the Barber?

A. Because he was fast with the knife, they call him the Barber.

THE CHAIRMAN: May I ask a question: How did these 12 men get into the United States from Sicily that Mr. Buccellati sent over?

THE WITNESS: Sir, they come all with visa for tourist.

THE CHAIRMAN: Forged?

THE WITNESS: All with tour.

THE CHAIRMAN: Tourist visas?

THE WITNESS: Yes, sir.

THE CHAIRMAN: And then they went back after they did their work?

THE WITNESS: In my knowledge, about four or five of them, they come back. The rest stay in the States, like Mr. Pino D'Aquana today is at Knickerbocker Avenue.

THE CHAIRMAN: You said something else--and then I think we will ask you to come back right after

lunch; you said something about there being no Mafia in the United States.

What did you mean by that?

THE WITNESS: I tried to make a comparison between American Mafia and Sicilian Mafia--

THE CHAIRMAN: Oh, I see--

THE WITNESS: --and I no call these people Mafia.

THE CHAIRMAN: You are saying by Sicilian standards?

THE WITNESS: There is only one Mafia, sir, Sicilian. No other Mafia.

THE CHAIRMAN: That is the only type of Mafia you recognize; is that right, as the true Mafia?

THE WITNESS: No, sir. I no recognize myself, but this is a true, only one, because these people who come from Sicily, they don't succeed in being Mafia people in Sicily because they don't have enough balls. They come here, and they rob his own people. They kill his own people. They call themselves a Mafia. In Sicily, they no have nobody. Even in Sicily today, no recognize them.

THE CHAIRMAN: What is similar or comparable to the Sicilian Mafia in the United States? Is the La Cosa Nostra?

THE WITNESS: The La Cosa Nostra is something American. The Capo Tutti Capo--in 1960, what is the name of that guy that dropped dead in Rome? I don't know--

VOICES: Valachi?

THE WITNESS: Okay. He wants to make something like Caesar. He going to put everybody all together and this belong to us, Cosa Nostra. Big deal.

Okay. He was the boss of the bosses. Everybody make money killing, rip off, the end of the month they get even a percentage.

Why I got to kill a person, I got even a percentage.

THE CHAIRMAN: You mean it is a small deal by comparison with the Sicilian Mafia?

THE WITNESS: Sir, in Sicily, we have, I don't know how many million people, but--

THE CHAIRMAN: --big deal? That is no big deal, huh?

THE WITNESS: In Sicily, you whistle, and in two minutes, you have 200 guys ready with shotguns behind you. They don't even think about what happened.

THE CHAIRMAN: Thank you, Mr. Ronsisvalle. Gentlemen, we will recess for now.

Is this convenient to you, too, Mr. Harmon?

MR. HARMON: Yes, Mr. Chairman.

THE CHAIRMAN: We will recess for one hour.

(A noon recess was taken.)

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THE CHAIRMAN: Come to order, please. Will the witness return to the witness stand?

All right, Mr. Harmon.

EXAMINATION CONTINUED

Q. (By Mr. Harmon) Mr. Ronsisvalle, you were about to tell the Commission that the first person that you had been introduced to by Pino D'Aquana was a person known as Paolo LaPorta.

A. Paolo LaPorta.

Q. Paolo LaPorta.

Did you ever go to Canada with Paolo LaPorta?

A. Yes, sir, three times.

Q. Would you explain the circumstances and the reasons for that?

A. When I meet this gentleman, Paolo LaPorta, Mr. Rizzo and Charlie the Barber, they ask me, say, viri, you're a guy from Sicily. Can you show us some guts?

I don't know what talk about guts, but in his mind to rob a drugstore.

Anyway, that time I just got to United States. This is Mafia American, let's go, let's do it.

This guy, Mr. Paolo LaPorta, give me .45, and in Brooklyn, I make a stick-up in a drugstore for \$45. The way I was out the drugstore, the doctor behind the counter shoot me six times--

Q The man behind the counter shot you?

A Six times. He missed me. I don't understand how.

It was very better if he never missed me, and I was here now.

Anyway, Mr. Paolo LaPorta, that he was in his car, he was supposed to pick him up in a corner. He run away. He have some guts.

I meet him in Knickerbocker Avenue a couple of hours. We have a little beef, but everything goes smooth.

Q What was the beef?

A About he left me in front of the drugstore, the guy shoot behind me six times and run away with his car for \$45, and I even feel ashamed to tell you that.

So, anyway, the gentleman say to me, I got some good business in my hands, some people, they tell me what kind of car they want, I steal them, I have a friend in Knickerbocker that changes numbers, makes paperwork, everything.

Q This was LaPorta talking to you?

A Yes, sir.

Q And he was asking you to do what?

A Asking me to do it. He said he have a good business going, stealing car, changing numbers, model,

whatever they are.

It is none of my business. I never do that, so I don't even know what I am talking about, and also, we have some connection to bring passports from Canada and give it to Sicilian people coming to the United States.

The first time I go with him, we go to Niagara Falls, there were six passports with him, which had, I remember, every picture in passport.

He pass the bridge, about one hour there, and he come back in Brooklyn.

We cash \$3,000. They pay us \$500 a person for the passports.

Q Do you know whether these were forged passports or whether they were real?

A Sir, at that time, I don't know. They were-- for me, they were looking very good, but no take my word.

Q At which part of Canada was this?

A Niagara Falls, right here from the United States.

Q On how many occasions did you go up there with Paolo LaPorta for that purpose: to deliver passports for Sicilian people coming into the United States?

A Three times.

Q Now, you mentioned that after you were

introduced to Paolo LaPorta, you were introduced to a person named Peter Licata.

A Yes, sir.

Q Who introduced you to Peter Licata?

A Mr. Pino D'Aquana.

Q How did he introduce you?

A Well, the introduction Sicilian style, what I try to explain in English, which is very poor translation, he say, Don Vecino, I like you to meet Luigi, is a very nice guy. You can count on him. He is a friend of mine. Something like that, and he shake hands with me.

We have some coffee together, and he ask me a couple of questions, like how long I was in United States, where I come from, you know, a little information.

Q Did Pino D'Aquana tell you what Pete Licata did?

A After the introduction of Mr. Peter Licata, he said to me who he was.

He was the man in charge of Bonnano family on Knickerbocker Avenue.

Q Did he say anything about the kind of business that Pete Licata did for the Bonanno family?

A Well, shylocking money, was in charge of the gamble house, baccarat.

Q To your knowledge, was Pete Licata involved

in the heroin business?

A. No, sir, he no like drugs.

MR. HARMON: Mr. Chairman, Peter Licata was murdered on November 4th, 1976.

Q. What position did Peter Licata hold in the Bonanno family at the time he was murdered?

A. If I recall exactly before, a year before or two years before, his nephew, Joe Licata, was killed on Knickerbocker Avenue inside, I guess--pretty sure it was Bella Palermo Cafe, on the pool table.

He was in charge of game before. When he died, his uncle pick up the game. He moved from that place to Cafe de Vialle (phonetic spelling), and he was in charge. He was in charge of the place about, I would say, a good seven months, and they kill him.

That is the question you asked, sir; right?

Q. Was Pete Licata a capo with the Bonanno family?

A. He was in charge of Knickerbocker Avenue.

Q. What does that mean, "in charge of Knickerbocker Avenue"?

A. Anything moving in there, even a tree, they got to say to him, I want to move the tree. Nobody moves nothing.

Q. After Peter Licata was murdered, did people

speak to you about the way in which he was murdered and the reason for which he was murdered?

A. Well, among us, we have a lot of talk, make a lot of guesses, and according to some old people, he was murdered because he no like some kind that like heroin. He was to--say, no, no, no Knickerbocker Avenue.

THE CHAIRMAN: You mean he was encroaching on the other areas, is that what you are saying?

THE WITNESS: He say to the people, say, I no want no drugs on Knickerbocker Avenue, no heroin.

Here is gamble. We are all Italians. You start selling wholesale, and then you start to sell retail, and then we are going to ruin the Italian people here.

Here can stay gamble. You want to shylock money, you want to do everything you want, but no heroin.

They say, okay, Don Vecino (phonetic spelling), and, after they kill him.

THE CHAIRMAN: Who killed him; do you know?

THE WITNESS: Is my personal opinion, also, some people told me about--I don't remember his name, I think the name of the killer of Mr. Pete Licata was Mr. Cesare Bonventre.

Forgive me, sir, I got to look. My mind--

Q (By Mr. Harmon) Was the other person Baldo Amato?

A Thank you very much, sir. Yes, indeed.

MR. HARMON: Mr. Chairman, it may be valuable for the Commission, at this point, to provide some background for Cesare Bonventre, who traces his roots far back into the heroin trafficking of the Bonanno crime family, which extends as far back as the mid-1950's from which Joseph Bonanno attended a series of meetings.

The first of these having occurred on October 17th, 1956, where Bonanno attended a meeting in Binghamton, New York, with his underboss, John Bonventre, and his consigliere, then Carmine Galente.

The second meeting occurred between October 12th and 15th, 1957, at the Hotel De le Palma, Palermo, Sicily.

Besides Bonanno and Galente, these meetings were attended by other Cosa Nostra members.

The third meeting took place on November 14th, 1957, in Apalachin, New York. Twenty La Cosa Nostra members in addition to Bonanno, Galente, and John Bonventre, attended.

John Bonventre, who attended these early meetings in Sicily and Apalachin, was the uncle of Cesare Bonventre.

When Carmine Galente was murdered in a restaurant, perhaps by coincidence on Knickerbocker Avenue.

Cesare Bonventre purportedly recently was found murdered, his body having been dismembered.

THE WITNESS: He deserved it.

Q (By Mr. Harmon) Why is that?

A I beg your pardon?

A Why is that that he deserved it?

A Well, it was when we got inside.

Q What occurred on Knickerbocker Avenue after the murder of Pete Licata with regard to the heroin business and with regard to who took his place?

A Well, when Mr. Peter Licata was in charge of the game on the street, Knickerbocker Avenue, a gentleman named Salvatore Catalano have a little boutique selling Italian records, Italian souvenirs, and newspaper.

Nobody knows him. Some people, they know him, but was very, very quiet man.

At once, when Mr. Licata was killed, Mr. Catalano became the boss of Knickerbocker Avenue in a matter of three days, in charge of completely and with Cesare Bonventre and Amato in charge of the gamble.

People who go and gamble over here, they never saw that man's face before. That was the pay-off.

Q When the gambling operation was opened, was there a party there?

A Yes, sir.

Q Would you describe that for the Commission, please?

A Well, usually the party is October 1st, every year, and the guest of honor, Pasquale Conte from Brooklyn, Mr. Aniello Dellacroce, Mr. Joe Gallo.

Q What position did Aniello Dellacroce hold with the Gambino crime family at that time?

A He got a share of the gamble.  
Forgive me, say it again.

Q Was he the underboss of the Gambino family at that time?

A Sir, I can't answer that question because what I know about Bonanno family, about Gambino family, I know very little. I can't answer the question, sir.

Q What took place?

A I guess if he was underboss, you know, one thing is for sure, he was not head of the family.

Head of the family no show up at the game.  
Enzo Napoli was there.

Q Whois Enzo Napoli?

A Who is Enzo Napoli? According to me, he is a soldier from the Gambino family.

Q So after Pete Licata was murdered, Salvatore Catalano took over on behalf of the Bonanno family; is that right?

A. Yes, sir.

Q. Then there was a party celebrating the opening of the gambling operation at which high level members of the Gambino family were also there; is that correct, sir?

A. Correct, sir.

MR. HARMON: Mr. Chairman, to again put in perspective some of the things that have just been said here, Salvatore Catalano is charged in the Pizza Connection--

THE CHAIRMAN: Mr. Harmon, it would help if that gentleman would point to the various spots on that chart as Mr. Harmon is talking.

Go ahead.

MR. HARMON: Yes. Salvatore Catalano has been identified in court records at present as a capo in the Bonanno crime family and is heading the Catalano faction, which was a group of persons engaged in the traffic of heroin in what has come to be known as the Pizza Connection case.

One of the purposes of this Catalano faction was to import heroin and then to launder money outside of the United States, primarily to Switzerland and to other countries.

Before the arrests in the Pizza Connection case, the Catalano faction was operating in the states of

New York, New Jersey, Pennsylvania, as well as various foreign countries, including Switzerland, Italy, Venezuela, and Canada.

Q Now, Mr. Ronsisvalle--

A --yes, sir--

Q --how did you first become involved in transporting heroin?

A Mr. Pino D'Aquana--let me call him my godfather, he never--he is no my godfather, but the way he sponsor me sound like my godfather--he make me meet Mr. Aniello Dellacrocce, Mr. Felice Puma, Mr. Salvatore Catalano, Mr. Pasquale Conte, Vincenzo Napoli. I meet dozens of people, Mr. Tartamella, and he give me some kind of recommendations, Mr. Felice Puma.

Q How could you just meet these people, Mr. Ronsisvalle?

A According to Mr. Pino D'Aquana, he believe in me.

After the introduction to Mr. Felice Puma, I need \$5,000, and I called Mr. Pino D'Aquana, and then he said to me, I no got it, but I know a person who is going to give it to you immediately.

He make a phone call. In two minutes, Mr. Felice Puma show up there, and he said in front of me, Luigi need \$5,000. I no got it myself for this moment.

He said, give me two minutes. He go in cafe or wherever he go. He come back in ten minutes, give me \$5,000.

Q Who was it that gave you the \$5,000 which you needed?

A Mr. Felice Puma.

Q Who introduced you to Mr. Felice Puma?

A Mr. Pino D'Aquana.

Q Did you later, through Felice Puma, begin to transport heroin?

A That is the beginning of relationship between me and Mr. Felice Puma. He give it to me without asking any extra money completely.

Q Was that because Pino D'Aquana had vouched for you?

A Yes, sir.

MR. HARMON: Mr. Chairman, if I may present to the Commission photographs of the murder of Peter Licata, which, with the permission of the Commission, will be added to the permanent record of this hearing.

THE CHAIRMAN: All right.

Q (By Mr. Harmon) Why don't you take it from there, please, Mr. Ronsisvalle?

A What?

Q Explain what happened after you were given

this \$5,000 by Felice Puma.

A Well--and while I give him back the money, and when I give him back the money, I was working for Mr. Pino D'Aquana collecting money for him, and we become friends, and he call me and say, I got some job. I need help.

Q This was Felice Puma that was talking to you at that time; is that right?

A Yes, in front of Mr. Pino D'Aquana, and he take me in New York, he have a key from a pizza place.

We open. He bent the gas pipe go between the oven, bend over, make the gas go out.

We close again, go three blocks away, wait 15 minutes.

He dialed the number of the pizza place, and the pizza place blow up.

He gave me \$9,000 for that.

Another time, he take me to the Catskill Mountains.

Q This is Felice Puma, took you to the Catskill Mountains.

A This is everything before we start with heroin.

Q Yes. Okay.

A Make some arson in the furniture store. We become better friends, and then he started saying to me,

you going to make some money, talking about good money.

Say, I am here for that.

It never pass my mind it was heroin, and then he called me, and then we started the trips 18th Avenue.

Q What did Felice Puma say when he called you?

A Okay. In the beginning, he said to me, come with me, I want to have a cup of coffee with you.

We go down to Brooklyn. We stop 18th Avenue, Cafeteria Valentino.

He shake hands with a gentleman, I don't recall this moment if I meet the man through him before or from Mr. Enzo Napoli.

I am a little confused about it this second, but, no matter, after coffee with Mr. Valentino in Valentino's bar on 18th Avenue, when we come back, he say to me, you see the man.

I say, yes.

You remember him.

I say, of course.

I am going to take you two more times there and have coffee this week because we are going to have business with this man.

Q So, Felice Puma was pointing out a man to you; correct, sir?

A Correct.

Q Okay.

A So we come down 18th Avenue two more times in about another week, and then he call me and say, okay, the man you are going to move heroin from Knickerbocker Avenue to 18th Avenue--Mr. Giuseppe Mirabile is going to drive a car, and you will be the man who deliver. You are responsible for.

One night, I guess was Friday night, about 9 o'clock, 9:30, Mr. Mirabile park right in the front of cafe of Mr. Felice Puma on Knickerbocker Avenue, give it to me a case with about 80 pounds of heroin.

THE CHAIRMAN: Eight pounds what?

THE WITNESS: Heroin. Put it in the trunk of the car, give me a shotgun, a .38 and a .38 for Mr. Mirabile.

We drive now to 18th Avenue in corner Cafe Mille Lucci. When Mr. Valentine show, ten minutes, twenty minutes, it depends, when he was on that corner, after the word, just take the case and deliver there.

Q (By Mr. Harmon) So you were supposed to see whether Mr. Valentino was on the corner?

A Right. If he was there, move it immediately, take it and deliver it right in the corner of the Cafe Mille Lucci right there, right beside the street.

If not there, go around, half hour, one hour

till they come back.

If in an hour not show up, give me a call, but he show up most of the time 20 minutes, 25 minutes.

I give him the case, lay down there, go back to Knickerbocker Avenue.

There was the end. We did this thing about 15 times in around one years.

Q Is 18th Avenue in Brooklyn a part of the territory of the Bonanno family?

A No, sir.

Q Which family?

A Gambino.

Q So, then, did you understand that you were being asked to deliver heroin from the Bonanno family to the Gambino family?

A Yes, sir.

Q Did you make a series of these deliveries from the house of Felice Puma to 18th Avenue in Brooklyn?

A (The witness nodded.) It was a lot of responsibility also.

Q How many trips did you make from Knickerbocker Avenue to 18th Avenue, in other words, from the Bonanno family to the Gambino family?

A Approximately 15 times, 15 trips.

Q And on each one of these occasions--

A. --approximately 80 pounds--

Q. --approximately 80 pounds of heroin?

A. Yes, sir.

Q. During approximately what period of time was this that you made these trips?

A. Within 12 to 14 months.

Q. What year was that?

A. Late '75 or '76.

I would say maybe the beginning, '76--all '76, completely and beginning of '77.

THE CHAIRMAN: Excuse me. How were you paid for doing this work?

THE WITNESS: Five thousand.

THE CHAIRMAN: Each trip?

THE WITNESS: Yes, sir.

Q. (By Mr. Harmon) Now, you said--

MR. HARMON: Excuse me, Mr. Chairman.

THE CHAIRMAN: Go ahead.

Q. (By Mr. Harmon) Now, you said that you were armed with various weapons including a shotgun.

What type of shotgun was this, and is there a word for it in Sicilian?

A. Lupara.

Q. I will show you this, Mr. Ronsisvalle, and ask you if this is a lupara of the type you brought with

you on the trips from Knickerbocker Avenue to 18th Avenue.

A I can't swear it was identical.

Q What was the derivation--what is the source or the translation of the word "lupara" from Sicilian into English?

A I don't know, sir, but I can explain something.

We used the gun in Sicily for special purpose: When the Mafia, he kill somebody, and he wants to leave fingerprint, this is to say we killed the man, and they take the shells from the shotgun, they empty, they leave the gunpowder in the bottom, they take the head of nails, cut it, and they put inside.

When the thing is shooting the person, not even his own mother recognize because it cut all the flesh.

That was the mark of the Mafia.

In the United States, they never use that. They just use it for regular shells.

Q So that in using the lupara, the Mafia would remove the pellets from the shotgun; correct?

A Yes, sir.

Q And once the pellets were removed, what would you place inside?

A The head of the nails.

Q The head of nails?

A Yes.

Q On these trips from Knickerbocker Avenue to 18th Avenue, were you always accompanied by Giuseppe Mirabile?

A Giuseppe Mirabile.

Q What happened after these trips to 18th Avenue?

A Well, he said to me, you got to relax a little while. I am awaiting for something, I don't know when, but when it show up, I let you know.

Q So, the heroin source ran dry for awhile--

A --right--

Q --is that correct?

Who told you that?

A Mr. Felice Puma.

Q What took place, then, since you had no source of money because, for a time, the source of heroin dried up?

A Make a diamond heist up to 46th Street within 5th Avenue.

Q What date did that take place?

A Was May 17th, 1977, I believe, or April.

Q In particular, it is April 18th, 1977.

What kind of jewelry heist was that?

A Diamonds.

Q Where did that take place, generally, what part of New York City?

A 46th Street.

Q That is the diamond district?

A Yes.

THE CHAIRMAN: 47th.

THE WITNESS: Thank you, Your Honor, 47th.

Q (By Mr. Harmon) Where did you go after the jewelry heist?

A Well, I delivered to Mr. Mario Maimone at the 51st Street and corner of 2nd Avenue. It was in connection with Mr. Vincenzo Napoli. He is supposed to sell diamonds.

Q Enzo Napoli was supposed to sell the diamonds?

A Yes, and from there, I take a trip in Chicago because I was one that was too hot, and while I was there, they supposed to make deal selling diamonds.

Q So you didn't have the diamonds in Chicago?

A No, sir, I left everything with Mr. Mario Maimone.

Q Were you introduced to anybody in Chicago?

A As a matter of fact, yes. The night Mr. Pepino Mirabile come to Chicago.

Q He went to Chicago?

A Come to Chicago with me.

Q With you?

A. And to me introduced a gentleman named Lombardo.

Q. Was that Frank Lombardo?

A. Frank Lombardo. He introduce me a gentleman named Appuzzo (phonetic spelling), I don't know what his last name is, and he introduced me very high with these people in Chicago.

Q. He introduced you as being very high?

A. Yes, and this gentleman, which he gave me some confidence about he belonged to the Gambino family in Chicago, was going to hijack meat, whatever can get, sell it to the other guy.

Q. What were you told about Frank Lombardo when you went to Chicago?

A. I beg your pardon, sir?

A. What were you told about Frank Lombardo and his background when you went to Chicago?

A. He say to me, what was age 16 coming to United States, and Mr. Paul Gambino, he take care of him the best, and when was age 21, Mr. Paul Gambino send him in Chicago, told him what he got to do it, how to live, which people to contact.

In other words, you stay here, do whatever you want. If anybody give you trouble, you call to New York.

Q What type of business did he go into, Frank Lombardo?

A Call hijacking.

Q What type of legitimate business?

A In the beginning, no legitimate business, legitimate business was in end '73, '74.

Q That was a company known as Lombardo Cheese?

A Yes.

MR. HARMON: The record should reflect, Mr. Chairman, that Paul Gambino is the brother of--was the brother of--Carlo Gambino.

Q What other types of activities--

THE CHAIRMAN: Before you get to that, did you tell us what you made from the heist, when you were paid for the heist?

THE WITNESS: Supposed to be a million dollars.

THE CHAIRMAN: What happened?

THE WITNESS: Mr. Enzo Napoli supposed to sell the diamonds in a matter of three weeks or one month.

In the beginning of August, Mr. Giuseppe Mirabile come to me, say, Luigi, Enzo Napoli no show up with the money.

What do we do? So far he has given to us \$25,000.

I said, let's wait awhile.

At that time, there was something in my mind, I want to kill Mr. Enzo Napoli. He has done something wrong to me a couple months before.

I will go into that in a little while.

Mr. Giuseppe Mirabile, according to Mr. Toto Catalano, Salvatore Catalano, on Knickerbocker Avenue, he say, Toto, we have a problem. Luigi make a heist of million dollars' worth of diamonds. He give it to him to sell. He never show up.

So, Mr. Toto Catalano call Pino D'Aquana. Pino D'Aquana say to me, Luigi, Catalano want to talk to you.

I say, what is wrong with him? I no got no business with him.

He said, you better go, please, because he say want to help you. Is nothing wrong.

Okay, I go to the Coliseum Import Store. He have a little office behind there.

Said to me, Luigi, I have Joseph Mirabile come to me complaining to me, Mr. Vincenzo Napoli never take care of you. I am going to make a sit down, going to make sure you get whatever coming to you.

I say, I don't want to do that. I am going to take care of him personal because I'm going to get my share.

He say no, no your way because I know, I hear you want to kill him. That is not the way it goes. I take care of everything.

Okay. Say to me, Monday, 10 o'clock in the morning, bring your partner--a gentleman named Brian from England was my partner at that time for the heist--and we will take care of the situation.

Following Monday, 10 o'clock in the morning, with my partner, Mr. Brian, we go inside this restaurant on 1st Avenue and 61st Street, and Mr. Catalano shake hands with me and my partner, was, Enzo Napoli, was Mr. Gallo, was a cousin of Mr. Salvatore Catalano, another gentleman, Mr.--excuse me, I make notes. I can't find, I am--anyway, this owner of the restaurant was there and a gentleman named Vito come from Venezuela.

He say to me, Luigi, I come here from Venezuela on purpose and request from Catalano because you have a beef with Mr. Enzo Napoli, and in Caracas, Mr. Nino Napoli, brother of Enzo Napoli, is sending me to cool down the beef. That's my purpose.

I say, oh, I am big shot now. People come from all over the world to settle up my situation.

Well, the million dollars, I got another \$30,000. Not only that, in the end, Mr. Enzo Napoli want to be a big shot, say, well, gentlemen, sit here

with us now. We want to give something to appreciate these people.

Take one diamond, give to Mr. Joe Gallo, one diamond, give to the other guy, one diamond to everybody.

In the end, there was left one diamond, about four carats or three carats and-a-half. This is for the person you know.

I say, no, I don't know. Who is the person? I supposed to know, and then we find out the person I supposed to know was Mr. Paul Castellano go with diamond. Mr. Paul Castellano took.

Do you understand, Your Honor? I go around, make stick-ups, and then second generation pick up the money.

Q Paul Castellano was the head of the Gambino family; is that correct?

A Yes, sir.

Q Is it correct that this was a sit-down among yourself, Joe Gallo, representing the Gambino family, and Enzo Napoli and Sal Catalano, representing the Bonanno family, to split up the proceeds of what was stolen during the jewelry heist--is that correct?

A Yes, sir.

Q Now, did something happen to you when you

went to Chicago after the jewelry heist?

A. I was in Chicago. Two days after I was there, Mr. Mirabile flew back to New York.

I was left by myself over there, have a good time.

A lady, I don't remember the name now, I believe you got the name of the lady from Chicago someplace, the lady--36 years old, and I believe she want to make a match with me and her daughter.

Q. Has a daughter 36 years old?

THE CHAIRMAN: What?

THE WITNESS: She want me to fall in love with the daughter because I say to the lady, I am a divorced man, but no was true.

THE CHAIRMAN: I didn't realize there was a love interest part of this story, but go ahead.

THE WITNESS: The night Mr. Enzo Napoli, about 4 o'clock in the afternoon, show up in Chicago, I say to him, Mr. Enzo, what are you doing here?

He said, I have some business to take care of.

I even say to myself, why is he here, and how do you know I am here?

Anyway, he stay for overnight, and the day after, they flew out. That day about 2 o'clock in the

afternoon, lady say to me, Luigi, come up to the tower tonight. You got a color TV, two bedrooms, convince me.

I say, okay.

About 3 o'clock, I move to the tower, left the room.

2 o'clock in the night, two cowboys or two pistoleros or whatever they are called, they come there to the desk, they grab the Italian girls was there, say, what room is Luigi?

I think he moved. Nobody in the room.

They know even the number of my door.

They pick up the key, drag the lady, open the door, and started shooting my bed and then go inside the toilet, shooting over there inside. I don't know what is there.

Mr. Enzo Napoli tried to kill me to no give me my share. I think, in the end, got it, anyway.

Q So that is what you thought was behind this; is that right?

A Yes.

Q When you came back to New York, that was the beef that you had?

A Yes.

Q That you thought that Enzo Napoli was trying to remove you so you wouldn't share in this at all?

A Yes, sir.

Q Then the sit-down took place in New York City between Joe Gallo and the others, which you have already told the Commission about; is that right, sir?

A Yes, sir.

MR. HARMON: Mr. Chairman, the person described as Vincenzo Napoli, shortly after this meeting took place, showed a series of these diamonds to an undercover police officer with whom he had been dealing for a period of several years without knowing his identity.

During the course of this undercover operation by the New York City Police Department, Napoli offered these items for sale to the undercover police officers: eleven million dollars in United States Treasury bonds; ten million dollars in coal securities; half a million dollars' worth of AT&T stock; a steady supply of stolen cashier's checks in amounts of \$40,000 and up; a supply of blank checks from a major airline; five handguns; 72 rifles; ten machine guns; a share in a smuggling operation which he said was in business for 20 years; 2,000 Cartier watches; continuing supply of assorted gold and diamond jewelry and unlimited supply of stolen credit cards; counterfeit stock and currency; a truckload of brand name toiletries; 25,000 pounds of scallops per week at fifteen cents per pound below the market price;

five pieces of Italian art; a fifteenth century Italian sculpture; two Remington bronze sculptures; four Stradivarius violins and two, quote, by Stradivarius; several Ming vases and two books of original Picasso sketches.

THE CHAIRMAN: Would you tell me what has happened to him?

MR. HARMON: Well, later on during the course of this undercover investigation, Napoli arranged a sale of one kilo of heroin from Bangkok, pure heroin from Bangkok, Thailand.

The sale was made by a Napoli associate in Bangkok, one Alfred Purcella.

The heroin moved from Milan, Italy, to a delivery point of the Howard Beach, New York motel owned by a member of the Genovese crime family.

Records seized in connection with that arrest clearly established that Napoli's men in Bangkok had spent considerable time in Bangkok and had extensive contacts among Thai heroin suppliers.

I might point out that the undercover New York City police detective is presently an investigator for the President's Commission, Douglas LeVien.

Napoli was sent to jail. He is currently out of jail and can be found in the area of Knickerbocker

Avenue today.

THE CHAIRMAN: I take it he is not selling art of jewelry or anything like that?

MR. HARMON: Well, I suppose he is selling just about anything he can get his hands on, at this point, Mr. Chairman--

I am sorry, 18th Avenue, rather than Knickerbocker Avenue.

If I could, Mr. Chairman, with your permission, direct the witness's attention to his return to New York after the shooting in Chicago and after the sit-down with Joe Gallo and the others--

Q And ask you, Mr. Ronsisvalle, whether you ever were asked to transport heroin after the jewelry heist.

A In the end of August, Mr. Felice Puma called me. He said, ready to go in business again?

I said yes.

He say, yes, this time, we have enough, look like a pipe route from Canada to the United States, and from there, first Mario Maimone asked me for a key of cocaine and asked Felice Puma to give it to me and to give it to this guy and he said, no, the key cocaine is supposed to go to Los Angeles, a gentleman name of Raspoli.

When I asked Mr. Felice Puma, why you no want to give him a key cocaine in trust for a couple of days, he say, I want to take a trip myself, you, too, in California. We have a little good time all together.

We flew to California, and we meet this gentleman, Mr. Raspoli, was Mario Maimone, Mr. Felice Puma's nephew, Mr. Mario Maimone's nephew, Mr. Bruce McDowell.

We meet in Chicago a gentleman--I beg your pardon--in California, a gentleman named Roland, half Mexican, half American, I believe.

He invtd me and Mr. Felice Puma in his house. He was a friend with Mr. Felice Puma.

After we have dinner at his house, spent a couple of days there, we come back to New York.

He said to me, do you remember the man? From next week, going to start deliver heroin in Los Angeles.

The week follow, myself and Mr. Felice Puma, we flew in Los Angeles with two keys heroin each on my body.

Q How did you get to Los Angeles, sir?

A We fly, sir.

Q Did you wear any special equipment or clothing to help you--

A I had suit made with big pockets, from there

all the way down there (indicated) and I have a--all the way, some kind like cloth, something from dry cleaner, cover myself, and we boarded the flight at the last second when most everything is closed, just to go over here and stamp, make sure nobody looked at us because we looked heavy.

At the airport in Los Angeles, Mr. Roland was waiting for us.

Q Mr. Roland?

A Mr. Roland, and I give it to him, make about 12 trips now there, twice with Mr. Felice Puma and ten times by myself with two keys.

Q Two kilos a time?

A By myself. Two keys by myself.

It total, 16 keys I deliver to Mr. Roland in California.

Q Now, were you paid for this?

A Three thousand dollars.

Q If I could go back a little bit, in what you are saying here today and ask you if before you began these trips to California, if Felice Puma told you that you were back in business again, or that he was back in business again?

A He say, we are in business again.

Do you know, Luigi, the pipe come from Canada

and bring to us. I say, yes.

He said, we have 17. WE got the same thing with heroin.

Q We have the same thing with heroin?

A We have the same thing with heroin.

Q Did you deliver heroin to any other places in the United States other than California?

A One trip to California, two trips to California and then one in Chicago with a suitcase, about 40 pounds delivered by train to a gentleman named Carlo in Chicago.

Q You met somebody in Chicago named Carlo?

A Yes.

Q That is the person to whom this heroin was delivered; is that correct?

A Yes, sir.

Q What do you know about Carlo?

A Well, one night was myself and Mario Maimone.

Mario Maimone introduce me to the gentleman Carlo, another couple--Mr. Lombardo, then this guy bring a couple of girls, as a matter fact, was beautiful girls.

We have dinner, take us to some good night club over there, and we have a good time, and then when I come back to New York, Mr. Felice Puma say to me, you see that guy, Carlo, you will deliver heroin in Chicago in a suitcase.

A couple weeks after, by train, was delivered heroin. Outside the railroad was waiting for me with car, was to go inside the car with my suitcase, call it a suitcase, it was 40 pounds of heroin, anyway, and after about 100 feet, 200 feet, nobody there, I go out of the car.

He goes his way. I go my way and approximately about 15 times down there.

Q How much heroin on each occasion to Chicago?

A About 40 pounds.

Q Did you travel by train on each occasion?

A All the time.

Q Was this routine followed each time where you delivered the heroin to Carlo who was waiting outside the train station?

A All the time.

Q Now, were you ever asked--

Why by train? Why by train and not by plane?

A That is a good question, but according to Mr. Felice Puma, say, you can't fly with this, you got to book, and it can get lost, or somebody could open it by mistake. It's too heavy. You got to take it yourself.

Q Other than delivering heroin to Los Angeles and Chicago, were you ever asked to deliver heroin any other place?

A. No, as a matter of fact, I pick it up in Florida.

Q. Would you explain that to the Commission, please?

A. One day he call me and say, Luigi, I want you--Friday I want to find you 10 o'clock in the morning at the 61st Street and Collins Avenue and Friday about 10 o'clock in the morning, I was at 61st Street right in front of the little restaurant, coffee shop, whatever it is.

He was there. He was parked in a red car, a red sports car.

Q. What kind of car?

A. Red sports car.

I don't know whether Italian or American.

Q. Who did you see there?

A. Mr. Felice Puma.

He said to me, Luigi, let's go. I went inside the car. I find a shotgun, like that and a .38, a .38 by itself, and we drove to Knickerbocker Avenue, all the way from Florida to Knickerbocker Avenue, and the behind of the car was load full heroin.

We have some estimate--give us some estimate over there.

Q. How much?

A About 100 key.

Q Approximately 100 kilos were picked up on Collins Avenue and driven from--in this red sports car-- from the Miami area to Knickerbocker Avenue; is that correct, sir?

A Yes, sir.

Q Did you see anybody else in Florida, other than Felice Puma?

A Another time Mr. Felice Puma said to me, fly down to Miami, wait in the front of the same place at 61st Street, a gentleman who you don't know him, but he knows you very well, he going to approach you.

You are going to go with him in a car, take you to Hialeah, give a suitcase with almost same, identical suitcase we travel before, same range, about 40 pounds, too, and he opened the suitcase, and he showed me was this heroin wrapped up in some paper, wax paper, and I take a train from Florida and go to New York.

Q Now, did you ever meet a person named Dominick Tartamella--

A --yes--

Q --on your trip to Florida?

A As a matter of fact, I know for many years, but when I come back from Florida with the car, I have the shotgun in middle of my legs.

Mr. Felice Puma stopped the car right front of Cafe Scopello, his own bar.

He say, you stay here one minutes. He go right to almost in the corner of the street and meet Mr. Salvatore Catalano.

They talk together about minute, minute-and-a-half, and Mr. Felice Puma come back to me, you know, couple words, and then comes Dominick Tartamella.

He said to me, Luigi, leave everything in the car. Dominick going to take everythings.

He sit in car, I turn around and go straight to Mr. Pino D'Aquana's restaurant, and from there, I don't know what happened to the heroin, but Dominick Tartamella, I believe, is drive the car someplace or was just stand by holding there. I don't know.

Q Were you ever told anything about the uncle of Tartamella, what his job was?

A Yes. As a matter of fact, I met his uncle through Mr. Pino D'Aquana many years before, and we become a very good friend with this gentleman.

He said, Luigi, when I asked him, he say, I see uncome come and go before five, six months, he live around here or live outside of New York.

He say, my uncle living in Sicily and in New York. He comes and go back and forth two or three

times a year, and they move this man money.

Q Money for whom?

A I assume--I can't tell you whom, I assume it was for that business.

Q Now, you have told the Commission that you physically moved heroin to different parts of the country.

Were you ever asked to transport any money to pay for this heroin?

A Never.

Q Were you ever told who was doing that aside from what you have been told about Tartamella?

A No personal from Mr. Puma.

Q So that whoever was handling the money is somebody who you don't know; is that correct?

A Completely, sir.

Q Now, were you paid any money yourself for transporting this heroin to Los Angeles, Chicago--

A I was doing by myself.

Q Were you paid anything for that?

A No, sir.

Q Were you paid actually to carry the heroin from one part of the country to another?

A Yes, I did.

Q How much were you paid?

A I was paid for Los Angeles, \$3,000; Chicago,

\$5,000, and Knickerbocker Avenue \$5,000 each trip.

Q Now, before I ask you several concluding questions, Mr. Ronsisvalle, were you ever present at a sit-down in Patsy's Restaurant in 1973 in New York City?

A I don't follow you, sir.

Q Were you ever working as a waiter in New York?

A Yes.

Q Did you ever have a problem where somebody took your job?

A Yes, one day I was off, was Monday, and about 2 o'clock in the morning, I have a pain in my lower abdomen.

My wife take me to the hospital, and I have appendicitis, they call appendicitis, and I stay home about two, three weeks--two weeks and-a-half.

When I come back, my boss have hired another person, this guy name Nino was working there before, and he left the job to buy Cafe Italia.

When I was sick, he came back to work because Cafe Italia was no too good.

Was three waiters, and then with him, was four. I say to him, that is job for three guys, no make no money four.

Three days I come back from hospital. I no move. The pain was unbelievable, but the night following on the Knickerbocker Avenue, come a guy, Rizzo, say to him, take .38, I have my own.

He say, follow me. Just watch my back.

I go to the Cafe Capricho that time.

Q Does the Cafe Paridisio ring a bell?

A Thank you, sir, and I go inside, and there is a young man sitting at the table with another old man with white hair, and I call him, and I say, I want to talk to you.

He knows what it means by this. The man have guts, stand up right away.

His father see my expression and grab him. Meantime, all young man was with me, Rizzo, I say, hold it a minute, Rizzo. Hold it a minute because three persons was in the bar, was Mr. Rosario Gambino, Mr. John Gambino, Mr. Paul Castellano, yes, sir.

I don't remember whether it was Paul Castellano or Paul Gambino. I am a little confused at this moment-- say, Luigi, cool off because something wrong here, say, these people sitting here, they are close to these people, you know, these other people.

I say, no, introduce me.

Then he explain to the people what happened,

so they take me behind the bar, meet this young man and his father. They make me shake hands with that guy, you know, with the kind of people in the middle, they say, let's forget about everything. You make a mistake.

He going to apologize in front of me and in front of the father.

They have to kiss the father, to kiss him like I want to kill him, and that was the end of the story.

Q Did you ever hear anybody say as you were transporting this heroin from Knickerbocker Avenue to 18th Avenue, or else from other places around the country, did you ever hear anybody say that the Mafia does not deal in heroin, that it is against Mafia policy to deal in heroin?

A The real Mafia never deal with heroin. The real Mafia is man of honor. Man of honor no go killing kids around the world, and the Mafia of the United States, what they do, they kill young kids, my kid. That is not Mafia cup of tea.

Mafia kill people that do wrong, no kid 13, 14 years old, 20 years old.

Mafia don't do that. I never hear this when I was in Sicily, never.

Q How about after you came to the United States, you found that was not true?

A. All of the families in the United States, all of them, but, like I say before--

Q. All of them what?

A. They dealing with drugs, Quaaludes, any kind of drug you can imagine, dealing, but this is in New York, in United States, no in Sicily.

Now, in Sicily change, I agree with you, because the old generation have died, and the new generation want to make fast money. Don't give a damn how and the word "honor" in Sicily, I don't believe it don't exist anymore like Mr. Rosario Gambino, he got a family in Brooklyn, left from his father, and he got a family in Palermo.

What he do in Palermo, he make another family there, too, for this purpose.

Was a change in Palermo because in Palermo, they are like him now. In Palermo, he was, 20 years ago, they would shoot him in the head three times.

They no go for that, but now the younger generation, they go for everything,

Q. Now, finally, Mr. Mansisvalle, I would like to draw your attention to a payroll robbery, I believe, in 1979.

Is that the correct year?

A. Yes, sir.

Q Now, did you plan to conduct a payroll robbery?

A This is something, it is hard to imagine. This was the robbery I did that changed my life.

That is the time when I turned myself to the FBI.

Do you want me to explain?

Q Yes, please.

A In the house of Mr. Mario Maimone, I meet a young Sicilian man name of Cornillaro. He meet the man couple years before, but at that time, he said to me, in late 1979, about two weeks before Christmas, he say, a man move money from the bank. This is a payroll. They all the people cash, twenty-five, thirty thousand dollars.

I say, let's go get it.

Fine. Go for two weeks over there. The men never show up from the bank to where they were.

January 10, 1979, we come back, was myself, Mr. Cornillaro. Mr. Cornillaro, that day his car was broken down, and he ask another gentleman, Mr. LoPrimo from Queens, if he can borrow his car, and he say, yes, I can give you my car for the job, but I want to go with you, and I want something.

He was sitting behind the car, now, waiting on the corner for this man to come pass by.

Then all of a sudden, say to me, he is there. I look. I see a lady. I say, I don't see no man.

He say, that is a lady. That is the one that got the \$30,000 in the pocketbook. That is \$30,000 in the pocketbook.

I froze. I never ever rob a lady before in my life.

Somehow, I did take that thirty--that pocketbook.

Q This was not a plan that--

A That was plan for a man, not a woman.

Q It was unexpected, and at the last minute, you saw it was a woman; is that correct?

A Correct, sir.

When we got closer to Mr. LoPrimo's house in Queens, he opened up there and have about \$2,000 and change, and I was that beefed with him.

What happened \$30,000? I am robbing a lady. I lost my face for \$2,000.

Well, I won't say that.

New York Police car, police uniform draw the pistol, arrest all three in front of the Queens Boulevard house.

The judge give \$500 bail, call my wife.

I say, I have beef with one of my friends, they arrest me, bail me out.

Call my brother-in-law, nobody knows what happened to me at that time, why I am in prison. They know I have a beef with another guy.

They bail them out immediately from there.

Because I have robbed a woman, I can't call on Knickerbocker Avenue and say, I need some money. I feel ashamed to look the judge in the eyes.

I want some money. I want to get out of here. I can't go to trial.

The people are going to shoot me in the head. You told us--I told them many, many times, you guys are going around and stealing. They are going to spit in my face in that time.

Two months before--

Q I would like to continue, if I could, Mr. Ronsisvalle, and direct your attention to Mario Maimone.

Did Maimone ever talk to you with regard to putting in a contract?

A. I am trying to find out the name of the gentleman. I forgot. My mind is deal now. I apologize.

Q Did anybody ever discuss with you your performing a hit on a United States Attorney that was

prosecuting Michele Sindona?

A. Yes.

Q. Would you explain that to the Commission, please?

A. Two months before I make the robbery, I was in the house of Mr. Maimone, again, was about 10 o'clock, 11 o'clock in the morning, and the phone ring, and he spoke in Italian, and I say, good morning--I forgot about the Italian--when he say Sindona, he want to speak to me.

He say, wait here, Luigi.

I go to Mr. Sindona. About hour-and-a-half, two hours, I come back, and he say, Luigi, you want to make \$1000,000?

I say, whoa, no ask.

He say, Mr. Sindona, the DA, he was in trial in New York, is too much on his back. They want to kill him. They pay the money in Switzerland.

I say, whoa, you are talking about something heavy. You are not talking about no--

Q. So, is it correct that Maimone said that Sindona wanted--

A. --completely, Mr. Sindona want you kill the DA.

What is the name of the DA?

Q Kenny.

A Mr. Kenny.

Anyway, that time--

Q How much were you to get paid for this?

A One hundred thousand dollars paid in Switzerland.

Prior to that, they give me another one to kill a judge in Milano. I refuse.

Q Who had given you that one?

A Mario Maimone. He said to me, Mr. Sindona wants you to go to Italy, and the name is Mr. Ambrosoli. They pay you \$100,000 in Switzerland.

I say, no kill no people in Italy. The law is too tough for me over there. Here, I got to make a bill--a bail and run away. Over there is no bail.

Anyway, as I check after two weeks was myself and Mr. Mario Maimone and Felice Puma.

Mr. Felice Puma say to Mario Maimone, the best way to kill this gentleman, Luigi have to kill him, and we will put one ounce heroin on his body to make believe he was some kind of junkie.

Q So the plan was to plant some heroin on the body of the Assistant United States Attorney?

A Yes, sir.

So the plot was, me, Mr. Mario Maimone

and Mr. Felice Puma.

So, when I did the time, rob--I rob the lady, I call Mr. Sindona about a dozen times. He never answer my calls, so I go to the house of Mr. LoPrimo, the guy who gives us the car to make the robbery.

I say, make a letter asking Mr. Sindona for \$20,000--I don't recall, \$20,000, more or less, something like that.

If he no give it to me by tomorrow night, 6 o'clock, I will turn myself in to the FBI and I will go in prison.

I don't know how much I am going to get, but he will go with me.

Q So after the payroll robbery, you sent a letter to Sindona asking him for \$20,000?

A Never to get any--I can't face judge--how do I face it with what I have done with my life, whoever believe that everything in the drain.

Even can't face my wife. This was the worst thing a man can do is rob a lady. This is the lowest step in society.

Q Now, aside from--of course, you never went through with this contract on the U.S. Attorney; is that right?

A No. As a matter of fact, I have not

because January and February, I guess it was 20 or 19, something like today, at 6 o'clock I wait for 6:30, no show up like I say.

What I say--mention in letter.

I just walked to 5th Street in police department. I say, please call FBI. My name is Luigi Ronsisvalle. I want to give up myself.

After 45 minutes, show up a gentleman from FBI, and since that time, I am a guest from the United States penitentiary.

Q Now, Mr. Ronsisvalle, looking back on it, you have explained to the Commission your view of the Sicilian Mafia when you first came over, the Mafia when you first came to the United States, and when you first left Sicily, and you explained what it meant to be a man of honor.

At that point in time, has your view of that changed as to what it means today to be a man of honor?

A I am a believer, myself, to call myself a man of honor.

I was, and I was ready to be a soldier in the Bonanno family, too, but I did the things, I lost all my honor and from here if my kids are going to find out, that is the first time my kids are going to find out their father rob a lady, a man who loses honor and

everything else.

In Sicily, a man belong to the Mafia, even if a million dollars in a lady's pocketbook, he don't touch the lady, and the time I did, don't ask me why, I don't know, maybe it was the beginning of the end, my crime at that time. That's all I can say.

Q Thank you, Mr. Ronsisvalle.

MR. HARMON: We have, Mr. Chairman, covered other areas with this witness.

At this point, he is available for questions from the Commission.

THE CHAIRMAN: Very briefly, could you just tell us how long a sentence you are serving?

THE WITNESS: I beg your pardon, sir?

THE CHAIRMAN: How long a prison sentence are you serving?

THE WITNESS: I have been in prison six years. I was sentenced to five to fifteen for the homicide, five years.

THE CHAIRMAN: For homicide?

THE WITNESS: Yes, sir.

THE CHAIRMAN: What court was that?

THE WITNESS: The homicide from the Unicorn in Brooklyn, the one I described.

THE CHAIRMAN: I can't hear that, Mr. Harmon.

What court?

MR. HARMON: In Brooklyn.

THE CHAIRMAN: State Court, right?

MR. HARMON: Yes, Mr. Chairman.

THE CHAIRMAN: How long a prison sentence did you get?

THE WITNESS: Five to fifteen, give my cooperation to Brooklyn DA, no was cooperation because they ask me give cooperation, they give me break.

I give my cooperation, and they give me break of his own free will.

MR. HARMON: You also have a Federal conviction that you are serving a sentence for?

THE WITNESS: Five years. Five years' probation concurrent for--I forget to talk about that.

MR. HARMON: Why don't you explain it to the Commission?

THE WITNESS: First I got to remember the name of the gentleman we are talking about.

Anyway, Mr. Maimone one day say to me, we have a gentleman from Milano. This is in Wall Street in New York.

He make some settlement with FBI, testify against Mr. Sindona.

Mr. Sindona want you to stop him. I can't

recall the name at this moment about the gentleman, but I believe I got in the papers.

I go to the Wall Street, 101 Building, about 14th, 15th floor, myself and Mr. Mario Maimone's nephew, Bruce McDowell, kid of 26 years old, six two, looking good, but no have no guts.

I go in office of gentleman, and I say to him, you make some statements to FBI against some person. You better read everything and no testify no more, or I will kill you, your wife, and your kid.

That was the end of these people.

Q So you were threatening a witness against Michele Sindona; is that correct?

A For Michele Sindona.

Q For Michele Sindona.

A Yes, sir.

MR. HARMON: Mr. Chairman, as I am sure you are aware, Michele Sindona is serving a 25-year term of incarceration for a series of offenses surround the collapse of the Franklin National Bank.

In late September of this year, he was extradited to Italy to answer certain charges related also to that bank collapse, as well as on a charge of murder.

He is presently in Italy.

No further questions by the staff, Mr. Chairman.

MR. McBRIDE: Mr. Ronsisvalle, you said that your position as a man of honor was compromised, or you lost your position as a man of honor as a result of your robbing a woman.

Did you regard your carrying heroin as a loss of your honor?

THE WITNESS: Yes, sir, I do.

As a matter of fact, every time I move heroin, especially second time when I start to go to Chicago, I have to load my belly with scotch. I was feeling ashamed with things with me not completely, at the end, but there, too, I was starting to drink heavy. I was thinking about what I have in the luggage. I was feeling very bad, but, like I say, I don't know what happened to me. I did it, and at that time, I agree with you, sir, I have no one per cent honor because men that move heroin no got no honor.

MR. McBRIDE: Did you worry much that you might be caught by the police with a suitcase full of heroin?

THE WITNESS: Every time I ever done business, for some reason, I never think about the business.

I mean, I never think about the police, never pass through my mind to be arrested.

For instance, one time, my partner in the

diamond business say to me, Luigi, I am broke.

I say, a friend of mine took me about 9 o'clock at night across the bar they got a safe all the way open, and there is three, four thousand dollars.

I said, let's go get it. We sit in the bar and have a drink, and the police pass by in front of the door, right in front of the place, and 9 o'clock when they say, last call, I say, let me have one more shot, and we give \$20 tip to the bartender, and the guy give to us big scotch.

When he locked the door, I pull a gun to him, another couple of guys take him downstairs, take about two thousand something, almost three thousand, and the gentleman say, start to pick up the money from his pockets, watch or ring, and I stop all. I say, hold. I am not here to rob you. You work here. I am here to pack a couple dollars from your boss because they shorted your pay.

At that point, sir, I have a little honor left. I was not robbing a man go to work to make a living.

THE CHAIRMAN: Did you consider you were losing your honor when you were hired to kill anybody?

THE WITNESS: Sir, most of the time, the people I kill, for some reason, they told me the reason why.

I have strong belief I was doing something for good, like the last one I explained to you, sir, the man have no right to live.

But you ask me today the way I feel about homicide, I am completely--I no believe no more in that.

No man have right to take another life by his hands. The law can do that.

THE CHAIRMAN: All right, Mr. Harmon.

MS. SCLAFANI: I have a question.

Mr. Ronsisvalle, you said that it was easier for you to commit a murder here, in the United States, and that you were afraid to commit a murder in Italy because of the laws.

Could you explain that?

THE WITNESS: I believe, you know, in New York, we have five families, and if you commit--I kill somebody in New York--

MS. SCLAFANI: Are the laws tougher in Italy, that is what I am getting at?

THE WITNESS: The one in New York is more easy to fix.

MS. SCLAFANI: I see. Thank you. Thank you.

THE WITNESS: You are welcome, ma'am.

MR. CHAIRMAN: Mr. Harmon, you may call your

next witness.

MR. HARMON: Thank you, Mr. Ronsisvalle.

Mr. Chairman, with your permission, Commission Counsel Jon Rusch will present this next series of witnesses.

He has a statement prepared for the Commission which will explain and introduce their testimony.

THE CHAIRMAN: Thank you, Mr. Harmon.

TESTIMONY

OF

DENNIS P. BUCKLEY, FRANK J. PANESSA,

AND RICHARD ROSS

MR. RUSCH: Mr. Chairman, as you know, the Commission has sought testimony in this section of the hearing on the extent to which members of the Cosa Nostra deal with Sicilian based groups.

To provide some recent evidence on this point and to describe the relationships of ostensibly unrelated heroin networks, the Commission has called three Federal agents with detailed knowledge of such networks.

Agent Buckley, Agent Panessa, and Agent Ross, if you would please come forward to the witness table.

THE CHAIRMAN: Please swear these witnesses.

MR. RUSCH: If you three gentlemen would stand and be sworn.

(The witnesses were sworn.)

MR. RUSCH: Mr. Chairman, for the benefit of the Commission, let me briefly identify each of the three agents seated here at the witness table.

To the Commission's right is Special Agent Dennis Buckley, Special Agent with the Federal Bureau of Investigation.

Seated in the center is Special Agent Richard Ross with the Federal Bureau of Investigation, and to the Commission's left, Special Agent Frank Panessa with the Drug Enforcement Administration.

Agent Buckley, let's begin with you.

Would you briefly describe your experience with the FBI, particularly as it relates to organized crime and drug trafficking?

MR. BUCKLEY: Yes. Good afternoon, Mr. Chairman, members of the Commission.

My name is Dennis Buckley. I am a special agent with the Federal Bureau of Investigation. I have been employed as a special agent for almost nine years, currently working out of the New York area assigned to the Organized Crime Drug Enforcement Task Force.

I was the case agent involved in the case entitled BROOKNOR.

MR. RUSCH: Did that case involve Sicilian

heroin trafficking networks that provided heroin to distributors in this country?

MR. BUCKLEY: Yes, it did.

Q (By Mr. Rusch) If I could direct your attention to the chart over on your right, could you identify, briefly, some of the principal members of this network in the United States?

A Yes, I can.

The individual boss of this particular network was identified as Filippo Ragusa. He is the boss of this narcotics network.

Another individual was Lorenzo Scaduto. He was the co-boss in charge of the importation and distribution of the narcotics regarding this particular network.

Under Scaduto was an individual by the name of Salvatore Bartolotta. He was in charge of the distribution on the street level of the narcotics they brought in from Italy.

Under Bartolotta is an individual by the name of Andrea Aiello, who, basically, was separate.

His function was the business front where the heroin coming from Italy would be imported into his warehouse.

Across from Mr. Aiello is the Italian Connection.

His name was Gianfranco Tierelli. He was involved in the Italian side where the narcotics were being shipped from Italy into America.

Q In the course of your work on the BROOKNOR investigation, did you obtain any information on how these men were smuggling heroin into the United States?

A Yes, we did.

Q What information did you receive?

A During the period of March through August of 1983, through analysis of our Title III wire intercepts, we had determined numerous narcotics coded conversations which indicated that a shipment of narcotics would be arriving from Italy shortly thereafter.

In addition to that, we had an undercover police officer who was debriefed on a daily basis that picked up information of a shipment of narcotics coming in from Italy.

Q Did you, in fact, determine that such a shipment, in fact, reached the shores of the United States?

A Yes, we did.

Q Where did that shipment arrive?

A The shipment entered the United States at Port Newark, New Jersey, on September 13, 1983.

Q Upon delivery of those containers to Port Newark, was there a time when law enforcement authorities

were able to examine those containers?

A. Yes, we did.

Shortly upon the cargo entering Port Newark, the FBI in conjunction with Customs and DEA intercepted this particular cargo with a thorough inspection, with the end result of finding approximately 38 pounds of heroin.

Q. What purity of heroin did you find in that shipment?

A. The purity of heroin was ranging from approximately 38 per cent to 63 per cent in purity.

Q. How did you find, specifically, that the heroin was concealed within that shipment?

A. Specifically, we had to raise each of the 18 wooden pallets that contained approximately 100 ceramic tiles.

The tiles in total weight weighed approximately a ton.

With a forklift, we lifted each of the pallets and drilled into the center beams of each of the 18 wooden pallets, and there we discovered the narcotics were hidden in the center beam.

Q. I show you now a four by four of the type that was used in these pallets.

Let me turn this exhibit. Is that substantially,

the manner in which the heroin was concealed inside these wooden pallets?

A That is correct, sir.

Q At the time you discovered the shipment, did you confiscate that shipment of heroin?

A Yes, we did.

Q What action did you then take with respect to that shipment?

A At the time of finding the narcotics, we replaced it with a sham pallet and put the narcotics in its original place with this sham pallet.

We then re-packaged the pallets and put them together back into its original container and left it out on the pier for whomever was going to pick it up.

Q Was that shipment, in fact, picked up in that location?

A Yes, it was.

Q Where was that shipment ultimately delivered?

A The shipment was followed from the Port of Newark all the way up to Buffalo, New York, where it entered the Niagara Falls Ceramic Tile Company, owned by one of our subjects, Andrea Aiello.

Q Were you able to determine where that shipment was stored once it was delivered to Niagara Falls Tile Company?

A. Yes, we did.

Through our surveillances, we determined that Aiello and his helpers had removed the wooden pallets from their original containers into inside his warehouse.

Q. Did there come a time when the FBI was able to conduct surveillance on the interior of the warehouse where the shipment was stored?

A. Yes, we did.

Q. What type of surveillance was conducted there?

A. Approximately late during the early night 9/16, morning of 9/17/1983, the FBI installed a video camera inside the warehouse to record activities that were expected to occur during the following days.

Q. On the basis of that surveillance that was conducted with the aid of video cameras, did you obtain any information indicating that any principal members of the heroin network you have identified knew this shipment, in fact, contained heroin?

A. Yes, we did.

In conjunction with the placing of the video camera, we had intercept telephone conversations between Andrea Aiello up in Buffalo and Lorenzo Scaduto down in New York, and the coded conversation was regarding this particular shipment arriving at Aiello's warehouse.

Q. I understand that you have some portions of

that video tape with you which can demonstrate to the Commission certain evidence that you had relied on in reaching the determination that the members were fully aware of the contents of that shipment.

If I could ask for the aid of the staff in viewing that particular video tape, and if you could turn to that and identify each of the particular segments.

A. At this time, we are inside the warehouse with a video camera.

We see an individual walking in, leaning over, reaching out for the center beam. That is Andrea Aiello. What he is doing is, some of the center beams, he had removed the night before, and he is picking them up.

He is seen shaking them right now with what he thinks is millions of dollars of heroin hidden in the center beam.

We see him looking at the center beam, checking it out, and, at one point, prying it open.

This is a segment later on in the morning of each of the pallets that were raised up by the forklift operator, which is Aiello's nephew.

We see Aiello in front of the pallet. He actually gets underneath the pallet containing the marble, which is almost one ton of weight, taking out the center beam.

There he is presently underneath the particular pallet taking out the center beam once again.

He is seen--there is prying the center beam out which he has in his hand, which he then puts over to the side.

There he is again, a further segment of that.

He is now replacing the center beam that he had removed with another center beam in order to make the pallet now stable, because he had taken out the original center beam, which he thought contained narcotics.

This is the third segment of the video tape that was taken on that Sunday, 9/18--9/17, excuse me, 1983.

We see Aiello with his hand bending down, right now the fellow with the sweater draped over his back is Lorenzo Scaduto, who had flown up to Buffalo on Saturday under an assumed name.

They are gesturing. He is pointing to the center beam portion and is now kneeling down, and they are inspecting where the center beam had been.

This is a further segment of the video tape, later on that afternoon.

We see now Aiello and previously identified Lorenzo Scaduto with a sweater on his back and two other individuals, who are identified as Domenico LoGalbo and

Pietro Graffeo, flew up to Buffalo under assumed name.

They had just entered the United States that week.

Q Could you briefly describe for the benefit of the Commission what role LoGalbo and Graffeo appeared to have played in this particular operation?

A Yes. Through our records, we determined that LoGalbo and Graffeo had entered the United States on 9/14, one day after the shipment was intercepted at Port Newark.

We had determined that through an intercept phone call on Saturday night between Lorenzo Scaduto, who had flown up to Buffalo down speaking to his brother-in-law, Salvatore Bartolotta, stating, "send the two Sicilians up. I want them to come up to Buffalo."

The following morning, they were surveilled going to LaGuardia Airport, where they were dropped off by Salvatore Bartolotta.

They flew up under assumed names to Buffalo.

Q Would you briefly describe the results of the BROOKNOR investigation?

A Yes, the results of this particular investigation, after a lengthy trial of approximately eleven weeks, Filippo Ragusa, a fugitive, who was considered the boss, is presently still a fugitive from law enforcement.

Lorenzo Scaduto was found guilty of narcotics importation and distribution. He was sentenced to 64 years in jail and fined \$200,000, and Andrea Aiello was found guilty of distribution and importation. He was sentenced to 26 years in jail and fined \$75,000.

Francesca Bartolotta, another co-conspirator in the case, was sentenced to five years.

Domenico LoGalbo and Pietro Graffeo were acquitted in trial, however, they are presently fugitives from Immigration and Naturalization Service, and they are wanted in Italy for narcotics distribution.

Gianfranco Tirelli, the Italian Connection, is presently in jail awaiting trial.

MR. RUSCH: Thank you, Agent Buckley.

Agent Panessa, would you briefly identify yourself and describe your experience in the area of organized crime and drug trafficking?

MR. PANESSA: Mr. Chairman, members of the distinguished Commission, I am pleased to appear and give testimony on Sicilian organized crime heroin trafficking networks in the United States.

I have been a special agent with the Drug Enforcement Administration and its predecessor agencies for approximately 17 years.

I have been called upon many times to perform

undercover roles in the United States, Canada, and in Europe.

In February, 1983, I was called upon to perform an undercover assignment that over the next year, would put me in a position to deal with one of the largest heroin distribution networks in the United States that was totally controlled by the Sicilian Mafia.

Q Agent, could I briefly ask you to identify some of the principal members of that network?

A Yes, the network included Paolo LaPorta, Francesco Affatigato, Alberto Ficalora, Baldo Amato, Cesare Bonventre, and Rosario Dispenza.

Q Could you briefly identify the role that each of those individuals played in this particular network?

A In 1983, I was introduced to Alberto Ficalora in Philadelphia, and at that time, I posed as an owner of an import/export company and also a person that involved--that was involved in hijackings.

I offered Alberto Ficalora cigarettes. At that time, he had about 85 cigarette machines in different pizzerias in the Philadelphia area.

Over the next few months, I sold him cigarettes at a discount rate, and from there, we started speaking about heroin, and I mentioned to him that I was having

problems getting heroin in New York. I was dealing with individuals in the Bronx, and at that time, he told me that he knew the people that controlled the heroin in New York, and that he would introduce me to them.

In March of 1983, in Philadelphia, he introduced me to Paolo LaPorta and Frank Affatigato.

At that time, we had a conversation relative to my dealings with the people in New York, and at that time, I complained to him, and I said that I was having problems with the quantity and quality of heroin I was getting out of New York, and he stated to me that he was well aware of it because, as he stated, Brooklyn controlled all of the heroin in the United States.

Q Let me stop you there, briefly.

Did you subsequently come to acquire an understanding of what he meant when he told you that Brooklyn controlled that particular quantity?

A Yes. Over the next year, we had many conversations relative to Brooklyn, Brooklyn meant the Sicilian Mafia, as distinguished from the Italian-American La Cosa Nostra in the United States. There was a distinct difference, it was my feeling, and what they said to me that they didn't have any trust in the American La Cosa Nostra.

The Sicilians use the Americans to distribute

--the Italian-Americans to distribute the heroin in the United States, and that was the extent of it.

At times they use them to launder money, and there was an intermingling for the benefit, mostly, of the Sicilians.

Q Once you were able to establish your relationship as an importer and exporter with these individuals, did there come a time when you actually purchased any heroin from any of these individuals?

A After my first meeting with Paolo LaPorta and Frankie Affatigato, they explained to me that they only dealt with kilo amounts of heroin, and that if I was able to purchase a minimum of a kilo a week, they would consider doing business with me.

Well, I told them that until I saw what I had to offer, I wasn't about to do that, but, initially, I would start off with a buy of around \$100,000.

So we set the price for 10 ounces of heroin for \$85,000.

Over the next few months, I bought heroin from them, and I spent approximately \$880,000 over the next few months buying heroin from them.

Q Could you briefly state how much heroin, in total, you were able to purchase during that time?

A Over those months, myself and Agent William

Kean purchased and seized approximately 12 pounds of heroin.

Q For each of the kilos that you were able to purchase, approximately how much were you charged by these individuals for that heroin?

A I was charged approximately--between \$175,000 and \$200,000 a kilo.

The heroin was always given to me on consignment. From the first time, I never had to put the money up front. It was a matter of trust.

Q Upon subsequent testing, what purity level did you find in the various heroin purchases you made?

A The purchases were from 30 per cent up to 95 per cent.

Q Did there come a time when you complained to any of the individuals about the purity of the heroin you were receiving from them?

A Over the months, when we did get the lower grade heroin, I would complain to Paolo LaPorta and John LaPorta, and in so many words, they said to me, look, you don't complain. There is nothing we can do about it. These come from Sicily. When we get the consignments, we have to accept what it is, but they also said that over the months, a couple people would pay for their purity. They felt they couldn't complain to the people that were

in charge of the heroin distribution from Sicily to the United States, but everyone would get their due reward in time.

Q Did you come to acquire an understanding, subsequently, of what they meant when they said, "people would pay for this lack of purity"?

A Yes. They said there was a power struggle going on within the Sicilian Mafia, as far as the distribution in the United States.

They spoke about Cesare Bonventre and Amato and Lorenzo Scaduto.

Q Did you obtain any information about what role Bonventre and Amato had played in this particular problem?

A Yes, Cesare Bonventre, according to them, set up Galente for his assassination and because--

Q Let me stop you.

Briefly, for the benefit of the Commission, when you refer to Galente, are you referring to Carmine Galente?

A Yes, Carmine Lillo Galente.

Q Please continue.

A Bonventre set him up for his assassination. Because of that, they were given the total distribution rights of heroin from Sicily to the United States, all

the heroin from Sicily that came into the United States, Bonventre had the say as to who would get it.

Q Over time, how were these packages of heroin delivered to you, once you had agreed to pay for these shipments?

A From the beginning, they were usually wrapped in birthday presents, so, in turn, when I paid them money, I would give it to them in birthday presents.

Q Did you ever learn how the heroin was imported into the United States for this network?

A Yes.

Initially, I told them that I had an import/export business in Philadelphia, which I did have, and also a subsidiary in Frankfurt, Germany, and over the course of those months that I was undercover with them, they told me how they were getting the heroin, but they were having problems.

Initially, they were using Alitalia Airlines, going back to the late '70's, out of Milan. They would put the heroin in false-sided suitcases, and the baggage would fly unaccompanied, without a person, to the United States where an Alitalia employee at the New York end would just take the bags off, and that is how they would get it in.

After the people were arrested there, they

tried--they spoke about tiles. They spoke about liquid form, putting the heroin in liquid form.

They had use of a bottling company in Sicily, and after they got disgruntled with Amato and Bonventre and Scaduto, they were going to set up their own heroin processing lab.

That is when they told me about the heroin that had a connection in some of the Communist bloc countries where they could get liquid heroin, use my import/export company to get the heroin someplace in the United States, and eventually, we found out we were going to bring it to the Dominican Republic and set up a heroin conversion lab there.

Q. Were there also any discussions about choosing one chemist over another for use in this particular heroin lab?

A. Well, they wanted to find the chemist on their own because they told me, if any of the people in Brooklyn found out that they were independently trying to get heroin, it would be the end of them.

Q. Did there come a time when, in your undercover capacity, you actually traveled to Europe with the ostensible object of setting up an independent importation route?

A. Yes. On two occasions, I went to Europe.

The first occasion Paolo LaPorta was to meet me in Frankfurt, Germany. At the end of July, 1983, after a few days of waiting for him, I called New York and asked him what had happened, and he said to me, we can't talk. Come back to the United States, and I will explain to you what is wrong.

The first week in August, I met Paolo LaPorta, and he stated to me that his people over there had to kill a judge, and that now was not the time to try to move heroin through Italy because the Italian police were grabbing everyone to find out who did it to the judge.

On another occasion, in November of '83, I was in Italy and Germany with Giovanni LaPorta, the brother of Paolo LaPorta.

At that time, Giovanni did not explain to us when we were in Italy what the problem was, but a week later when we got back in early December, he explained how the people had to take care of one of the Mafioso in Italy.

Q Did there also come a time in your undercover capacity when you were able to launder moneys through any financial institution within the jurisdiction of the United States?

A Yes. On one occasion, I offered Paolo LaPorta

the services of money laundering for him.

I told him that I had connections in the banking industry, and I could launder any amount of money he had, and I would charge him two per cent interest on the laundering procedure.

He told me that they had the capabilities of laundering five million dollars a day, and that he thanked me, but they already had it established.

There did come a time where he also told me if I wanted money laundered where I wouldn't have to pay taxes on it, he told me that he had bearer bonds, about a million dollars in bearer bonds, in Puerto Rico, and that he did not want to cash them in because he was getting 13 per cent tax-free interest.

He stated to me, could I lend him a hundred thousand dollars because of the interest he was getting, and he didn't want to cash them in.

I did give him a hundred thousand dollars. As collateral, he gave me two \$50,000 bearer bonds.

After about a month, I asked him if he was going to give me the money back. He said, no, why don't you go down to Puerto Rico and cash in the bonds, and don't worry, there won't be any problems as far as IRS.

I did, in fact, go down to Puerto Rico myself and Agent Kean, and, on one occasion, I met with

the president and vice president of the bank, and I explained to them that I would like to cash the bonds, and I didn't want any problems with IRS, and he said, no, there wouldn't be any.

So we did cash the bonds, and no IRS forms were filled out.

They also laundered money for us where we would bring in small bills, and, in a few days, you would get larger bills back, and they would charge you, roughly, two per cent to launder the money.

Q Are you able, at this time, to identify the bank in Puerto Rico?

A No, there is an ongoing investigation right now.

Q Agent Panessa, what was the ultimate result of the investigation in which you participated as an undercover agent?

A In the latter part of January, 1984, the LaPortas, Ficalora and eight people were indicted, four of them--five of them were arrested, and four were convicted.

At that time, Paolo LaPorta, Alberto Ficalora, John LaPorta, and John Camiola pled guilty to distribution.

Paolo LaPorta received 35 years and \$125,000 fine. Alberto Ficalora received 30 years and \$125,000

fine. Giovanni LaPorta 20 years and \$100,000 fine, and John Camiola received 5 years, and the fifth individual was acquitted.

Three people are fugitives today.

Q Agent Ross, would you identify your and the extent of your experience in organized crime and drug trafficking?

A Mr. Chairman, members of the Commission, my name is Richard C. Ross. I am a supervisory special agent for the FBI.

I have been employed as a special agent for the FBI for the past 19 years. For approximately 16 years, I have been engaged in organized crime investigations.

I am presently in charge of organized crime investigations with the FBI in Atlantic City, New Jersey.

Q In the course of your work with the FBI, have you supervised any investigation of Sicilian based heroin trafficking networks that were active in the country?

A Yes, I have.

Q Could you briefly identify one of those investigations?

A I was supervisor on the case called Deep Dish in the FBI, which was initiated in October of 1983.

Q All right. Would you briefly identify, looking at the chart to your right, some of the principal members of that network?

A The principals, and I will give them in the order that we encountered them, were Antonio Gambino, a pizzeria owner in Cape May, New Jersey; Antonio Spatola, an associate and employee in Cape May, New Jersey; Erasmo Gambino, a resident of Cherry Hill, New Jersey; his brother, Rosario Gambino of Cherry Hill, New Jersey; Giovanni Bosco of Brooklyn, New York; and I left out Mario Gambino, who is also a relative of Antonio's in Cape May.

Q Would you briefly describe the roles that some of those individuals played in this particular heroin trafficking network?

A We initiated the investigation, as I said, in October of 1983, when the opportunity through a cooperating witness to introduce an undercover agent to Antonio Gambino came to the fore.

Antonio Gambino, according to that witness, was distributing cocaine, had a cocaine distribution network.

He also indicated that he firmly believed that Antonio Gambino was also a heroin trafficker.

Q Go right ahead.

A. With the introduction of Antonio Gambino, we began purchasing ounce quantities of very high grade cocaine from him.

By December of 1983, we had started wire tapes on telephones at ten locations, including the pizzerias operated by these individuals and the residences of Antonio, Rosario, and Erasmo Gambino.

By January of 1984, we had been presented with a sample--excuse me, by December 17th of 1983, we were presented with a sample of heroin by Antonio Gambino, who indicated to us that he, too, as in the case of the LaPortas, would deal kilo quantities of heroin with our undercover agent.

Q. Now, did there come a time when undercover agents of the FBI and DEA, in fact, purchased heroin from any member of this particular network?

A. Yes. On January the 20th, 1984, we purchased one half kilo of high grade heroin from Spatol and Tony Gambino.

John Bosco was present--he was in the vicinity of the transaction, but not participating.

Q. How much were they charging per kilo for this heroin?

A. For that particular purchase, we paid \$110,400.

Q All right. Did there come a time when there was a subsequent purchase of heroin from any of these individuals?

A Yes, on February the 20th of 1984, one additional one-half kilo of heroin, very high grade, was purchased from Antonio Gambino, Antonio Spatola, and Giovanni Bosco.

Q Upon subsequent chemical analysis, what purity did you find for these purchases of heroin?

A It ran from 68 per cent to 73.8 per cent pure.

Q Now, did there come a time when the FBI traced some of the buy money that the undercover agents had provided to these individuals to any other members of this trafficking network?

A We executed search warrants on the residence of Rosario Gambino of Cherry Hill on March the 16th, 1984, among other searches we did that day, and we recovered two \$100 bills from his dresser drawer in his bedroom.

Q At the time the search warrants were executed, did the FBI find any other contraband in the possession of these individuals?

A Yes. During the search of Erasmo Gambino's bedroom closet, a one-gram packet of 95.5 per cent heroin was located in his jacket pocket.

Q Now, in the course of this investigation,

did you also find that more than one of these individuals was actively engaged in the trafficking of other drugs than heroin?

A. Antonio Gambino and his group were trafficking also in cocaine, but we did not get indications that Rosario or Erasmo, the higher ranking individuals in this case, were engaged in cocaine trafficking.

Q. What were the results of that investigation?

A. These people were tried and convicted for conspiracy to distribute heroin. Rosario Gambino was convicted and sentenced to 45 years in prison and \$105,000 fine and 20 years' special parole.

Erasmo Gambino was sentenced to 30 years in prison, \$95,000 fine, and 20 years' special parole.

Antonio Gambino, 30 years, \$50,000, 20 years' special parole, and Antonio Spatola, 34 years, \$50,000 fine, and 20 years' special parole.

Q. Before I put certain questions to you about the interrelationships between these various networks, let me address two brief questions to you.

A. Yes, sir.

Q. First, you have mentioned several of these individuals by name.

Were any of those individuals that you have named known to have been associated in some manner with

Cosa Nostra families here, in the United States?

A Yes, this particular group is associated with the Gambino family, which is presently headed by Paul Castellano in Brooklyn.

Rosario Gambino has been identified as a member of that family. His brother, Giuseppe Gambino of Brooklyn, has been identified as a member of that family, and his other brother, Giovanni Gambino, has been identified as a capo in that family.

Q One other question: You had mentioned that these activities took place over a fairly broad range of territory in the Northeast.

Was there any one particular place that several of these individuals used to conduct what appeared to have been some of their business meetings to further their heroin trafficking?

A As we got into negotiations with these individuals for half kilos of heroin, all of the activity centered around Cafe Milano, which is on 18th Avenue in Brooklyn, New York.

Q Were you able to conduct any surveillance on those meetings at Cafe Milano?

A We did surveil the cafe on each occasion we purchased heroin from them, and we did observe meetings occurring among the subjects.

Q Were you able to intercept any conversations between individuals at that location and other individuals?

A We were successful in establishing a wire tap on the telephone of the Cafe Milano very late in the investigation.

We were able to determine that the heroin that was delivered to us in Atlantic City on each of these occasions was derived in one way or another through contact in the Cafe Milano.

MR. RUSCH: Agent Panessa, you had earlier mentioned some of the involvement that you and members of the Ficalora case had with respect to money laundering. One of the individuals you mentioned in passing, but have not further described with respect to his role in this network was one Rosario Dispenza.

In the course of your work on this investigation and subsequent investigations with which you have been associated, have you obtained any information on what role Dispenza appears to have played with respect to this network?

MR. PANESSA: Yes. On the occasion that I spoke of lending the hundred thousand dollars to Paolo LaPorta, the money went from Alberto Ficalora to Francesco Pano to Baldo Amato. From Baldo Amato it went to Rosario Dispenza.

The reason why we know that, and I will explain to you after I tell you the next incident that happened.

On another occasion, we paid the LaPortas a hundred thousand dollars in Brooklyn. From there it went to Gaetano Pedone, and, in turn, went to Rosario Dispenza.

When we arrested everyone in the case, we executed a search warrant on Dispenza's residence. In the residence, we found \$435,000. There was money from undercover buys in the LaPorta case, the Francese case out of Philadelphia, the Farina case out of New York, and also, the FBI had surveillances of Salvatore Bartolotta meeting Rosario Dispenza.

MR. RUSCH: Then there were at least four organized crime and drug trafficking investigations separately that all led back to Rosario Dispenza?

MR. PANESSA: Yes, sir.

MR. RUSCH: Were any of these investigations ultimately able to apprehend Mr. Dispenza?

MR. PANESSA: I think Mr. Dispenza is currently under indictment in one of the New York cases.

THE CHAIRMAN: We have three more witnesses?

MR. RUSCH: Yes, Your Honor; I think we can finish very shortly with this panel.

Now, Agent Buckley, in the course of your investigation, did you obtain any information indicating that Lorenzo Scaduto had any relationship with any members of the LaPorta network?

MR. BUCKLEY: Yes, we did. We determined that Scaduto had been a former partner of Paolo LaPorta in narcotics trafficking.

MR. RUSCH: Agent Panessa, could you elaborate on this information that Agent Buckley has provided?

MR. PANESSA: Yes, LaPorta explained--Paolo LaPorta explained to me that in the late '70's, he and Lorenzo Scaduto were partners in the distribution and of the heroin in New York while Tomaso Scaduto in Sicily was responsible for getting the heroin to the United States.

When Tomaso was--died in Sicily, Lorenzo Scaduto couldn't go back there because he was tried in absentia by the Italian authorities, so Paolo LaPorta went back to Italy and handled that end of it.

He wasn't at the distribution end anymore, he was in the getting it into the United States.

After a few months, they had a falling out, and this is when LaPorta told me that he became disgruntled with the Scadutos, with Bonventre, and he was going to go on his own and import his own heroin.

MR. RUSCH: Now, let me ask you, in the course of your investigation, did you obtain information indicating that Alberto Ficalora had any relationship with any members of the Gambino network that Agent Ross has described?

MR. PANESSA: Yes, Alberto Ficalora and myself were negotiating with the Gambinos to purchase Valentino's Supper Club in Cherry Hill, New Jersey.

MR. RUSCH: Agent, Ross, did you have any information from your investigation indicating that Paolo LaPorta had any relationship with any members of the Gambino network?

MR. ROSS: We intercepted a conversation on January the 27th, 1984, between Erasmo Gambino and an individual named Frank, who worked in a pizzeria in Pottsville, Pennsylvania.

The subject of that conversation was raising bail for Alberto Ficalora.

MR. RUSCH: Agent Panessa, did you obtain any information that indicated there was, in fact, such a relationship with respect to the raising of bail money?

MR. PANESSA: I was aware that there was a relationship between LaPorta and Ficalora and the Gambinos.

We spoke about it on numerous occasions relating to the relationship they had.

MR. RUSCH: Let me ask one other question before concluding.

If these networks were operating in different areas, and, certainly, not operating together on a day-to-day basis, why would it have been likely that the Gambinos would be willing to assist in raising bail in connection with the Ficalora case?

Agent Ross, perhaps you have an opportunity to explain that.

MR. ROSS: I don't think there is any question that all of the Sicilian groups operate, to one degree or another, and in most cases, very closely with one another.

I think they rely on one another for supply, and I think, to a large degree, they rely on each other for disposing of the proceeds of these operations, the money laundering.

MR. RUSCH: In other words, what you are saying is, this sort of relationship with respect to the raising of bail is, basically, in each of the organizations, self-interest?

MR. PANESSA: That's correct.

MR. RUSCH: Mr. Chairman, that concludes my questioning. If any of the members of the Commission would like to question any of the agents, they are free.

THE CHAIRMAN: We have three more witnesses to hear.

Commissioner Reyes, if you want to ask a question--

MR. REYES: Very brief. Thank you, Mr. Chairman.

In the course of your investigations, have you found out that these organized crime figures have been using some banks, not only to launder money, but also to store it in their safe deposit boxes--the heroin?

MR. PANESSA: I know in the LaPorta investigation, they had safe deposit boxes in the United States and in Puerto Rico for storage of money.

LaPorta had said to me--

MR. REYES: Money and heroin or money only?

MR. PANESSA: Money. I am sorry.

MR. REYES: And the communications system among themselves, do they use the beeper system?

MR. PANESSA: Yes, sir.

MR. REYES: Would you comment on that, please?

MR. PANESSA: Yes. Anytime I had to reach Giovanni LaPorta, if he was not at home, I could beep him on his beeper.

He had a beeper number.

MR. REYES: Does this present a problem for investigation?

MR. PANESSA: It is virtually impossible at times to try to find who the subscriber is to a particular beeper, yes, sir.

MR. REYES: One last question. You mentioned that one of the organized crime figures told you that you can get heroin from Communist nations.

MR. PANESSA: Yes, sir.

MR. REYES: Which nations?

MR. PANESSA: He told me about trips to Bulgaria and Yugoslavia.

MR. REYES: Thank you.

THE CHAIRMAN: Mr. Dintino.

MR. DINTINO: I will address this to my friend, Dick Ross.

Is Atlantic City still there?

MR. ROSS: Yes, it is alive and well, sir.

MR. DINTINO: As you described this Gambino--

THE CHAIRMAN: --despite the fact that the Commission is here in Miami?

I don't understand that.

MR. DINTINO: As you described that Gambino network, you mentioned Antonio from--Cape May.

My question would be this: Where was the

distributing network going from this supply that was coming over here?

If you know, was it being distributed in the South Jersey area?

MR. ROSS: We don't really have an indication of that.

As I indicated, the reason we got into these fellows is because we found a guy that would make an introduction.

I can't answer the question. We have no evidence indicating that they were distributing heroin in the Atlantic City area prior to our encounter with them.

MR. DINTINO: Do we know where they were distributing in any area?

MR. ROSS: Their operations appear to be in Brooklyn--well, the entire New York metropolitan region up there.

MR. DINTINO: I see.

THE CHAIRMAN: You want to call your next witnesses?

Thank you very much.

MR. HARMON: Mr. Chairman, there have been subpoenas served upon three persons who were named during the course of these investigations and who stand now

convited.

TESTIMONY  
OF  
ANTONIO GAMBINO

MR. HARMON: The first of these is Antonio Gambino, about whom Agent Ross testified having purchased on two occasions half-kilo quantities of heroin.

I believe this gentleman who has just come forward is the attorney for Antonio Gambino.

If that is true, would you please identify yourself?

MR. FREEMAN: Ira J. Freeman.

MR. HARMON: Mr. Gambino, the Commission is prepared to ask you a series of questions concerning your heroin trafficking activities, as well as your activities in the traffic of cocaine.

How old are you, Mr. Gambino?

MR. GAMBINO: Thirty-one.

COMMISSIONER SCLAFANI: I believe the witness should be sworn.

MR. HARMON: Yes. Please swear the witness.

(The witness was sworn by the United States Marshal.)

Q (By Mr. Harmon) Where were you born?

A. Italy, Palermo.

Q. How old are you now?

A. Thirty-one.

Q. What age were you when you came to the United States?

A. The first time?

The first time I come in 1976. Then I come back to Italy, then I come back--

Q. For what reason did you come to the United States in 1976?

A. I take the Fifth Amendment privilege.

MR. HARMON: Mr. Chairman, upon approval of the Attorney General and upon application by the Commission, this witness has been granted immunity in return for his testimony as permitted by law pursuant to an order signed by Commissioner Judith Hope.

I have a copy of that order I will provide to Mr. Gambino's attorney.

THE CHAIRMAN: Are you aware of that order, Counselor?

MR. FREEMAN: I am looking at it at the moment, Your Honor.

I was not aware of it prior to today.

May I have just one moment to confer with my client?

Thank you, Your Honor.

THE CHAIRMAN: Does the witness still take the Fifth Amendment?

MR. FREEMAN: Your Honor, in addition to the Fifth Amendment, my client is going to refuse to answer questions upon the grounds that the source of the inquiry may very well be illegal electronic surveillance pursuant to *Gelbard v. United States* and also *In Re Tse*, which I believe had to do with proceedings before this Commission.

MR. HARMON: Mr. Chairman, if I may point out, some of the questions that will be asked of this witness are based upon the conduct of electronic surveillance, electronic surveillance which was upheld and which was offered into evidence on occasion against him at his trial.

Furthermore, I will point out, for the record, and for the Commission, that this is the first time that this claim has--is being raised as we sit here, at this moment, Mr. Chairman, and if I may, to complete the record, say that authority to seek a judicial order compelling testimony has been granted by the Attorney General, as it has been in the cases of *Lorenzo Scaduto*.

Counsel for each individual was provided with a copy of the writ and subpoena for his client as

well as copies of our Rules of Procedure and the Public Law, which are the guideposts of the Commission and that service was accomplished on Friday, February 8th, to assist in the preparation for the appearance of this witness today.

Each counsel has represented his client during the course of a recent prosecution or current appeal, I am informed.

On that basis, Mr. Chairman, I know of no principle of law which would permit a witness to challenge a second time the conduct of electronic surveillance which has already been ruled upon.

MR. FREEMAN: Your Honor, in addition, there may be sources of illegal electronic surveillance that are the basis of the Commission's inquiry that were not related to the trial, the recent trial, of Mr. Gambino, and also, there may be sources of electronic surveillance that are in--that the Commission has received from other law enforcement agencies that may be the source of their inquiry, and I believe that the Commission is under an obligation to inquire of those agencies whether or not they are the source--the information is the source of illegally obtained electronic surveillance.

MR. HARMON: Mr. Chairman, none of the questions about to be propounded to this witness are the

result of any electronic surveillance except that which has already been upheld by a United States District Judge.

MR. FREEMAN: If I may have a moment to confer with my client.

Your Honor, my client informs me that he still wishes to stand upon his Fifth Amendment privilege.

MR. HARMON: Mr. Chairman, with your permission, I would address several direct questions to this convicted heroin trafficker so that he may have the opportunity to respond directly and to consider whether he wishes to answer each question directly.

THE CHAIRMAN: Apparently he has already said that he will not answer any questions.

Am I right?

MR. FREEMAN: That is what my client has so informed me, Your Honor.

MR. HARMON: If I may proceed with several questions that go directly to the heart of the Commission's inquiry today, Mr. Chairman--

THE CHAIRMAN: If it has any bearing on the future proceedings which you know are going to ensue, Counsel, go ahead and ask the questions.

Q (By Mr. Harmon) Mr. Gambino, did you have conversations with an undercover agent during which you

described that you had been tested in Sicily by torture, the purpose of which to see whether you would talk if you were ever arrested for trafficking in heroin?

A. Fifth Amendment.

Q. Were you told in Sicily before coming to the United States that if you ever talked, the death penalty would be inflicted upon you or anyone who cooperated with authorities for introducing an undercover agent into the midst of the Sicilian Mafia?

A. Fifth Amendment.

Q. You were the first person, were you not, Mr. Gambino, who was approached by an undercover agent; isn't that correct?

A. Fifth Amendment.

Q. Did you, Mr. Gambino, sell a half-kilo of heroin to an undercover agent in the presence of your co-defendant Spatola on January 10th, 1984?

A. Fifth Amendment.

THE CHAIRMAN: Let me ask you, Mr. Gambino, were you asked these questions before by members of the staff?

MR. FREEMAN: Your Honor, I don't believe any member of the staff has previously interviewed or attempted to interview my client.

THE CHAIRMAN: All right. Then, go ahead

with the question.

Q (By Mr. Harmon) Mr. Gambino, there has been testimony that on that night, January 10, 1984, you sold half a kilo of heroin to an undercover agent.

What was the source of the heroin that you sold to that undercover agent?

A Fifth Amendment.

Q There was testimony here that on another date, February 20th, 1984, you sold a second half-kilo of heroin in the presence of two of your co-defendants, Spatola and Bosco.

What was the source of that heroin?

A Fifth Amendment.

Q Finally, Mr. Chairman, and with your permission, I would ask the final question. There has been testimony here concerning one Rosario Dispenza, who is a fugitive, and in whose house were found moneys that were paid by various undercover agents to purchase heroin from certain members of the Sicilian Mafia.

Do you know Rosario Dispenza?

A Fifth Amendment.

MR. HARMON: Mr. Chairman, upon the appropriate motion of the Commission, I would respectfully request that the witness be directed to answer those questions.

MR. McBRIDE: I move the witness be so directed.

A COMMISSIONER: Second.

THE CHAIRMAN: Granted.

Unless you wanted to say something further, Counselor, about the issue of direction.

MR. FREEMAN: I believe my client has made his viewpoint clear.

THE CHAIRMAN: Very well. Now I have before me an order to compel testimony and adduce information which was signed by the Vice Chairman of this Commission in my absence, Judith R. Hope, dated February 15, 1985, and I also have before me a directive from the Assistant Attorney General in charge of the Criminal Division in response to that request for authority to issue an order, actually, the authority was for an order to compel the testimony of Mr. Gabino, in effect, by the Attorney General, directing that the order of compulsion shall issue immunity, certainly use immunity was granted to this witness.

In light of his refusal to testify before this Commission with that background, I will direct the staff of the Commission to seek an order in the United States District Court for the Southern District of Florida enforcing our Compulsion Order, and I want you to know,

Mr. Gambino, that this may make you subject to contempt if you continue to refuse to testify, and if such an order is granted making you liable, again, to a directive of the Court and possible imprisonment.

So the staff is direct to seek such an order.

MR. HARMON: Yes, Mr. Chairman, if I may ask the witness one last question and assist him in deciding whether or not he wishes to persist in violation of this order, I would ask that the witness and his attorney be given a transcript of a conversation which took place on January 30th, 1984, intercepted pursuant to Court authorized electronic surveillance.

I would ask you to read that transcript, Mr. Gambino, as the tape is played, and I would like to ask you one question about that.

MR. FREEMAN: I would just like to bring to the attention of the Committee that I do not believe my client is able to read English, and this transcript is in English.

THE CHAIRMAN: You want to hear the tape, or do you want the translator?

COMMISSIONER SCLAFANI: Your Honor, if I can make a recommendation, since the witness understands English, and the attorney can speak English, if the

attorney could read the transcript, that would accomplish the purpose.

MR. FREEMAN: Mr. Chairman, I have read the transcript to Mr. Gambino.

THE CHAIRMAN: I take it he still remains silent.

MR. FREEMAN: I don't believe there has been a question propounded.

MR. HARMON: I ask that the witness listen to this very brief conversation.

(The following tape recorded conversation was played:)

GAMBINO: "No, no, it's, it's not just class, it's, it's (unintelligible.)

I can't move in a Vet, you know, all the day, you can't sleep, you get everything you want, really. You know.

SAAD: (Laughing) "I don't blame you.

GAMBINO: "So. Maybe I got to go away for a little while.

SAAD: "Yeah?

GAMBINO: "Yeah. Got to go to California.

SAAD: "Yeah?"

GAMBINO: "Um-hum. Next week.

SAAD: "(Unintelligible).

GAMBINO: "Got business.

SAAD: "Yeah?"

GAMBINO: "Yeah, I hope everything  
is everything gonna be all right, you know?"

SAAD: "I hope so.

GAMBINO: "Erasmus, he tell me  
he talked to you.

SAAD: "I can't hear you.

GAMBINO: "Erasmus, he tell me  
he talked to you.

SAAD: "Did he?"

GAMBINO: "Yeah.

SAAD: "Did I do okay?"

GAMBINO: "Oh, great.

SAAD: "Good.

GAMBINO: "He went to Benny,  
Benny wants to talk with the big man.  
You right is there you ready you know,  
in family, better side, ah hah.

SAAD: "Thanks.

GAMBINO: "Everybody everybody  
know about you already.

SAAD: "Well, thank you, I gotta tell you.

GAMBINO: "Johnny you know the big man from New York City.

SAAD: "Um hum.

GAMBINO: "They know about you, Paul Castellano knows so, you know, you know, in this case I was, what happened, to me, you know."

Q (By Mr. Harmon) Now, Mr. Gambino, during the course of that conversation, you were speaking to a person named Richard Saad, and you said to him, "Benny, Benny wants to talk with the big man, Johnny, you know the big man from New York City.

Paul Castellano knows."

Now, during the course of that conversation, or when you referred to Paul Castellano, and when you referred to the big man from New York City, were you referring to Paul Castellano, the head of the Gambino crime family?

A Fifth Amendment.

MR. HARMON: I have no further questions for this witness, Mr. Chairman.

THE CHAIRMAN: All right, the previous directive stands, and the staff will pursue the order of

the Commission, please.

MR. HARMON: Yes, Mr. Chairman.

Would the next witness please be escorted in, Paolo LaPorta?

TESTIMONY  
OF  
PAOLO LaPORTA

(The witness entered the Commission Hearing and was sworn by a United States Marshal.)

MR. HARMON: The record should reflect that the witness, Paolo LaPorta, has been sworn.

Q (By Mr. Harmon) Mr. LaPorta, this Commission is conducting an inquiry into the nature of Sicilian Mafia heroin networks that operate in the United States, and you were served with a subpoena and a court order requiring your appearance here today.

Mr. LaPorta, have you pleaded guilty to a crime involving the distribution of heroin?

A I want my lawyer, and I want somebody to interpret because I no speak good English.

Q I would as you to please place the microphone up to your mouth, Mr. LaPorta.

A I want somebody to interpret, and I want my lawyer because otherwise, I have nothing to say.

A Well, your English sounds very good,

Mr. LaPorta.

A. Not enough to understand what you are saying.

Q. Have you made any efforts to contact an attorney?

A. Yes, I try.

Q. Do you have an attorney?

A. Yes, I have, but I don't know where he is. Yesterday I can't call.

Q. Have you asked your attorney to be here today?

A. Yes. I told him Saturday, but since then, I have no chances to call no more.

Q. What did your attorney say?

A. Says okay, but I don't know nothing.

THE CHAIRMAN: What is the name of your lawyer?

THE WITNESS: Is--is Larry Goldberg or something like that.

THE CHAIRMAN: Something like that? Well, how are you going to contact him if you don't know his name?

THE WITNESS: Because I got the name, the number.

THE CHAIRMAN: Where is he located?

THE WITNESS: He is in New York.

THE CHAIRMAN: You expect to bring him here from New York?

Mr. LaPorta, you expect to bring him here from New York?

THE WITNESS: Yes, that is what he say, he is going to come.

THE CHAIRMAN: He told you that on Saturday?

THE WITNESS: No, on Friday that I talked to him.

THE CHAIRMAN: Last Friday?

THE WITNESS: Yes.

THE CHAIRMAN: He said he would be here today?

THE WITNESS: He told me that he has got to be here, but he has to go to court or something that I don't know the rest because I didn't have a chance to call me again.

MR. HARMON: May I have a moment, Mr. Chairman?

Q. (By Mr. Harmon) Is your attorney Larry Dubin?

A. Dubin?

Q. Dubin.

A. I don't know. The way you pronounce

doesn't look the same.

Q How do you pronounce it?

A Goldberg. Something like that.

THE CHAIRMAN: Goldberg or something like that?

Do you know what street his office is on?

THE WITNESS: No.

THE CHAIRMAN: How did you get him to represent you?

THE WITNESS: My family, my wife.

THE CHAIRMAN: Is your wife in the court here, today?

THE WITNESS: They call--

MR. HARMON: Mr. Chairman, there is a firm in New York called Dubin and Goldberger.

Deputy Executive Director Rod Smith has been in contact with Larry Dubin, who said that he represented Paolo LaPorta.

All of the materials which I have described previously have been furnished to Mr. Dubin.

We know of no reason why Mr. Dubin is not here as of this moment.

If I could suggest, Mr. Chairman, between now and tomorrow morning, the staff will make inquiries and report back to the Commission tomorrow morning on

this question.

THE CHAIRMAN: I think that is quite right.  
Will you do that, please?

MR. HARMON: Yes, Mr. Chairman.

THE CHAIRMAN: And report to us tomorrow morning.

There is no compulsion order here, as I understand it.

Am I right, Mr. Harmon?

MR. HARMON: That is right, Mr. Chairman.

THE CHAIRMAN: We will have to direct you to proceed with the compulsion order. You are to consider whether you want to do that in the first instance before you question him, or whether you want to go ahead tomorrow morning.

Just think about it overnight.

MR. HARMON: Yes, sir.

May I have a moment?

THE CHAIRMAN: Yes.

MR. HARMON: In view of these developments, Mr. Chairman, that concludes the presentation of the testimony for today.

We will follow up on some of these areas again tomorrow.

THE CHAIRMAN: We will recess until tomorrow,

but before we do, I just want to thank the staff for a remarkable undertaking, and I would say presentation to the Commission today.

I don't want to run through the names of each and every member of the staff, but speaking for myself, largely, I will say that I think it has been one of the most productive days of the Commission, and it certainly opened--I believe opened the area of the interplay between the various organized crime groups for their own benefit. And moreover, the testimony of the witness who is serving his sentence at the present time, as to the ease with which people are hired for the purpose of killing and the ease with which heroin is transported from one part of the country to another part and internationally, I think that I speak for the Commission when I say that it lays to rest the myth that the Mafia doesn't deal in drugs.

I am getting a little tired of hearing that from so many people. It may be that 40, 50 years ago, way back there, they may have had that same code that they had in Sicily not to deal in drugs, but to deal in killings, et cetera, but it is a fact of life today, that the Mafia is heavily involved--whether you call it Mafia or Cosa Nostra--in drug dealing, and, as a matter of fact, it was interesting to hear the witness say that even

the Sicilian Mafia, which he seemed to worship, has changed its methods and is operating more like the American group.

How he defined man of honor, I must say, is about the most ridiculous piece of rationalization I have ever heard, and I think I am being charitable when I call it that.

With that, Mr. Harmon and Mr. Rusch and fellow Commissioners, unless we have anything further, we would recess until 10 o'clock tomorrow morning.

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THE PRESIDENT'S COMMISSION ON ORGANIZED CRIME

PUBLIC HEARING

HEROIN TRAFFICKING NETWORKS

- - - -

Miami Federal Courthouse  
Central Courtroom  
Miami, Florida

Thursday, February 21, 1985

The public hearing convened at 10:20 a.m.,

Irving R. Kaufman (Chairman) presiding.

COMMISSION MEMBERS PRESENT:

IRVING R. KAUFMAN, Chairman  
MANUEL J. REYES  
SAMUEL K. SKINNER  
CAROL CORRIGAN  
FRANCES A. SCLAFANI  
EDWIN L. MILLER, JR.  
THOMAS F. McBRIDE  
WILLIAM J. GUSTE, JR.  
JUDITH RICHARDS HOPE  
JUSTIN J. DINTINO

*Jack Besoner and Associates*

THE CHAIRMAN: The meeting will come to order on the second day of hearings by the President's Commission on Organized Crime.

Perhaps it would be helpful if I merely state that those of you who were present yesterday recall that the testimony focused upon the activities of criminal groups that had been involved for decades in the heroin trade, the so-called traditional or Cosa Nostra groups with origins in Italy.

We heard ample evidence indicating that these groups are as entrenched as ever in heroin smuggling, and that other illegal activities, including the laundering of their illicit profits, are progressing and, in most instances, without any interruption.

The testimony we will hear today has even more disturbing implications because we will hear evidence that new groups of criminals with links in countries as far apart as Central America, the Near East, and Southeast Asia now control more than half of the heroin trade and have the potential to become at least as deadly as their predecessors.

Now, although we have been concerned largely with depicting the current state of heroin traffic in the United States and the world, this is not the sole interest of the Commission.

Remember that the Executive Order from the President stated that it is the responsibility of this Commission to examine into organized crime on a region-by-region basis, and, therefore, it is a total misunderstanding of our function if this Commission proceeds in a city of the United States on a subject dealing with organized crime.

Although our subject matter may be national in scope or world-wide and not necessarily focused in that local community, but, nevertheless, we have a purpose that the President wants us to perform, and that is to educate the public on what is going on in the course of the activities of organized crime.

Also, we cannot ignore the debilitating medical and social impact that continued illegal drug users are having upon our nation, and before we conclude today, we hope to have some testimony from a medical expert who will discuss current trends in heroin use and its toll on our country.

We did hear something the other day about the fact that so many cocaine users are now turning to heroin, not turning away from cocaine, but using heroin in addition because of the effects upon the individual.

It is a story that is important for cocaine users to hear, so that ultimately we will recognize that

the devastating effects of drug use and the war against drugs will never completely abate until the American people resolve to turn away from using these pernicious and often fatal substances.

I repeat, and I close, the hearings are national in scope and are not limited and shall not be limited in the future to what is occurring in the locale or the city where the hearing is taking place.

I hope this answers some questions that might be raised or have been raised by those who have not seen the Executive Order and have not been present at our prior hearings, and with that, I will ask our Executive Director, Mr. Harmon, to proceed.

MR. HARMON: Yes, Mr. Chairman.

To recount some developments which have occurred with regard to witnesses subpoenaed before the President's Commission yesterday, in particular, Lorenzo Scaduto and Paolo LaPorta, Scaduto having been the individual among others who was seen on the video tape of the heroin shipment concealed in tiles later delivered to Buffalo, New York, in September of 1983. This morning, Judge Hoeveler of the United States District Court in the Southern District of Florida ordered that Lorenzo Scaduto be incarcerated for up to one year or until such time as he agrees to testify before the President's

Commission, and that this one year of incarceration shall interrupt the sentence which he is currently serving.

With regard to the second witness, Paolo LaPorta, among the questions which the Commission sought to have Paolo LaPorta answer were these: His statement to an undercover agent that his people in Sicily were responsible for the murder of an Italian judge; his statement to an undercover agent that he, LaPorta, had access to 30 kilos of high grade Peruvian cocaine; his statements, among others, that he and his cohorts intended to establish a heroin laboratory in the Dominican Republic, and among those chemists under consideration for operating that heroin laboratory were a Frenchman and a Dominican, as well as an Englishman by the name of Murphy, as well as the sources of the morphine base that were used to produce the heroin of which LaPorta was convicted, to which he pleaded guilty of trafficking in.

As the Commission will recall, Mr. LaPorta appeared here yesterday without an attorney. That attorney had been notified at least two weeks ago with regard to Mr. LaPorta's appearance.

The attorney, Larry Dubin of New York City, made no efforts to file motions to seek to avoid the appearance of Mr. LaPorta, to excuse or postpone his appearance before the President's Commission.

This morning, after Mr. LaPorta's efforts yesterday in which he had difficulty even recalling the name of his attorney, calls were made to Mr. Dubin's office. Members of the staff of the President's Commission were advised that Mr. Dubin was out of town in New York City, his present whereabouts were unknown, and he was at a place where he could not be reached by telephone.

The second telephone call placed to his office resulted merely in an answering machine having responded to the telephone call.

Mr. Chairman, we, on behalf of the staff, respectfully suggest that Mr. LaPorta and his attorney were given ample notice of his appearance before the President's Commission, and that each of them well knew the reasons for which Mr. LaPorta would be subpoenaed in that event and due to these circumstances, Mr. Chairman, at the direction of the Commission, the staff is prepared to further pursue this matter in whatever way might be appropriate.

MR. McBRIDE: Mr. Chairman, I would move that the Commission direct Mr. Harmon to obtain an order requiring the appearance, not only the continuing appearance, of the witness LaPorta, but more specifically, the appearance of his counsel, Mr. Dubin.

MR. REYES: Second.

THE CHAIRMAN: Hearing no objection, I assume that is the view of the Commission, and since that is the view of the Commission, Mr. Harmon, you and your staff are directed to pursue this matter.

The idea of an attorney, if it is so, cooperating with the witness in such a way that our proceeding is delayed or thwarted cannot be tolerated by us, and so, you heard Commissioner McBride, you will, therefore, look into the matter, not only with respect to Mr. LaPorta, but with respect to his counsel.

MR. SKINNER: Your Honor, Judge, I would also ask that Mr. Harmon, in addition to that, if you find that the facts in this case justify the fact that there was an avoidance of the appearance here, that you bring this matter to the attention of the Chief Judge with the court with which Mr. Dubin is licensed to practice, as well as any other jurisdiction wherein he holds a license, as well as to the attention of the Bar Association that handles disciplinary matters in the state in which he is licensed, and ask them to take appropriate action against this attorney who is failing to following the canons he is to adhere to and sworn to adhere to upon his admission to the Bar.

THE CHAIRMAN: I assume the Commission is in

agreement with that. I am, so, Mr. Harmon, you will undertake that.

MR. HARMON: Yes.

THE CHAIRMAN: All right. Go ahead.

MR. HARMON: Mr. Chairman, this morning the staff will begin to present testimony concerning the operation of a series of heroin networks that distributed heroin primarily in New York City, in the Harlem area of New York City.

The first witness who will testify is Nicky Barnes, who operated and controlled a series of networks in New York City up until approximately 1978.

His testimony will be followed by an individual who will describe what occurred in Harlem after Nicky Barnes was no longer in a position to influence the heroin trade.

Among other things, the second witness will describe sources outside the United States of heroin and transit points in the Bahamas and through Miami.

We have been asked by the United States Marshals Service not to permit the taking of any photographs of Nicky Barnes for these reasons: The first is that his appearance has changed since any photos were taken of him publicly. The second is that Mr. Barnes is still needed as a witness in different parts

of the country, and there are security factors involved in his movement which, on occasion, takes place through the use of commercial and other publicly available transportation.

For that reason, Mr. Chairman, and with your permission, Mr. Barnes will testify in such a way that his face is not displayed for purposes of photographing.

THE CHAIRMAN: All right. Proceed.

TESTIMONY

OF

LEROY BARNES

A MARSHAL: Would you remain standing?

Raise your right hand, please.

(The witness was sworn.)

A MARSHAL: Be seated.

MR. HARMON: Yes, with your permission, Mr. Chairman, Counsel Jon Rusch will conduct the questioning of Mr. Barnes.

E X A M I N A T I O N

BY MR. RUSCH:

Q Mr. Barnes, I understand you are accompanied today by counsel. Is that correct?

A Yes. Mr. Jacobs.

Q That is Mr. Howard Jacobs?

A. Yes.

Q. Thank you.

Prior to 1970, Mr. Barnes, you had served more than one prison sentence for your involvement with narcotics; is that correct?

A. Yes.

Q. In 1970, were you released from prison?

A. Yes, I was.

Q. Did you resume your involvement in heroin trafficking upon your release?

A. Yes, I did.

Q. In 1970 and '71, how successful were you in starting to re-build your business as a heroin dealer?

A. In 1970, '71, I was quite successful. I was up and around in a short time.

Q. What amounts of heroin were you able to deal in in that time?

A. Well, initially when I came home, I started out with maybe a package, a kilo or two kilos, and as my business began to develop, I graduated to upper levels, like four or five.

Q. Were you able to do quarter load business by the time you were approximately two years out of prison?

A. When I first came home, I started out

primarily with a retail business. A retail business consisted of what we call quarters.

It was about a quarter of an ounce of cut heroin, and I would take the powder, the narcotic, after I had purchased it and it would be diluted to quarter-ounce units.

Q How many quarter ounce units, approximately, were you dealing at any one time by, say, 1972, 1973?

A Well, there were times when I dealt as few as 1,000, and there were times when I dealt as many as ten, fifteen thousand of them.

Q So by 1973, you have indicated by your own assessment that you were among the top five heroin dealers in--just in Harlem or all of New York City?

A The media indicated I was Number 5 or 6 nationwide. I don't know.

I am just guessing when I say I was about in the top five in the Harlem area.

Q In 1973, were you approached by other heroin dealers in Harlem to form a larger organization for dealing heroin?

A Yes.

Q Who was responsible for approaching you to broach the subject?

A Well, at that time, I was supplying some of

brothers from East Harlem, and among them were one of my principal customers was a person named Frank James.

Frank James and a group of other guys from East Harlem had decided they wanted to form a group of Black narcotics dealers.

It eventually evolved into what we identified as the Council.

Q When they initially approached you to join the organization, did you agree to join?

A Well, not to minimize my involvement, but at that point--at that point, I saw no need for me to become involved with the Council because I didn't see any advantages that would accrue through being involved, but as time passed, I later changed my mind because I began to see advantages to being a member of the Council.

Q What advantages did you see?

A Well, there were several advantages.

Well, we had planned to pool our money together to be able to purchase narcotics at a cheaper price. We would pool our resources to make sure that we had materials to cut with.

As a Council member, we had formed a corporation so we would have rolling stock, automobiles for our women, for our friends, and to carry on our business, and we would be able to--better able to monitor the drug

scene as a group than we would be able to as individuals.

Q So, then, once you agreed to join the Council, is it fair to say that you took an oath of brotherhood with the fellow members of the Council to accomplish all of those objectives through the Council?

A Well, the oath of brotherhood was primarily centered on the degree of loyalty which was supposed to exist between us; but there was no loyalty. That never developed, and we thought it would kind of bind us together as a unit.

Q Then, among the objectives that you set for yourself and the other members of the Council were to obtain narcotics at cheaper prices, to develop several sources of supply of heroin, to be able to purchase cutting materials such as mannitol, quinine, and to have reliable sources to provide other materials such as false identification, cars, and security for the heroin operations you conducted?

A Yes.

Q Could you briefly discuss the suppliers who provided heroin to the Council during the years that you were active from 1973 to '78?

Which of the suppliers, in your judgment, was the best, most reliable supplier of heroin?

A Well, the most reliable supplier is a person

I have principally done business with. His name was Matty Madonna.

We received from him the highest quality. He was more consistent. In general, he was the most reliable supplier we had.

Although we had--other Council members had suppliers with whom we dealt, none of them ever equaled the consistency of Matty Madonna.

Q During what period of the Council's existence did Madonna supply heroin to you?

A He was our principal supplier between the years in the latter part of 1972 till about 1970--about 1975, I think, and he was--he was arrested independent of any activities he had with the Council.

He was arrested on smuggling charges.

Q You had indicated that Madonna was your most reliable supplier, but that others were less reliable.

Was there any one supplier in particular with which the Council had particular problems during your tenure with the Council?

A Well, we had problems with a supplier known as Mike Pugliese. Mike had--Mikey had begun doing business with us through one of the other Council members and, at one point during the time that he was supplying us, we got from him a supply of powder which we classified

as synthetic.

We gave it the name "synthetic" because after it was mixed with the dilutant, the quinine or whatever we decided to cut it with, after it was mixed, the reaction of cut with the powder caused the quality to sharply drop, and we had always classified that as synthetic heroin.

Q Did Mike Pugliese tell you at the time he sold you that heroin that it was synthetic?

A No, he didn't tell us it was synthetic.

As a matter of fact, I think that he didn't know at the time because I believe he valued our business too highly to have lost it through something that was inferior.

Q Would the selling of the synthetic heroin cause problems for your people later on if it had lost its potency?

A What it would do, it would disrupt--it would disrupt the flow of money from the street to myself and from myself or whatever Council member was responsible at that particular time for supplying the narcotic, it would interrupt the flow of money.

Q Did you have problems with other suppliers giving you synthetic heroin?

A On a few occasions over the period of years,

we had gotten synthetic heroin, yes.

Q Was the sale of synthetic heroin that proved not to be potent for street use the only problem that you had with Mike Pugliese?

A No. At one point--at one point, information had come to us that Mikey Pugliese was an informant.

Q Did there come a time when the Council met to decide what to do about Mike Pugliese?

A Well, after we had received the information, and we funneled it through our source to determine whether or not it was valid, we had a Council meeting about the problem of Mikey Pugliese, and we reached a unanimous Council agreement that Mike Pugliese would have to be eliminated.

Q You mean killed?

A Yes.

Q Was Mike Pugliese, in fact, killed subsequently?

A Yes, he was.

Q Who was responsible for murdering Pugliese?

A Of the Council members, I think it was Guy Fisher was the only Council member that was present at that time.

Q Were there any people, other members of the Council or under Fisher, who assisted in the killing of

Pugliese?

A. There were other people who assisted, but they weren't Council members, they were people who were associated with the Council members.

Q. Now, this was not an isolated occurrence for the Council, I take it, to vote on the elimination of a particular informant?

A. Unfortunately, it was not, no.

Q. How many others, to the best of your knowledge, did the Council meet and vote to eliminate during your years with the Council?

A. I think about five.

Q. Five?

THE CHAIRMAN: You will have to speak up. We can't hear that.

THE WITNESS: I think it was about five.

Q. (By Mr. Rusch) Were there other individuals who were subject to a vote of termination by the Council for other reasons than their--the suspicion that they were involved as Government informants, for example, Lawrence Billings, Robert Atkinson, or Ronald Bell?

A. Well, on separate occasions, Billings and Atkinson and Bell were involved in attempts to rob members of the Council, and after discussion, it was decided among Council members that they, too, should be terminated.

Q Were those people, in fact, terminated?

A Two of them were. This was after I was already doing time, and on one of them, it was an unsuccessful attempt.

Q Was that Lawrence Billings?

A YES, sir.

Q Let me ask you to turn, now, to the organization of the heroin distribution and sales networks that the members of the Council had set up.

Let's take your heroin mill, your services for cutting and re-packaging heroin for subsequent distribution out to the street, as an example.

On the average, how many workers did you employ at any given time to work in a mill for cutting and re-packaging?

A Well, it would be difficult for me to give you an average, but there were times when I had as few as four workers and as many as ten or twelve.

That would be dependent upon the amount of merchandise that I had to make available for the street at any particular time, and it would depend upon the rhythm of the business at any time, so I had as many as twelve, as few as four.

Q Then you would have certain workers come in at certain irregular intervals, this would not be a day-

to-day operation that would be conducted for long periods of time, then; is that correct?

A. No, there wasn't any exact format as to how that would be operated.

That would depend upon whatever my instincts would dictate to me would be the safest way to conduct the operation at any time.

I would pass my instructions along to my lieutenant, and he would see that they were carried out.

Q Now, in approximately 1975 or 1976, did you decide to consolidate your table, your heroin mill, with Guy Fisher's?

A. Well, during 1976, I think, I was under heavy surveillance, and I was eventually arrested for another crime, and I had a lot of heat on, but it was not an uncommon thing for Council members to form alliances within the Council, and I formally allied with Guy Fisher, and I consolidated my entire street operation with his operation so as to relieve me of the responsibilities.

Q But you continued to have certain territories that were supplied through Guy Fisher's mill with the product for sale to addicts on the street?

A. Well, within the Council, we pinpointed certain areas in Harlem which we classified as profitable areas, street areas within which narcotics would be sold.

We had agreed among ourselves that no Council member would infringe upon the area of another Council member. But as I said, within the Council, we also formed independent alliances, so Guy Fisher was located in the Bronx, but, through mutual agreement among Council members, we would agree to have other workers work our neighborhoods.

It doesn't mean that we had the neighborhood exclusively to ourselves because we concluded that if we were the same person that was selling narcotics in a particular area, and that area became the object of any law enforcement, then, naturally, the people that were being surveilled would be our people, but if we sold our narcotics in an area that was widely used by other sellers, then we wouldn't be the sole object of any surveillance.

So we didn't own any area by virtue of strength or through violence or whatever the case may be.

We would prefer being in an area where there would be some shade on our activity.

Q If you didn't try to exclude non-Council dealers from the territories that Council members had parceled out among themselves, how were you able to compete with these non-Council dealers?

A Well, we competed by having the best powder

because drug addicts don't buy names, they buy the quality.

So, because we had an abundant supply, we usually tried to make sure that we had the best narcotic, so when the buyers came on the scene, they would go to-- they would go to our workers, and if our workers were unavailable, then they would buy the other, the second best.

Q Once your street dealers had made sales and obtained money, were there particular means that you used to wash money, that is to say, change small denominations, street bills, to larger denominations?

A. Yes. Well, usually we had, among us, Council members who had access to banks or people who worked in banks, because there were times when suppliers that we were dealing with would accept only hundred dollar bills, or if we needed to stash money, it would be very difficult to stash a hundred thousand dollars in five dollar bills, so we would have the money changed over in banks, for the most part.

Q In order to change the money in the banks, did you ever have any of your workers go in and put the money across the teller's counter, so to speak, during business hours?

A. Well, no, that is not--no--no, we never did it like that.

We would usually have an arrangement made with some bank person, and the particular bank person would determine how the transaction should be conducted, and we would abide by that determination.

Q In other words, is fair to say that you would contact a bank officer originally and arrange for them, in exchange for a certain percentage of the total, to make a surreptitious change of the bills?

A We usually paid one point for--we usually paid one point for the change-over.

Q One point means one per cent of that total?

A Yes. Thereafter, the business would be conducted in whatever manner the bank person wanted it done.

Q To the best of your knowledge, did any of your people ever have to fill out any currency transaction forms with any of the banks in New York City?

A No.

Q Do you have any recollection of which banks in New York City your people used from time to time?

A Well, during the course of being debriefed, I provided the information to agents from the Drug Enforcement Administration in the Southern District.

I don't remember the location right now, but it is all in my debriefing.

Q Did you also have occasion to launder money, for example, to take some of your profits from heroin dealing and put them into tax shelters?

A Excuse me for a minute.

(The witness conferred with counsel.)

A Yes. Yes, I did.

Q Did you use any particular individuals to set up these tax shelters?

A Yes, I used the firm of Bolden and Blake in Detroit, Michigan.

Q That is a law firm?

A Yes.

MR. RUSCH: Mr. Chairman, let me just note for the benefit of the Commission that Mr. Barnes has agreed to provide certain additional details regarding his money laundering activities privately to the Commission.

We will not go into them at this time in public session.

THE CHAIRMAN: Very well.

Q (By Mr. Rusch) Mr. Barnes, let me go back to the suppliers that supplied the Council over time.

Did you know, with respect to any of the suppliers with whom you had contact, what sources they were relying on to obtain their heroin?

A. No. No.

Q. Were you ever able to determine, independently, where you were getting your heroin from, in terms of regions of the world that you were being supplied from?

A. I knew from conversations with Madonna, that his supplier was a European supplier.

Q. But you didn't know further than that where the ultimate source of the heroin was located?

A. No, because when he was eventually arrested, he had switched from his European source of supply, and he was arrested with heroin from Southeast Asia.

Q. Did you or any other members of the Council make any efforts independently to set up your own heroin pipeline directly from Asia or other regions of the world, rather than going through suppliers in the United States?

A. No, no, we didn't.

Q. Why not?

A. Well, I think we were satisfied with the amount of money we were making, and I think we were also satisfied to let someone else take the responsibility of having it shipped into the United States, that we were sufficiently under enough surveillance distributing, as it were, and I don't think we wanted further surveillance.

Q. Do you have any idea of how much money you

might have made overall during your years of activity with the Council?

A. Millions. I can't give you a figure because I don't know, but I know--

Q. At least several million, in any case?

A. At least several million, and that is about the best figure I can give you, sir. Several million.

Q. Let me ask two other questions before I turn this over to the rest of the Commission.

Looking back on your years of activity with the Council, in light of the purposes for which the Council was formed when you decided to join, do you think that, on balance, your joining the Council was of benefit to you overall as a heroin dealer?

A. Well, I think--I think that becoming a member of the Council was probably the worst mistake I ever made. Because not only did I become the object of a lot of surveillance by various law enforcement agencies, but the principal reason why we were together--I wouldn't say the principal reason, one of the primary reasons why we were together was that we agreed to watch the back of one another if any of us had gotten into any trouble, and after I got arrested, and after I got sentenced, they forgot about me.

So the Council was good as long as I was

there, and I was able to contribute, but when I needed them to look out for me, they didn't do it.

No, I think it was a bad mistake.

Q One other question.

With reference to your overall experience in heroin trafficking, if you were to survey from the perspective of long periods of activity in all levels of heroin distribution, what would you think are the most vulnerable points in the cycle of heroin production and distribution, the points which law enforcement might be most able to disrupt significantly the activities of heroin trafficking?

A Well, from my perspective, I think--I think that the greatest damage was done to our operation when your middle level and street dealers were arrested, because when the powder comes through, I usually get mine on consignment, and I think most of the big dealers usually get it on consignment, and when reliable street people get knocked off, like, let's say, I might have a guy that is giving me anywhere from forty to eighty thousand dollars over a ten-day period, when a couple of these guys get pinched, or whenever the neighborhood gets too hot, and I can't do anything, my supplier gets on my back, and he always tells me that his supplier is on his back.

So, whenever the flow of money is disrupted from the street to me and then on up the ladder, that is where I experienced the most difficulty.

Q Are there any other aspects of heroin trafficking that you think are also suitable for increased activity by law enforcement?

A Well, I mean, my guess would be--would be that any--any enforcement against narcotics trafficking would have to be coordinated to the--or among the different law enforcement agencies, and that there would have to be simultaneous intensification on the street level and the upper level.

I just don't think it would work any other way.

MR. RUSCH: Mr. Chairman, if you would care to have the Commission take over questioning at this point.

THE CHAIRMAN: Are there any questions?  
Colonel Dintino?

MR. DINTINO: Mr. Barnes, you have made a statement that the supplier who was determined to be an informant named Carmine Pugliese, you decided to terminate this individual?

THE WITNESS: Yes, sir.

MR. DINTINO: Did the Council seek permission

from anyone to terminate this individual, outside of your own Council?

THE WITNESS: No, we didn't. We didn't require supervision from anyone.

We weren't subjected to any intimidation by any outside group.

MR. DINTINO: Do you know if he was connected to any of the seven Mafia families in New York City?

THE WITNESS: We didn't know. We weren't interested.

MR. DINTINO: Your main supplier, Madonna, was he connected to any of the seven Mafia families in New York City?

THE WITNESS: I think so.

MR. DINTINO: What family?

THE WITNESS: I don't know. I have heard him mention names, but I just don't remember any of them at this time.

MR. DINTINO: Did your Council have any interaction with the seven Mafia families in New York City?

THE WITNESS: No, sir.

MR. DINTINO: You worked completely independent of the Mafia?

THE WITNESS: Yes, sir.

MR. DINTINO: Now, in the Harlem area, even

though you were involved in heroin, the other vice activities, such as prostitution, lottery, bookmaking, loan sharking, were they controlled by Black organized crime, or were they controlled by the Mafia families in the Harlem area?

THE WITNESS: To my knowledge, it was Black controlled.

MR. DINTINO: In other words, you had complete control of the Harlem area, and that Blacks controlled the vice activities in the Harlem area?

THE WITNESS: Yes.

MR. DINTINO: Did you extend outside the Harlem area, particularly in narcotics trafficking?

THE WITNESS: Well, among the Council members with whom I was associated, one of our Council members operated in Brooklyn, and another one operated in the Bronx.

MR. DINTINO: One last time: Was there any interaction between you and the Council and the Mafia families in New York City?

THE WITNESS: When you use the word "interaction--"

MR. DINTINO: Did you get permission from them to do anything?

THE WITNESS: No, we didn't need permission.

MR. DINTINO: Did they operate in Harlem in any way?

THE WITNESS: No, not to my knowledge.

MR. DINTINO: Did they ever?

THE WITNESS: Oh, yes, at one time they did.

MR. DINTINO: What year are you talking about?

THE WITNESS: I think there was a gradual changing of hands beginning in the '60's.

MR. DINTINO: Would you characterize that the seven Mafia families, at this time, would be apprehensive about operating in Harlem?

THE WITNESS: I don't know whether they would be apprehensive.

I think that they would probably conclude that it wouldn't be a sound business decision to be involved in Harlem because many of the Blacks in Harlem operate the area for themselves.

MR. DINTINO: Okay, sir, thank you.

THE CHAIRMAN: Any other questions?

I would like to ask you one question: Knowing the background of the Mafia, how do you account for the fact that they didn't intimidate the Council or your operations and try to move in?

THE WITNESS: I think the best response I could offer would be that they probably concluded that

the fox isn't worth the chase, and they decided to stay out.

THE CHAIRMAN: Why wasn't the fox worth the chase?

THE WITNESS: I think that the obstacles would have been created because the Blacks felt that Harlem, in a sense, belonged to them, and I think that they were willing to fight for the territory.

I think that the organized crime people wanted to--they wanted to earn from the activities in a territory, but I don't think that they wanted to go back to the violence of the Prohibition-type era, and I think that is what they would have been confronted with.

THE CHAIRMAN: In short, there would have been warfare?

THE WITNESS: Yes, sir.

THE CHAIRMAN: All right. I have no further questions.

Very well.

MR. RUSCH: Mr. Chairman, let me interject one question to clarify Mr. Barnes's testimony.

Q Mr. Barnes, when were you convicted on Federal narcotics charges, in the late 1970's?

A 1977.

Q And you were sentenced in 1978 to a life

sentence without parole?

A Yes.

Q Was it in approximately 1978 and '79 that your active control and supervision as a member of the Council began to wane and gradually to fade away altogether?

A Well, I think there is a little inaccuracy there because, as a Council member, I was a number one among the numbers one.

I had no more than one vote in any issue as a Council member, but after I went away, and I was unable to contribute, the guys just forgot about me, and they never came to see me, never took care of lawyers for me, never did anything for me after I started serving time. But there were times when they asked me to do things for them, like try to introduce them to different guys who were inside and who had access to amounts of powder, and they wanted to go through me to try to reach out to the guys in the Council.

So I still had a minimal amount of influence.

Q For at least a couple of years after you were incarcerated?

A Yes.

MR. RUSCH: Thank you, Mr. Chairman.

THE CHAIRMAN: Thank you.

Oh, there is one question here by a Commissioner.

MR. REYES: Were you a user of heroin at any time?

THE WITNESS: Well, I originally--yes, I was a user.

I started using it when I was about--when I was about 14, and that is how I learned the narcotics business, through being a user, and that is how, as a Council member, it was my feeling that we could control our neighborhood better, not through violence, but through putting out very good narcotics because, when I was a user, I always went to the person who had the best narcotics.

MR. REYES: How long did you use it?

THE WITNESS: I used it for--I started when I was about 14, and I think I used it until I was about 24.

MR. REYES: Other members of the Council were also using the drugs?

THE WITNESS: Of the seven Council members, six of us were former drug addicts.

MR. REYES: Former?

THE WITNESS: Yes.

MR. REYES: But when they were distributors, they were not users?

THE WITNESS: We didn't use heroin, but we

sniffed a lot of cocaine, so I think all of us were heavily dependent on pure cocaine.

MR. REYES: Thank you, sir.

THE CHAIRMAN: All right, Mr. Rusch, are you finished?

MR. RUSCH: Yes, I have concluded, Mr. Chairman

THE CHAIRMAN: Thank you. We appreciate your testimony, Mr. Barnes.

TESTIMONY

OF

UNIDENTIFIED WITNESS

MR. HARMON: Mr. Chairman, the identity of the next witness must be safeguarded due to the nature of the testimony.

If that witness could be brought into the courtroom at this time.

THE CHAIRMAN: Very well.

(The witness was sworn.)

MR. HARMON: Mr. Chairman, this witness is about to testify to the activities of a heroin trafficking organization in New York City which continues to operate as of today.

E X A M I N A T I O N

BY MR. HARMON:

Q Mr. Witness, were you a member of a heroin

trafficking organization for a period of more than two years?

A. Yes, I was.

Q. Now, in 1979--I withdraw that.

Was this organization known as Papa D.'s Family?

A. Yes, it was.

Q. Was it headed by a a person who you knew as Pop Washington?

A. Yes.

Q. In 1979, what was the status and the condition of the organization?

A. It was just coming together at that present time.

Q. Coming together in what way, and what remained to be done?

A. Well, at that time, all the equipment and storefronts and buildings that we needed were there, but the personnel was not together.

Q. When you say, "the building and equipment--building, storefronts, and equipment were there," could you describe that further, please?

A. Well, we needed places of operation.

Q. What were those places?

A. A hotel, two candy stores, limousine service

and brownstone, three-story brownstone building.

Q Was that brownstone building located at 119 West 130th Street in Manhattan?

A Yes, it is.

Q Now, when you say that personnel were required, what personnel were required at that point?

A Well, at that point, we needed enforcers, distributors, and overseers, which are better known as lieutenants.

Q Was there an active recruiting campaign that was started to get these personnel to put the operation fully into business?

A Yes, there was.

Q Would you describe that, please?

A Well, it had to be somebody that was known by them, that they felt that they could trust, and, you know, he would, you know, the guy that was doing the recruiting, Clarence, see, would pick out, you know, certain guys that he knew.

Q Was Clarence the person that you know as Clarence Wynn?

A Yes, he is.

Q What was his position in Papa D.'s?

A He was second in command to Papa D.

Q He was responsible for the recruiting?

A. He was responsible for the recruiting.

Q Did Pop Washington ever tell you that the organization had an attorney that you could count on?

A. Yes, we had an attorney that everybody knew as Mother Superior.

Q The attorney was known as Mother Superior?

A. Yes.

Q I would like to draw your attention to the summer of 1980 and ask you whether or not the organization was functioning fully as of that approximate point in time.

A. Yes, we were in full swing then.

Q Now, at about that time, approximately about that time in the summer of 1980, was there a murder of a person in California?

A. Yes, there was an individual that owed money to the family, and he failed to pay, and he was on the run, and he ran to California, and they ran him down there, and they did, you know, the job to him, and his body was sent back to New York to be buried.

Q Was there anything sent back with his body?

A. Well, to make up his payments for the loss, there was heroin stuffed into the coffin and sent back.

Q Was this heroin of any particular type?

A. This was synthetic heroin made--I guess

made in the United States.

Q Now, at the funeral home for this person who was murdered in California, and whose body was returned with synthetic heroin, at that funeral home, did there occur a conversation between Pop Washington and the attorney who you know as Mother Superior, in which Pop Washington asked Mother Superior, where is the stuff, and Mother Superior responded to that question by saying, it's in the casket?

A Yes.

Q Now what was the role of Mother Superior in the organization, as far as you could tell?

A Well, if any of us were to get into trouble or anything, it was her job to get us out and to handle financial arrangements for the family.

Q Now, did this load of synthetic heroin that was transported in the casket--was that actually distributed?

A It was distributed, and it caused a problem because--

Q Before we get to the problem, is synthetic heroin cut in any different way? Does it produce any different amounts of heroin than true, non-synthetic heroin?

A Well, you can't cut synthetic heroin the

same way you would cut natural heroin, with the same amount of quinine and bonita. It has to be mixed on a one-to-two ratio or less. Sometimes even a-half-to-two ratio.

Q What occurred then? What was this problem? that took place as a result of the distribution of the synthetic heroin?

A Well, it stopped--it wasn't selling the way a normal shipment would be selling, and we were losing customers at that time, and it caused a controversy between one of Pop's sons, Sidney, and the people in other organizations that were also sharing rooms in the hotel.

Q Did the drug addicts complain about the synthetic heroin?

A Yes, they were complaining they were getting headaches, they weren't getting the same high. It wasn't lasting long enough, and also, the lieutenants and workers were complaining about it, as well.

Q So Papa D. lost customers because this synthetic heroin was put out on the street?

A Yes, we did.

Q What effect did that have on the organization?

A Well, it had an effect to the point where the money for buying our next shipment was running short,

and we couldn't, you know, put the money together because we lost most of our customers.

Q Did a sit-down take place between Pop Washington and other people because he was short of money?

A Yes, it did.

Pop, you know, after that incident with Sidney and Guy Fisher and Freddy Myers--Pop, you know, he got together with them, and they had a discussion to put the money together and buy a shipment.

The only reason they did it was because he offered them more for their money.

Q So this was a sit-down with Guy Fisher and a person known as Freddy Myers; correct?

A Yes.

Q And they operated other heroin trafficking organizations in Harlem; is that correct?

A Yes, they did.

Q Now, was there competition among the three of these, that is, Guy Fisher, Freddy Myers, and Pop Washington?

A Well, the only competition was who had the best.

Other than that, there was not actual rivalry because they all tried to share.

You know, in other words, the customers would

come to who had the best. They would make the purchase from who had the best thing.

Q There was enough heroin and enough drug addicts to go around?

A There was enough, you know--you know, people would be coming in from out of town, different parts of New York.

Q Now, do you recall where this sit-down took place, the initial one?

A The initial one took place in the hotel on 116th Avenue, and then there was another one in the Bunch of Grapes in the back of Joe's place.

Q Now, could you explain to the Commission Pop Washington's philosophy of running a heroin organization?

A Well, it was Pop's philosophy it should be run as a business, take no chances.

If people you know paid their money, you should always be courteous and thank them, and if they didn't and wanted to cause trouble, rub them out, get rid of them.

Q Now, did Papa D.'s family have a specific geographical territory in Harlem, or did it not?

A We didn't have a specific geographic. We had main locations. We had the stores and the hotel and the limousine service and the brownstone.

Then we had the lieutenants out on the street.  
We were, like, basically, scattered all over  
Harlem.

Q Did the organization have persons known as  
touters, lieutenants, mules, and enforcers?

A Yes, we did.

Q Would you explain what they are--first of  
all, the lieutenants and what their job was?

A The lieutenants' job was to distribute to  
the workers.

He would come to the various locations, pick  
up his supply and distribute them to the workers, and  
the workers would feed the touters in the morning, who,  
in turn, for their feeding would run out and get customers  
that, you know, customers would come to them, say a  
customer came from Staten Island, Long Island or Jersey,  
and he wanted to buy, he would have faith in them because  
they knew, you know, that these guys use the stuff every  
day. So, therefore, he would bring them to the workers  
who, in turn, would sell them the stuff.

Q Is it fair to think of lieutenants as street  
managers?

A That is their position, to manage and make  
sure that, you know, nobody--none of our workers get  
ripped off, and, you know, all the money is accountable for.

Q. Are the lieutenants drug addicts themselves?

A. No, they are not allowed to use or mess with any type of drugs.

A. Are they important people to the organization?

A. No, they are not. You know, Pop doesn't allow that. It wasn't allowed.

Q. What do you mean by that?

A. In other words, if they, you know, he felt that if you used the stuff, then you couldn't function properly, or, you know, to provide the proper security to the family that was needed.

Q. To clarify the question: Are the lieutenants and street managers--are they important parts of the organization?

A. Yes, they are very important because they are the arms to the actual customers.

Q. What was the job of the touters?

A. The job of the touters was that--these are drug addicts, who, in the morning, they need their fix in the morning. They are ill in the morning, so we would get them well.

They would get them well in the morning, and their job wa- to go out and get customers.

You know, they would bring their regular customers.

Q And the mules, what was their purpose?

A The mules was to carry the shipments from one country to another country.

Q Who did Papa D. use as mules in his operation?

A We had eight women, eight female women.

Q Go ahead.

A They were, you know, executive looking types, secretary looking types.

They didn't mess with drugs or nothing.

Q What was the job of the enforcers?

A The job of the enforcers was to make sure that these eight women reached their destination safely when they came in with their shipments.

Q Where did the mules go and how were they dispatched to pick up the heroin?

A They wouldn't travel in groups, but they would travel over to London and back to the United States, from JFK or LaGuardia Airports.

Q Approximately how many times a week would a mule travel?

A Twice a week.

Q Was there a quota that the mules were expected to meet?

A Well, they had to, in their two trips, they had to average a pound or two pounds--a pound per trip.

Q How was the heroin physically transported into the country?

A Into various cavities of the body, the vagina, rectum, attached underneath the breast, and, you know, different parts of the body.

Q Now, where else were the mules dispatched in order to pick up heroin?

A Down in the Bahamas.

Q Any place else?

A No, that is it. Just to London and the Bahamas.

Q Who were the only people, as far as you know, that knew the destination of the mules when they left the country, either to go to the Bahamas or to go to London?

A Pop, Clarence, Dee, and the mules.

Q So, then, the mules would return back to what location in your city once they cleared Customs with this heroin?

A Well, then it was the driver's job to make sure they got back to 119, and, you know, they would go upstairs into the house.

Q When they got back to the brownstone at 119 West 130th Street, what took place then?

A Then they would, you know, strip and unload

their cargo there, you know, whatever they were carrying, and then, you know, Pop would take it downstairs, and we would, you know, they would put it in the safe or whatever.

Q Now, did the girls transport money to London?

A No, the girls never transported any money except their personal money to spend or whatever.

Q Did Papa D. ever tell you, or did you ever hear him say, who his connection was in Long or in the Bahamas?

A No, I never heard him say.

Q Now, did the brownstone at 119 West 130th Street, did it have any particular security features or precautions to it.

A Yes, it was equipped with TV cameras on the lower level and the second floor facing both, you know, sides of the street.

You could look up one side, down the other side, and it also had armed guards 24 hours a day.

Q What was the function of the other locations that you mentioned?

A They were just drop-off and pick-up spots.

Q I am referring to the storefronts, the limousine service, and the candy stores?

A They were just for drop-off and pick-up fronts.

The hotel was our selling house. That is where we--

Q Drop-off points for what?

A For heroin and money.

We would drop, like the lieutenants were to pick up--they would pick up in front of these various locations.

We would alternate them, and they would pick up from the limousine service and candy store, and if they would drop off money, they would drop it off at these various locations.

Q Was this an around-the-clock operation?

A Yes, it kept going around the clock, making two pick-ups.

The stores would close, the limousine service stayed open all day.

Q Did the volume of business vary from day to day?

A Yes, it did vary from day to day.

Q Approximately what was the volume dollar-wise of the business?

A On a bad day, an average of \$200,000 on a bad day.

Q Now, Mr. Witness, what did take place with the money once it was dropped off at either of these

locations that you mentioned?

A When it was dropped at either of these locations, the bodyguard would usually go pick it up, bring it back, stop at all the locations, two pick-ups a day, one in the afternoon, about 2 o'clock, stop at all these locations, pick up all the money, put the names on the bags from the locations that you got it, drop it into a mail bag and then, at the end of the day after the last pick-up, take the mail bag or money bag upstairs to a room that Pop used and drop it off in there.

Q And is Pop Washington the one who kept track of the money?

A Yes.

Q What, then, was done with the money, to your knowledge?

A To my knowledge--well, to my knowledge, it was taken out. It was whatever, you know, to somewhere else.

Q Did Mother Superior play any role in the payment for the heroin in the first place?

A Well, to my knowledge, very time--from what I know, every time there was a shipment, we would run short, and it was not coming in, they would take it--Pop would take money down--he would say he had to take money down to the attorney, and he would take a large suitcase

of money down and about two days or the next day the girls would be on their way out of the country.

Q Now, Mr. Witness, did Papa D.'s family also traffic in cocaine?

A They did.

Q Would you explain the reason for that?

A Well, you know, the thing in New York is supply and demand, and a lot of people like cocaine just like a lot of people like heroin, and there was money to be made, and there was a demand, and, you know, we were supplying it.

Q How was the heroin picked up, and how was the heroin returned--I withdraw that.

How was the heroin picked up and then returned to New York City?

A Cocaine was picked up in, basically, Miami, Orlando, and Jacksonville, Florida, and we would take most --we would take a car down sometimes, or either the Amtrak, and we would stay overnight in the hotel, and they would pick it up, and, you know, the girls did all the transportation and bring it back to New York.

Q Now, was there ever a trade, a heroin for cocaine trade?

A Well, then--one time, when the connection went dry, we traded--we traded heroin for cocaine.

We did most of the trading in New York. Once in a while we would trade, you know, we ran into a fresh connection and go down to Miami and trade off, but most of the trading for cocaine was done in New York.

Q So that the organization was selling cocaine and heroin, basically, to the same clientele?

A Yes, basically.

Q Was the philosophy, give them whatever it is they want to buy?

A Yes.

Q Now, did some of the addicts who purchased cocaine prefer their cocaine in a solid rock form as opposed to a white powder form?

A Yes, they did, but--

Q How did you try to satisfy that?

A Well, to satisfy that, we couldn't afford to sell it the same way we bought it, so what we would do is break it down and cut it with lactose, 62, 70, and then take a compressor, man-made compressor, and compress it back into rock.

Q How as this compressor constructed?

A We take base plates, two street base plates, and we weld one with a fence around it and one with a hook arm.

Q And by a base plate, you mean a street manhole

cover?

A A street manhole cover, and we weld, make one like a cup, and we would put a hydraulic jack underneath the bottom of it and compress it to the top base plate with the coke inside of it.

Q Now, this didn't change the substance of the cocaine, it just changed its appearance; correct?

A That is all it did, just changed its appearance.

Q Was there money to be made in the cutting materials?

A Yes, there is always money to be made.

As a matter of fact, you wind up selling more of that than you would anything else, you know.

Q For Papa D.'s organization, what was the source of his cutting materials?

A We used to go to a drugstore on 125th Street called Goody's and pick up barrels of quinine and maybe 160 cases of bibuta,

Q Now, once the heroin was brought into New York City, some of it was put onto the streets in New York City; correct?

A Yes.

Q Were there other points of distribution around the United States that Papa D.'s supplied?

A Yes, we supplied Boston, Detroit, Pennsylvania,

Chicago, Washington, and North Carolina.

Q Do you know of your own personal knowledge, Mr. Witness, the way in which and the persons to whom the money was paid to purchase the heroin outside the United States, either in the Bahamas or in London?

A. No, I don't.

Q Papa D. would be the person to answer that question; is that right?

A. Yes.

MR. HARMON: Mr. Chairman, there are other areas that we have gone into with this witness.

There is one more that I would like to pursue as of this moment.

Q Did these girls travel in and out of the United States, and I am referring to the mules--did they travel in and out of the United States under their true names with passports in their own names?

A. No, they would travel under their true names, but they did have passports under various names.

Q How were those passports procured?

A. There used to be an individual in the Bronx named Fred Ryan. He was an insurance man. He would supply all of the passports, sometimes pick up 150, sometimes 50 at a time.

Q Did the mules travel alone?

A Yes, they traveled basically alone.

Once in a while, Clarence traveled with them, but other than that, they traveled basically alone.

MR. HARMON: Mr. Chairman, I would have no further questions at this time for this particular witness.

THE CHAIRMAN: I would like to ask you just one question.

There seems to be a persistent theme running throughout these hearings, and that is that the incarceration of a leader doesn't necessarily stop the traffic in the drugs.

Now, as I understand it--if I am incorrect, please correct me--your activities really got going after Nicky Barnes went to jail.

Is that right?

THE WITNESS: Yes, basically, yes.

THE CHAIRMAN: Would you say that your group was even more active than Nicky Barnes's was?

THE WITNESS: About the same.

THE CHAIRMAN: About the same.

And are you serving a sentence now?

MR. HARMON: Mr. Chairman, if I--

THE CHAIRMAN: I withdraw the question.

Let me ask you this: Are there other groups

operating right now in the Harlem area?

THE WITNESS: Yes, there are.

THE CHAIRMAN: I have no other questions.

MR. REYES: One question.

Mr. Witness, you mentioned Miami to pick up heroin; is that correct?

THE WITNESS: Yes.

MR. REYES: Yes?

THE WITNESS: Excuse me, not the heroin, cocaine.

MR. REYES: Which part of Miami?

THE WITNESS: Excuse me?

MR. REYES: Which section of Miami, do you remember? Do you know?

THE WITNESS: I assume around Miami Beach.

MR. REYES: No further questions.

THE CHAIRMAN: There is a question--

MS. HOPE: Yes, I would like to ask if you know what happened to this lawyer, Mother Superior.

We have heard this morning of a lawyer, a law firm in Detroit which has been involved in money laundering.

We have a witness who couldn't testify yesterday because their lawyer, although completely informed, failed to show up, and we understand that

that is being investigated to see whether it is a deliberate attempt to thwart the process of this Commission.

Now we have another lawyer in Harlem called Mother Superior.

Is that a woman lawyer?

THE WITNESS: Yes, it is.

MS. HOPE: Was this woman lawyer part of a law firm?

THE WITNESS: I think she was the boss.

MS. HOPE: But there were other lawyers working for her?

THE WITNESS: Yes.

MS. HOPE: How big was the law firm?

THE WITNESS: Pretty big because there would always be different lawyers appearing. Like, if we got arrested, there would always be somebody there for us.

MS. HOPE: Can you tell us the name of the law firm?

THE WITNESS: I don't know the name. All I know is the name of the individual, you know, the individual that, you know, would come represent me or, you know, she would represent us.

MS. HOPE: Can you tell us the name of Mother Superior?

THE WITNESS: All I know is Mother Superior.

MS. HOPE: Do you know what has happened to Mother Superior or the other lawyers in that law firm?

THE WITNESS: Yes. She is still on the street.

MS. HOPE: She is still working for this organization, to the best of your knowledge?

THE WITNESS: To the best of my knowledge. I couldn't exactly say.

MS. HOPE: Tell me this: Did I understand you correctly to say that Mother Superior in this law firm was a channel for the money to buy the heroin and other drugs?

Was that your testimony?

THE WITNESS: To the best of my knowledge, every time that we were to pick up money would be taken to her office, and a day or two later, we would be on the move again.

MS. HOPE: I have no further questions, Judge, except that in light of our concern about lawyers becoming a part of criminal activity and using the various privileges which lawyers have to protect criminal activity, I would urge that the staff investigate further Mother Superior and the lawyers working in her law firm to get names and to see what the status of that is.

THE CHAIRMAN: I assume, Mr. Harmon, that you

will follow up on that request.

MR. HARMON: Yes.

THE CHAIRMAN: I might state also, for the record, the Commission is aware of this. There will be a seminar held by the Commission sometime in March in connection with the ethical problems that are presented by lawyers who involve themselves with these mob organizations and step out of their role as lawyers and really become part of the criminal activity.

We don't intend to do that in the fashion of an open hearing, but it will be open to the public, but it will be more in the form of a seminar by students and by experts on legal ethics.

Did you have a question, Miss Sclafani?

MS. SCLAFANI: My question also revolved around Mother Superior. I just have one question.

Do you know how she became associated with your group to begin with?

THE WITNESS: No, I don't.

MS. SCLAFANI: Okay. Thank you, Your Honor.

MR. HARMON: Mr. Chairman, if I may follow up with some of the questions that the Commission has asked.

There was a search of the townhouse described here at West 130th Street which took place on November 9th,

1981, leading to the seizure of a large amount of money and a large amount of heroin, as well as several weapons.

On that same day, November 5th, 1981, Mother Superior made a deposit of \$120,000 cash, which is reflected in a Currency Transaction Report which bears her incorrect social security number.

Q Now, if could address you, Mr. Witness, and ask you this question: Were you aware of the search that took place on November 9th, 1981?

A Excuse me, I didn't fully catch that.

Q Were you aware of police entering the club on November 9th, 1981, and making that search?

A Yes, I was aware of it.

Q Did you ever hear Pop Washington say that he had been tipped off beforehand that the police were coming?

A Oh, I received word that he had got a phone call while he was there, and, you know, they told him that the place was about to come down and--

Q I would like to draw your attention to this photograph which shows the results, in part, of the search that took place, and, in particular, ask you to look at the weapons that are depicted there.

I would ask you to describe and explain to the Commission the purposes for which these various

weapons were utilized by Papa D.'s Family.

A Well, the handguns were used for protection of the club. Most of the bodyguards in the club would use the handguns.

The shotguns, also, the rifles with the scopes, were used for long range, somebody owed something, and they wanted them out, they would go.

Q So the purpose of the rifles with the scopes on them was to be able to eliminate somebody at long range, is that correct?

A Yes, yes, it was.

Q Now, one final question, Mr. Witness: Approximately how large, and by "large," I mean approximately how many people were part of Papa D.'s Family from time to time?

A Twenty-five to thirty people.

MR. HARMON: Okay, Mr. Chairman, I have no further questions.

THE CHAIRMAN: The witness may be excused. Thank you.

TESTIMONY

OF

DANIEL WASHINGTON

MR. HARMON: Mr. Chairman, with your permission, I will call the next witness, Pop Washington, who has been

subpoenaed here to testify.

A MARSHAL: Please remain standing.

(The witness was sworn.)

MR. HARMON: Now, Mr. Washington, my name is James Harmon. I am Chief Counsel to the President's Commission on Organized Crime.

You have been subpoenaed here to testify today. In particular, you have been subpoenaed here to testify about an organization which traffics, to this day, in heroin in Harlem, known as Papa D.'s Family.

Do you have an attorney present with you?

You have a right to have an attorney, to consult with an attorney as you answer questions that are about to be asked of you.

Do you have an attorney, Mr. Washington?

THE WITNESS: No, I don't.

MR. HARMON: It is my understanding that there is an attorney in this courtroom who represents you.

Mr. Washington, you have been convicted in a case in Manhattan of tax evasion, and you were represented by an attorney in that case.

The staff has had a lengthy discussion with your attorney about your appearance here today.

Have you consulted with your attorney before coming here today?

THE WITNESS: Yes, I did, but she was taken off the case, so I understand.

MR. HARMON: Well, do you have an attorney, Mr. Washington?

THE WITNESS: No, I don't.

MR. HARMON: Have you made any efforts to secure an attorney?

THE WITNESS: Yes, I did. I want the attorney that I had.

MR. HARMON: You want the attorney that you had?

THE WITNESS: Yes.

MR. HARMON: And that is the attorney that you had in this case, tax evasion case in which you have been convicted; correct?

THE WITNESS: Yes.

MR. HARMON: The record should reflect, Mr. Chairman, that among other things, Mr. Washington was convicted of evading taxes based on an unreported income of \$234,000 in 1981.

At that time, he had a court appointed attorney representing him.

Now, have you spoken to an attorney since you have been down here, in Florida?

THE WITNESS: Yes, I spoke to one.

MR. HARMON: Where is he?

THE WITNESS: I don't know.

He is in the courtroom, I think.

MR. HARMON: Mr. Chairman, my understanding is that the public defender is presently conversing with Commission investigator John Leonard.

It is my understanding that this gentleman does represent Pop Washington.

Mr. Chairman, may I suggest that this gentleman be asked to come forward, identify himself, and explain the circumstances of his representation?

MS. HOPE: Mr. Harmon, Judge Kaufman has had to leave, and I agree with your suggestion.

He has asked me to take over for him for the time being.

MR. HARMON: Please be seated.

MR. SWARTZ: My name is Kenneth Swartz. I am with the Federal Public Defender's Office.

I want the record to be clear that my office, I, nor does anybody in my office represent Mr. Washington.

Our office was called by a Mr. Rusch sometime on Friday. We were given very, very scanty information with regard to this hearing.

It was requested that we look into this matter. We knew really nothing about it.

The Federal Public Defender asked me to look into it, find out what I could, gave me the name of Mr. Washington, told me he was going to be in this area.

I found out Wednesday--Tuesday where Mr. Washington was being kept.

Tuesday night I first went out there and met him. I, at that time, had no idea what the proceedings were. I only knew that this was the President's Commission on Organized Crime.

I asked him if he had an attorney. He told me that he was just convicted after two trials on this tax evasion case. The name of his attorney was Leslie Block.

He gave me her number. I called her Wednesday morning to find out what had gone on between her and him and what the situation was.

She told me that she was well aware of this Commission's subpoena upon him and the writ that was issued, the fact that he was here, and that she wanted to represent him and was willing and ready to represent him. However, there was no provision, as the Court is aware--as the Commission is aware, she was court appointed. However, the Criminal Justice Act, which provides for court appointed funds, does not include this particular proceeding, does not include expenses for her to appear

down here.

I asked him if he wanted an attorney. He said he wanted an attorney very much, but he said he wanted his attorney, which is Miss Block.

He doesn't know us. We don't know anything about the case he went through.

It was a tax evasion case, two trials.

We are not familiar enough to assist him at the proceeding, number one. Number two, we have not been appointed by any court to represent him, and that is how our representation proceeds.

We have to be appointed by a court in this District to represent a person.

Number three, he does not want us to represent him. He wants his attorney, Leslie Block, to represent him, and it makes sense that she represent him because she lived with this case. She is intimately familiar with this case, and he trusts her.

I can only say that I am sitting here and telling you all this so you understand the situation. He has stated he wants an attorney, but he wants that particular attorney.

I don't understand why he doesn't have that attorney. I understand that this Commission held hearings up in New York, and that this--he was brought down from

New York for this particular matter.

She is an attorney living and working in New York. The man has physical problems. I have a letter from her explaining in detail the various physical problems he has.

He was shipped down here. I think it is unfortunate that they brought him all this way when they could have done this in New York where he had a competent attorney present where it would not have been an inconvenience for this man.

This man has been in jail for about a year. He is serving a two-and-a-half year sentence, and, in spite of all that, he wants an attorney to assist him, and it only seems fair that he have an attorney who is familiar with his case.

I can see the list of items connected with it. I understand that the questions that are going to be posed relate to his dealings with these matters, as well as other potential dealings.

We certainly are not in a position, as just common sense would indicate, having met the man Thursday, to know about the case or his background and his being unwilling to help or give us information, we are in no position to represent this man.

MR. HARMON: I understand your position.

Mr. Swartz, and I appreciate you coming forward here today, but I would like to ask you this: Do you hold any expectation that any court would appoint an attorney for Mr. Washington, that is, an attorney paid for out of public funds, in view of the fact that this man has been convicted of tax evasion of \$234,000 unreported income, and there has just been sworn testimony here that he headed and continues to head a multi-million dollar heroin organization.

MR. SWARTZ: Well, subject to the fact that he doesn't testify, he can be held in contempt, even if he is given immunity and to the fact that he might be incriminating himself, if he is not given immunity, I would think that a court would certainly want him to have an attorney, but that is up to the Commission.

The Commission is going to have to abide by its own rules.

As far as appointing counsel, I am not familiar with the Commission or the Commission's procedures that well to answer your question.

MR. HARMON: Now, Commissioner Hope, if I may briefly ask Jon Rusch to recount dealings with the attorney in New York City, Leslie Block.

MS. HOPE: All right. Let's try to make it brief, though.

MR. RUSCH: Madam Chairman, I think it will suffice if I state the following facts: More than two weeks ago, Mr. Washington was served with a copy of the compulsion order that this Commission issued requiring his testimony in conformity with the Federal immunity statute.

Mr. Washington was also served with subpoenas in an adequate amount of time in advance of this hearing to permit him to consult with counsel and to make necessary arrangements, since he knew well in advance that he would be brought here, to Miami.

I was told by Ms. Block in a conference that occurred within the next few days after Mr. Washington was served with the compulsion order, that she would be unavailable in any event to represent Mr. Washington at this hearing because she was going to attend a product liability conference in another city, and, therefore, was unavailable.

Subsequently, Ms. Block consulted with other attorneys in New York City and with Federal officials in New York and Washington concerning the availability of funds under the Criminal Justice Act, pursuant to which she was appointed to represent Mr. Washington in his Federal income tax prosecution, and was advised that Criminal Justice Act funds would not be available from

New York City to permit her to represent Mr. Washington here, in Miami.

There may be an open question as to whether Criminal Justice Act funds would be available for an attorney here, in Miami, to represent Mr. Washington, and I apprised Ms. Block of that fact last week before the Federal Public Defender's Office here in Miami was consulted.

MS. HOPE: Thank you, Mr. Rusch.

Mr. Harmon, is it correct that this witness is appearing here pursuant to subpoena?

MR. HARMON: Yes, Madam Chairman.

MS. HOPE: Is it also correct that an immunity order has issued, giving him immunity for any testimony that he might offer?

MR. HARMON: That is correct.

MS. HOPE: What I would suggest, then, is that we are close to the noon break. I would suggest that we do what we can to see whether or not this witness is willing to testify subject to the immunity order and without a lawyer, and if he is not willing, then to proceed to take this matter up before a Federal judge in this jurisdiction immediately.

MR. HARMON: We will do that, Madam Chairman.

MR. RUSCH: Madam Chairman, let me make one

other observation, for the record.

Mr. Swartz referred to a letter he received from Ms. Block which describes Mr. Washington's physical problems in some detail.

I wish the record simply to reflect that last week, Ms. Block had promised me exactly that letter and, to date, the Commission has not received that letter nor obtained any explanation for why it has not received that letter.

MR. SWARTZ: I would be happy to provide Mr. Rusch with that letter.

CHAIRMAN HOPE: If you could do that immediately, I think we could resolve this matter over the noon break and perhaps obtain his testimony this afternoon.

MR. SWARTZ: I would just like to make the record clear and have the Commission understand we are not representing him at this time.

He is here without counsel.

MR. SKINNER: You are counsel and licensed to practice in the State of Florida; are you not?

MR. SWARTZ: Right.

MR. SKINNER: You are a member of the Federal Public Defender's Panel in the State of Florida?

MR. SWARTZ: We are the Federal Public Defender's Office.

MR. SKINNER: Therefore, if a court for the Southern District of Florida were to appoint you to proceedings ancillary to this, you would, of course, proceed in that capacity, would you not?

MR. SWARTZ: I would have to see what the order said.

MR. SKINNER: I assume, Counsel, if you got an order directing you to represent him, you or someone in your office would do so. Those are your responsibilities; are they not?

MR. SWARTZ: That's right.

MR. SKINNER: You can anticipate, Counsel, that that might occur in the very near future. It is the request of the Commission that you make yourself available so we can advise the Judge that you have had conversations, and you are aware of this situation. Thank you.

MR. SWARTZ: When we receive the Order, we will be prepared to begin representing Mr. Washington.

MR. HARMON: This may be a convenient time for the noontime recess, Madam Chairman.

CHAIRMAN HOPE: Very well, let's do that.

We are in recess, and let us proceed as indicated with respect to Mr. Washington immediately.

(A noon break was taken.)

CHAIRMAN HOPE: I would like to call the afternoon session of the Organized Crime Commission to order, and I would ask Mr. Harmon to proceed with the witness, Mr. Washington.

MR. HARMON: Please ask Mr. Washington to proceed to return to the hearing.

A MARSHAL: Mr. Washington, you are under oath. Please be seated.

CHAIRMAN HOPE: Mr. Washington, you are here before the President's Commission on Organized Crime pursuant to a valid subpoena.

Are you aware of that?

THE WITNESS: Yes.

CHAIRMAN HOPE: And you are further here pursuant to an order of immunity for your testimony which immunizes you from any self-incrimination by virtue of any testimony that you give.

Are you aware of that?

THE WITNESS: I have been told that.

CHAIRMAN HOPE: I beg your pardon?

THE WITNESS: I have been told that.

CHAIRMAN HOPE: Mr. Harmon, I understand that during the noon recess, you have consulted or members of the staff have consulted with a Federal district judge in this jurisdiction and that there is no authority,

at this point, to appoint a lawyer for Mr. Washington; is that right?

MR. HARMON: That is correct, Madam Chairman. At this stage of the proceedings, there is no such authority under the legislation passed by Congress defining the powers of the Commission.

CHAIRMAN HOPE: As I understand it, further, Mr. Harmon, in this situation, Mr. Washington has been on notice for some time that he had the right to retain a lawyer; is that correct?

MR. HARMON: That is correct.

CHAIRMAN HOPE: Mr. Washington, have you retained a lawyer to represent you in this matter?

THE WITNESS: I had understood that Mrs. Block was going to represent me until the end of last week.

CHAIRMAN HOPE: But that lawyer is not representing you, in fact; is that right?

THE WITNESS: No, she is not. By some way, she wasn't appointed to represent me.

CHAIRMAN HOPE: At thispoint, Mr. Harmon, given the fact that the witness has had the right to retain a lawyer and has not done so and is here under a valid subpoena, and, in addition, has been granted a valid immunity for any testimony which he gives, I would

ask you to proceed with the questioning of the witness.

MR. HARMON: Yes.

E X A M I N A T I O N

BY MR. HARMON:

Q Mr. Washington, in the event that you decline to answer any questions here, you should understand that you will be, at some point, brought before a United States judge, at which time, the Court would have the power to appoint you an attorney.

Do you understand that, sir?

A Yes. I still do not understand what I am being questioned for and about.

I don't understand that, and I would rather have an attorney to answer anything. I don't know what I am going into.

Q Well, Mr. Washington, there has been testimony here concerning an organization known as Papa D.'s family.

Have you ever heard that phrase?

A No.

Q Mr. Washington, there is a building which is located at 119 West 130th Street.

Are you familiar with that building?

A Yes, I am.

Q Is that a building which you own, sir?

A Yes, I did.

Q Are you aware of an attorney by the name of Hermina Perlmutter?

A Yes.

Q Is she an attorney who has represented you from time to time?

A Yes.

Q What was the nature of her representation, Mr. Washington?

A Whatever I needed her to represent me for. That is all.

Q Did you ever hand cash to Hermina Perlmutter?

A Sure.

Q Did you ever hand cash to Hermina Perlmutter in amounts more than \$10,000?

A Yes.

Q On how many occasions did you hand her cash more than \$10,000?

CHAIRMAN HOPE: Excuse me, Mr. Harmon; before the witness answers, he should understand, I think, that while his testimony is immunized from prosecution for the substance of the testimony, he is, I believe, under oath.

Is that correct, Mr. Harmon?

MR. HARMON: That's correct.

CHAIRMAN HOPE: And therefore, if he gives

false testimony, he would be subject to prosecution for perjury.

MR. HARMON: That is correct.

Q Do you understand that, Mr. Washington?

A I don't feel like whatever the charges may be for testimony, I don't want to testify.

I am not going to testify anymore

You are not going to give me a counsel. I am not going to testify, whatever the charges may be.

MR. HARMON: Madam Chairman, I would ask that the witness be directed to answer further questions.

CHAIRMAN HOPE: Because the witness is under a valid order of immunity, I would direct the witness to answer the questions asked by Mr. Harmon.

Q (By Mr. Harmon) Do you understand that, Mr. Washington?

A I understand what she said, but I don't understand why I am asked questions and what I am answering them for.

Q Are you prepared to answer further questions, or are you not prepared to answer further questions?

A I am not prepared--

MR. HARMON: --in that event, Madam Chairman--

A --without a counselor--

MR. HARMON: --I suggest that the staff be empoweed and authorized and directed to proceed with this matter further before a United States District Judge.

CHAIRMAN HOPE: I would direct the staff to go forward with the United States District Judge with respect to the refusal of this witness to answer questions, having been given a valid authorization of immunity.

MR. HARMON: Mr. Washington, at the appropriate time, you will be instructed when and where to appear before a United States District Judge in Miami.

MR. McBRIDE: Excuse me, Madam Chairman.  
May I say a word?

CHAIRMAN HOPE: Yes. Yes.

MR. McBRIDE: Frankly, I have serious reservations about the propriety of proceedings before a Federal judge based on this witness's refusal to answer in the absence of counsel.

I realize that counsel may well not be here through a calculated maneuver to frustrate this Commission. Be that as it may, in the posture we find ourselves, we have a witness with no lawyer.

We cannot appoint a lawyer under the Criminal Justice Act in this district.

My own strong feeling is that we adjourn this

witness to a time and place where counsel will be present, where the subpoena for his appearance and the authorization for immunity that we have heretofore obtained can be made effective.

At that point, of course, I have no objection to our proceeding to require the witness through a court order to answer, and in the event of a refusal, to petition for contempt at that time, but in absence of counsel, I simply cannot endorse this procedure.

MS. SCLAFANI: Madam Chairman, if that is in the form of a motion, I second it.

CHAIRMAN HOPE: I think this was, indeed, what Mr. Harmon had anticipated, that this would be taken up not before the court here, but before another court in another jurisdiction where all these constitutional safeguards could be guaranteed.

MR. HARMON: If I could follow up on that, Madam Chairman, because of the unique status of the Commission under the law, and because of the particular provisions of law which apply to the Commission, there simply is no other way to place this witness in a position where a court could appoint a lawyer for him in the event that he could satisfy a court that he is, in fact, entitled to an attorney.

CHAIRMAN HOPE: A motion has been made and

seconded, and I think, hearing no opposition, that motion will go forward, and this matter should then, Mr. Harmon, be pursued, I would say, within 30 days, no more than 30 days, in front of an appropriate court, probably in New York, to get the constitutional protection to which this man is entitled clearly in place, and to also obtain his testimony pursuant to the award of immunity which has already been issued.

MR. HARMON: You are excused, Mr. Washington.

MR. SKINNER: Mr. Washington, do you understand what has gone on here?

Your testimony has been continued.

THE WITNESS: Yes.

MR. SKINNER: The Commission is uncertain as to what your legal rights are or aren't at this hearing as to an attorney, but out of an abundance of precaution and because you have requested so, this Commission is going to attempt to find out exactly what your rights are, and if at all possible under the law, to make counsel available to you, but they are also assuring you that at a later date, once that has been resolved, you will be re-called before the Commission or officers of the Commission for the purposes of taking testimony.

At that time, your testimony must be truthful. It will be ordered under a grant of immunity, and it is

part of the Commission's search, as mandated by the President of the United States, to discover what is going on in the area of organized crime, and, in particular what knowledge you have concerning heroin trafficking in New York State and other parts of the country as it relates to organized crime and organized criminal activity.

That is the purpose for which you are here. That is the purpose which this Commission is going to pursue, and we will attempt to resolve the procedural problems that appear to have enough concern which will postpone, but not indefinitely, your appearance.

Do you understand that?

THE WITNESS: Yes, sir. Thank you very much.

MR. SKINNER: You are welcome, sir.

CHAIRMAN HOPE: Mr. Harmon, would you call your next witness, please?

TESTIMONY

OF

CHARLES GUTENSOHN

MR. HARMON: The next witness is Special Agent Gutensohn from the Drug Enforcement Administration, who is the Special Agent-in-Charge in Pakistan.

His testimony will open a sequence of witnesses which concern Pakistani heroin organizations.

(The witness was sworn.)

E X A M I N A T I O N

BY MR. HARMON:

Q Special Agent Gutensohn, could you tell the Commission your present position?

A I am a Special Agent with the Drug Enforcement Administration. I am currently assigned as the Country Attache for the Drug Enforcement Administration in Islamabad, Pakistan.

Q How long have you been an agent with the Drug Enforcement Administration?

A A little over 13 years.

Q Now, we have heard that Pakistan, as of today, is a major transit country for the importation of heroin ultimately into the United States.

Could you tell the Commission what the source of the heroin is that ultimately finds its way through Pakistan into the United States?

In other words, what are the areas of cultivation?

A In the Pakistan, Afghanistan, and Iran area, there are approximately 800 metric tons of opium grown each year and a great deal of that is refined into heroin in Northwest Pakistan.

Q Is enforcement action a simple task in that

part of Pakistan?

A. The enforcement action is difficult in any area having to do with growing opium and operation of heroin laboratories.

In this area, in particular, most of the opium is grown in Afghanistan and Iran where we have little or no opportunity to have influence on any type of enforcement action.

The opium that is grown in Pakistan is actually quite a small amount and has really no great effect.

The situation of the Soviet occupation of Afghanistan and the current political situation in Iran makes it unable for us to take any kind of action in those areas.

Q. Does the area along the Pakistan/Afghanistan border have a special legal status under Pakistani law?

A. The area contiguous to the border of Afghanistan, where most of the opium is grown in Pakistan, is known as the Northwest Frontier Province. That area has a special status in Pakistan.

In 1947, when the country was partitioned, the tribal groups that lived in that area never recognized the government.

They never recognized the government over the last hundred years, I guess. While the British were

there, the British appointed political agents to deal with the tribal leaders in that area and more or less let the tribal leaders have their own law and take care of themselves within each tribe.

The Pakistan Government did, basically, the same thing. They appointed political agents to deal with the specific tribes in the areas and the tribes do not recognize Pakistani law as it is.

Q Does Islamic law provide any kind of basis for taking narcotics enforcement action in that part of the country?

A The tribes have never recognized any of the narcotic laws at all.

They have always felt that the growing of opium was something that has been done, they have done it for a hundred years, they should be allowed to continue to do it.

The Pakistani Government is based--the government itself is a government of Islam, and they have put forth the Islamic law which they call the Hadd Ordinance, which bans the use of heroin, the manufacture of heroin, and this is recognized by tribal leaders, not all the tribal people, but the leaders themselves.

Q Does the heroin traffic have a significant economic impact in Pakistan?

A In the Northwest Frontier Province, you can purchase a kilo of heroin for about four-and-a-half thousand dollars, maybe five thousand dollars.

Yesterday, I heard one of the agents here talking about making a buy in New York for \$200,000 for a kilo, so there is a great deal of money available for someone who is going to purchase heroin in that area and transport it out.

The Pakistani income is maybe three or four hundred dollars a year, so the opportunity for earning many years' salary is available to anyone.

Q About how many kilos of heroin have been seized in Pakistan, to give the Commission some idea of the scope of the moneys involved here?

A Each year over the past three years, there has been well over 2,000 kilograms seized of actual heroin. This year already, there has been well over a thousand kilograms seized.

Q Is there a significant addict population, heroin addict population, in Pakistan?

A The country of Pakistan is facing a real problem. Heroin itself wasn't introduced into the country until 1979 with the Soviet invasion of Afghanistan and the political change in Iran.

The normal trafficking routes of opium

from Southwest Asia into Turkey and Europe were blocked, so it, in turn, came toward Pakistan.

It brought the product called heroin into Pakistan, and with it, it brought addicts.

Four years ago, there were no registered addicts in Pakistan. This year, they estimate there are over 300,000.

Q Is heroin or opium sold openly?

A In the Northwest Frontier Province, you will see opium for sale in small amounts. It is used for medicinal purposes in that area.

There is sort of an agreement, I guess, with the tribes that if they have opium in their area, and it is used for medicinal purposes or whatever, it is allowed, but large amounts are not allowed.

Q Is the Northwest Frontier area generally closed to westerners?

A As of two years ago, it is closed to all westerners.

Q You have brought with you--and I ask if we are prepared to play this tape, which showed the conditions under which opium and heroin are sold openly and which shows generally the terrain of the Northwest Frontier.

A I point out that opium is sold openly, not

heroin. I also apologize for the tape. I knew I was going up there, so I took my neighbor's camera, and it is not the sort of thing--

Q Perhaps you can narrate it.

A This is on the road that goes up to the Khyber Pass.

As we entered the Northwest Frontier Province, I stopped in a marketplace. What I want to point out here, first of all, you see a fellow sitting--everyone is armed in this area. There is no law about guns--an AK-47, a British rifle, so most of the tribal people you find wandering around the hills are armed and very well armed.

It is also difficult to deal with them as far as education. Almost all of them are illiterate.

You can see the smuggling that goes on, the trucks that come out of the Afghan area carrying all sorts of goods, and it is very difficult for Customs or police or anybody to regulate the traffic that goes up and down these roads.

There is all sorts of vehicular traffic. Here is just a little shop in a marketplace in Bara, which is in the Province. You see some of the opium. Again, he would be selling this for medicinal purposes.

There is not much there to be utilized in

the manufacture of heroin, but also, as you see, they sell all sorts of weapons, which makes law enforcement very, very difficult.

Any person you meet is going to be armed.

Again, I just point out another fellow standing there in the street. It is kind of like the Old West, I guess.

Again, there is another one with an AK-47. A lot of these weapons have been brought back across the border, picked up from the Soviet troops in Afghanistan.

I point out here these trucks that go up and down, they go all the way from the Northwest Province down to Port Karachi, which is almost a thousand miles. They are loaded down heavily, and it is very difficult to have any effective search procedures.

You also have your regular horse carts and small vehicles. This is the more traditional type of traveler and/or smuggler. He has got his two camels and his tent, and they have been going back across the borders for 5,000 years like this, and it really hasn't changed just because governments draw lines and say there are borders.

People don't recognize the borders, and they come and go as they please.

This is the entrance to the Khyber Pass.

This is an area that saw Genghis Khan and Alexander the Great and Tamerlane, all sorts of invaders coming through this pass, and now we are seeing a different type of invasion coming through.

If you want to stop there--

Q Now, is it a relatively recent phenomenon to see actual heroin processing laboratories appearing in Pakistan?

A Yes. As I pointed out earlier, normally the heroin was processed in Turkey or Italy and with the change in the political situation in 1979, we now see a large number of laboratories in Northwest Pakistan.

Q Do these laboratories present any specific problems with regard to enforcement action directed at them?

A There is a number of problems.

They start within the Frontier Province. If you are going to take any kind of enforcement action, you need the approval of the tribal leaders ahead of time, which causes some problem.

Also, they are remote, and, as I pointed out earlier, in the film here, everyone up there is armed.

When you are going to go into an area where there is a laboratory, you can expect some type of armed resistance when you go in.

Q Was there a successful enforcement operation directed at a laboratory at the entrance of the Khyber Pass known as Landi Kotal on December 20, 1984?

A Yes, there was.

Q Could you describe that for the benefit of the Commission?

A We have, in the past three or four months, been successful in getting four different laboratories in that area.

In December we had information that there was a laboratory operating near Landi Kotal.

We got information about it as best we could. We approached the Government and arranged for military action against the laboratory.

Q Could you describe the action that ultimately was taken and by whom it was taken?

A The political agent for the area got a battalion of Khyber Rifles, which is a Pakistan military force guarding the Northwest Frontier, and in a night action, using a regular military skirmish maneuver and blocking forces, attacked a small village area where the laboratory was.

They received automatic weapon fire when they came in, but after a short fight, they were able to take the laboratory.

Q And a battalion is approximately how many troops?

A Close to 400.

Q Now, these are photographs here, still photographs, taken subsequent to the seizure and subsequent to the successful military action at Landi Kotal?

A Yes.

Q Could you describe those for the Commission, please?

A The picture up in the far left-hand corner, that is the little village area where the laboratory was located.

We looked at it earlier or some sources of ours to determine if the laboratory was there, and we did not think there was because there was no water supply. You have to have a water supply.

Another source determined there was a generator and an underground piping system to supply water.

At that point, with a little more information, we moved in.

The next picture, I guess, that just shows that there was water inside the place.

Here, in this picture, is some kind of a rough area. They had a stack of heroin that was probably,

oh, three feet high and five feet by five feet square stacked in the corner of the place when we went in there.

Down in the left, those are 55-gallon drums. What you would expect in a heroin laboratory would be beakers and Bunsen burners and whatever. These are kind of crude but effective set-ups where they put the chemicals, the opium, whatever, in 55-gallon drums and light fires underneath, get the correct amount of heat and process it in those drums.

There were 22 drums like that in the laboratory with heroin.

The next picture are presses used in the processing of opium or heroin. Here we had a can of acetic anhydride, a necessary precursor in producing heroin. It has Chinese markings on it.

We normally try to track where acetic anhydride comes from when we find a laboratory. In this case, it was out of the People's Republic of China.

The top three or four pictures on here, once everything was under control, we just went ahead and dumped everything on the spot rather than try to take it out, and I thought that by destroying it right there, we wouldn't have to worry about anything, and I guess the last picture there is just the defendants involved who were some tribal people from the area.

Q I would ask you to continue playing the video tape and perhaps narrate the conclusion of this tape, which also shows events which took place at the raid of the lab at Landi Kotal.

Q Okay. Like I say, this was the little village area where the laboratory was located.

In the background, you see the mountains. The people that were operating the lab tried to flee in that direction, and there was a blocking force. That is the commander of the Rifles there.

They all had weapons, AK-47's, but they put up no resistance when they ran into the troops.

Q Now, on occasion, have Pakistani military forces been required to use weapons heavier than small arms against--

A --excuse me. Let me point out there, these barrels.

There is a barrel just about full of that brown heroin. That brown heroin will run about 45 per cent pure. There might be 200 pounds of heroin right in those few areas there.

The black liquid you see is liquid opium, just being processed at the time.

As far as the question you just asked, in the laboratory just before this one that we successfully

eliminated, the troops took heavy fire, and we had to use 75mm rifles for that situation, but we were successful.

Again, this is while they were dumping the chemicals. Those small cans have acid in the cans as part of the precursors and everything is being dumped out to make sure it is never used again. I think that is it.

Q Now, what is the relationship of the trafficking organizations to these refining laboratories which we have seen?

A In many cases, the people that run the organizations were either from the same village or the same tribe or had some sort of relationship with--family relationship with the people that run the laboratories, but the traffickers themselves operate out of the major cities of Lahore and Karachi.

Q Now, once in the city and once the opium has been refined to heroin, how does it then leave Pakistan, from your experience?

A The majority of it we see comes out of Pakistan, utilizing couriers. Again, earlier this morning, you heard talk of women going from New York and picking up heroin and bringing it here.

There, the Pakistan people are recruited. They are paid \$10,000 per trip, and, as I say, the per

capita income may be \$400 a year.

They are hired to carry it to the United States.

Q Do the couriers generally know who it is in advance that they are to meet?

A No, they are given the heroin, they are given a phone number in Pakistan, they come to the United States, they go to a hotel, they get the phone, call back to Pakistani.

They they are told to wait in the hotel, and someone comes to the hotel and picks up the heroin.

Q In your experience, do these couriers also handle the money, or do they not?

A No, they do not.

In most cases, the couriers, when they deliver the heroin, they are paid their fees, and that is all.

All they know is the person that comes to the door and pays them their \$10,000 fee, and they have a return airplane ticket, and that is the end of it, as far as they are concerned.

Q Upon delivery in the United States, in your experience, what trafficking organizations have the Pakistani networks ultimately delivered the processed heroin?

A We just concluded two successful investigations

involving black trafficking organizations in Los Angeles and Detroit.

We also have information that they are dealing with Italians in New York and also black organizations in New York.

Q Now, have you seen the presence of Nigerian trafficking organizations in Pakistan itself?

A We see a great deal of Nigerian couriers come through Pakistan and, again, they sort of flood the area.

They come in, and they will pick up a quarter of a pound or half a pound at a time and carry it in the same sort of way that the Pakistani couriers.

MR. HARMON: Madam Chairman, there are other areas we have gone into with Special Agent Gutensohn.

At your pleasure, he is available for questions from the Commission.

CHAIRMAN HOPE: Are there any questions among the Commissioners?

Seeing no questions, I do want to thank you, Agent Gutensohn, for all of your work in this area and for appearing before the Commission today. It is very helpful to us.

THE WITNESS: Thank you very much.

CHAIRMAN HOPE: Call your next witness,

Mr. Harmon.

MR. HARMON: The court reporter is changing her paper.

With your permission, and that of the court reporter, Madam Chairman, Jon Rusch will conduct the questioning of the next several witnesses.

MR. RUSCH: Madam Chairman, the Commission calls Mohammed Tahir Gondal.

TESTIMONY

OF

MOHAMMED TAHIR GONDAL

(The witness was sworn.)

E X A M I N A T I O N

BY MR. RUSCH:

Q Mr. Gondal, will you please state your full name, for the Commission?

CHAIRMAN HOPE: Excuse me, has this witness been sworn?

MR. RUSCH: Yes, Madam Chairman, he has.

THE WITNESS: Mohammed Gondal.

Q (By Mr. Rusch) How old are you?

A Twenty-seven years.

Q What was your occupation prior to March, 1984, at least, for most of that time?

A I was part-time flight instructor and charter

pilot.

Q Had you previously had any experience in any foreign air force?

A Yes, I was in the Pakistan Air Force.

Q Flying what type of aircraft?

A I flew the T-37, MIG-13, and MIG-19.

Q Are you currently serving a prison term for your involvement in heroin trafficking?

A Yes, sir.

Q What was your role in the transaction for which you were prosecuted and for which you are now incarcerated?

A I was acting as courier to receive the money for the transaction.

Q What amount of heroin was involved in this transaction?

A So far as I know, two kilos.

Q Do you have any idea of the purity of the heroin that you were asked to become involved in shipping money for?

A I did not have no idea at that time, but when the DEA ran their tests, they said it was 96 per cent.

MR. RUSCH: Madam Chairman, let me just note, I think the record correctly reflects that DEA reports to which the witness does not have access reflects that

the heroin hydrochloride was 93 per cent pure.

Q Did someone direct you to take part in this particular transaction?

A Yes, sir.

Q Who was that individual?

A It was Naveed Aslam Khan.

Q Is Naveed Aslam Khan an individual who has resided here in the United States in recent years?

A Yes.

Q Has he ever resided in Florida?

A Yes, he was residing in Miami.

Q In what specific area of Miami?

A It was Miami Lakes.

Q Based on your collective experience in past transactions with Naveed Aslam Khan, how would you describe his role in heroin trafficking?

A I would say that he was mainly responsible for importing and then selling the stuff around.

Q Did Naveed Aslam Khan ever ask you to take \$40,000 out of the United States to purchase a cashier's check?

A Yes.

Q When was that, to the best of your recollection?

A That was end of November, 1982.

Q Where was Naveed Khan living at that time?

A He was living in Miami Lakes.

Q Do you recall the street address?

A It was 15800 Bull Run Apartments.

Q In Miami Lakes?

A Yes.

Q For whom was the check intended?

A He told me that one of his friends was in trouble. His name was Javed Aslam.

Q Why was Javed Aslam in trouble?

A He had been arrested in New York.

Q On what charges?

A He was arrested as a courier coming in from Pakistan.

Q A courier of what?

A Heroin.

Q Where did Naveed Khan ask you to go to get the cashier's check with the \$40,000?

A To London.

Q Why did he ask you to go to London to purchase a cashier's check if there were so many banks in the United States where he could have purchased it?

A His idea was that London, you can go in England with any kind of money, and then they don't ask any questions, and then you can purchase a check and

bring it back to the United States because he wanted to prove that the funds were legitimate.

Q Legitimate?

A Yes.

Q Did you, in fact, take the \$40,000 out of the United States?

A Yes, I did.

Q Approximately when did that take place?

A That was in January or February of 1983.

Q From whom did you receive the money?

A I received it from Naveed.

Q How did Naveed get the money before you left the United States?

A Well, before I left, I was working in this flight school as an instructor, and I was instructed by him to take Shafquat Butt to Freeport to bring the money from there.

Q Let me clarify, that is Shafquat Butt?

A Yes, sir.

Q You flew him to Freeport in the Bahamas?

A Yes.

Q Who picked up the money in Freeport?

A Well, Shafquat Butt came back.

When we came to the Customs, he declared \$40,000 in cash.

Q In other words, you simply flew him to and from the Bahamas, but you had no role in the actual pick-up of the money?

A No, sir.

Q Did you, in fact, purchase the checks in England once you arrived there?

A Yes, I did.

Q For what amount?

A Thirty-nine thousand dollars.

Q Why was the check for \$39,000 if Naveed had given you \$40,000?

A Because \$1,000 was for expenses and tickets for London.

Q What did you do with the check upon purchasing the check?

A I brought it back to New York, and then I handed it over to Naveed Khan.

Q What did Naveed Khan do with the check?

A The next day, there was a court hearing, and he gave it to the counsel, but the money was not enough for the bail.

Q Did that end your role with respect to that particular transmission of funds?

A No, I was instructed because the check was in my name, I had to deposit it in another bank in Miami.

I got the funds out, and then I gave it back to Naveed's brother.

Q To which bank did you go in Miami?

A Bank of Credit and Commerce International.

Q Was that also the name of the bank from which you purchased the cashier's check in England?

A Yes.

Q Just to clarify the record, at the time you purchased the check in England, and the time you asked to have it cashed in Miami, do you have any reason to believe that any official or employee of the Bank of Credit and Commerce knew that you were in fact seeking to launder money on behalf of Naveed Khan?

A No.

Q Are you aware that your name was also used to write money through the Western Union system to several individuals who were also involved in heroin trafficking?

A I was just aware of one.

Q When was that?

A That was when I came back from London with the check, a few days after that, I was still in New York with Naveed when we were going through the court proceedings, and he asked me if he could use my name to get some money in New York.

Q Why did he want the money to be wired to

New York?

A. I have no idea.

He said that the check he needed, 15,000, and they had to be in \$5,000 each.

Q. Did he explain to you why he wanted it in three separate transmissions of \$5,000?

A. He really did not clearly specify anything. I didn't see anything wrong with it, so I said yes.

Q. Then you said it was all right for him to have \$5,000 wired in your name to someone else?

A. It was wired in my name, and I gave the cash back to Naveed.

Q. To whom did Naveed give the cash?

A. He told me that he had a courier from Pakistan who he had to pay off.

Q. This was a courier transporting heroin into this country?

A. Yes, sir.

Q. Who else received the other \$10,000 that was split up, of the 15,000, so far as you know?

A. Five thousand were in Naveed's own name and 5,000 in my name.

Q. Is that Humayun Mahmood?

A. Yes, sir.

So that was not my name but Humayun's.

Q Did Naveed Khan ever ask you to take \$80,000 out of the United States to purchase a cashier's check?

A Yes, that's true.

Q When did that take place?

A Almost three months after the check, the first time I bought the check in London.

Q Approximately the spring of 1983?

A Yes, sir.

Q Was Naveed Khan still living in Miami Lakes at that time?

A Yes, he was.

Q What was the purpose of purchasing this cashier's check?

A It was for the same purpose, for bail of Javed Aslam.

Q Did you, in fact, take the \$80,000 out of the United States?

A Yes, I did.

Q Where did you transport the \$80,000?

A I took it from New York, and I went to London, and after that, I was called by Naveed, and he said that this time, it was not necessary to make the check, and I had to hand the money to Mr. Shafquat.

Q Mr. Shafquat Butt?

A Yes.

Q When you took the \$40,000 previously out of the United States, did you ever fill out any forms requiring reporting of more than \$10,000 in currency being exported from the United States?

A No, I did not.

Q Did you report any of the \$80,000 that you took out of the United States on behalf of Naveed Khan?

A No, I was told by Naveed that it was not necessary to report money when you are going out, it is only when you come in.

Q Did Naveed Khan subsequently cause you to become a domestic courier of heroin?

A Yes, he did.

Q When did that first take place?

A It was in the middle of--before the summer of '83, he was trying to buy the company where I was working as a flight instructor, and he conned me into going to Vegas.

Q How did he con you into going to Vegas?

A He was going to be the next director of the company, and he said I would like you to come and see where I go and have a good time.

Q And you agreed to go with him?

A Yes, sir.

Q. How were you going to go to Las Vegas?

A. I met him at the airport, and we went from Miami to Vegas directly.

Q. Did Naveed Khan bring anything with him at the time?

A. He had a suitcase and a coat hanger with him.

Q. By "coat hanger," do you mean a coat hanger bag, the large hanging bags that you take on trips?

A. Yes, sir.

Q. When you arrived in Las Vegas, where did you go?

A. We went to the Sahara.

Q. How long did you remain in Las Vegas at the Sahara Hotel?

A. One night.

Q. Where did you travel from there on the following day?

A. We came back to New York.

Q. Did Naveed Khan bring his suitcase with him back to New York?

A. Yes.

Q. When you arrived in New York, did you go to an apartment in New York City?

A. Yes, we went to Shafquat's apartment.

Q. When you arrived in that apartment, did you

see anyone pack heroin in Naveed Khan's suitcase?

A. Yes, the next day he was packing a few bags of heroin in the suitcase.

Q. Can you recall approximately how many bags were packed?

A. Approximately three bags.

Q. Can you indicate the dimensions? Describe them verbally, if at all possible.

A. I think the bags were containing about half a key, kilo each, in one bag.

Q. Were these short, very squat looking bags or narrow, slim--

A. Slim ones.

Q. How long did you remain in New York once the heroin was packaged in Naveed Khan's suitcase?

A. The same morning, we left to Detroit.

Q. Did Naveed Khan explain why you were going to go to Detroit on this trip?

A. At this time, he explained to me that he was making a delivery, and I was accompanying him.

Q. Did he say to whom he was planning to deliver these heroin bags?

A. He had some clients, but he did not specify who they were.

Q. Who was responsible for transporting the

suitcase from New York to Detroit?

A. Well, he told me to check in the baggage under my name because he had to make a few calls before we went on the airplane.

Q. In other words, he left you with the responsibility in the event that there was any heroin discovered in there, your name would be on all of the forms that would have been filled out?

A. I presume.

Q. When you arrived in Detroit, how long did you stay there?

A. I stayed only a few hours.

Q. When you arrived there, who took charge of the suitcase?

A. After we arrived at the airport, I had the bags, and he told me that he had to meet somebody at the airport, and I should go to the hotel and check in.

Q. So he again left you responsible for transporting the suitcase to the hotel?

A. Yes.

Q. You, in fact, checked into the hotel--

A. --yes, sir--

Q. --with the suitcase?

A. Yes.

Q. How long did you wait in the hotel with the

suitcase?

A. I waited for an hour-and-a-half, and then he came over.

Q. What did Naveed Khan tell you to do then?

A. I told him that I was very scared, and he told me that there was no problem, I should just go to the cafeteria and sit there.

Q. Did you go to the cafeteria at that point?

A. Yes.

Q. How long did you remain there?

A. I stayed there about an hour-and-a-half.

Q. At the conclusion of the hour-and-a-half, what happened?

A. He said everything was okay, and we were flying back to New York.

Q. Did you leave that same day?

A. Yes, sir.

Q. On the trip back to New York from Detroit, did Naveed tell you anything about what was in his suitcase at that point?

A. He said he had \$80,000.

Q. When you arrived in New York, did you subsequently see any money in the suitcase?

A. Yes, I did.

Q. Approximately how much money was in there?

A. He told me it was 80,000.

Q. After you both arrived in New York, and you saw the money in the suitcase, did Naveed Khan ask you to do anything with the money?

A. Well, I wanted to come back to Miami that moment, and he gave me \$20,000 to bring back to Miami.

Q. Did he give you anything else to take back to Miami for him?

A. Yes, he had three ounces of cocaine for personal use.

Q. Then he made you responsible for transporting the 20,000 and the cocaine back to Miami on your own?

A. Yes.

Q. How did you transport the money there?

A. I had it in my briefcase.

Q. Did Naveed Khan tell you what to do with the money when you arrived in Miami?

A. Yes, he told me to deposit it in his bank account.

Q. Did he tell you at what bank?

A. Yes, Consolidated Bank of Miami, Miami Lakes Branch.

Q. Did he give you any instructions on how to deposit the money in his account?

A. Yes, he said it was approximately \$20,000,

and each deposit should be not more than \$10,000.

Q Did he explain to you why he wanted it deposited in that way?

A Yes, he did.

Q What was his reason for doing so?

A He said that if you deposit more than \$10,000, it has to be reported to the Federal Reserve.

Q Did you then, in fact, deposit the money in Naveed Khan's account?

A Yes, I did.

Q How did you split up the money?

A I think I deposited \$9,000 each in his bank.

Q Approximately \$9,000?

A Approximately.

Q About how far apart were these deposits made in Naveed's account?

A A couple of days.

Q At the time you deposited money, did you have any reason to believe that any officers or employees of Consolidated Bank knew that you were laundering funds for Naveed Khan?

A No.

Q What did you do with the cocaine when you arrived in Miami?

A Well, I was kind of scared, and I rented a

safe deposit box in my bank, and I put it in there.

Q. You deposited the cocaine in your safe deposit box?

A. Yes.

Q. What bank was that?

A. Southeast Bank, Coral Gables.

Q. Coral Gables Branch?

A. Yes.

Q. Was anyone in the bank aware that you were depositing cocaine in the safe deposit box?

A. No.

Q. About how long did the cocaine stay in your safe deposit box?

A. Three weeks.

Q. What happened at the of that time?

A. Then Naveed came back from New York. I handed it over back to him.

Q. Did that sequence of events end your involvement as a domestic courier of money for Naveed Khan?

A. It did for money, yes.

Q. Was there a time when you were asked to assist in picking up funds for bail for a particular individual?

A. Yes, in the end of 1983, September, 1983, Naveed was arrested in New York, and his brother asked me if I would go along because he wanted--he had to

receive money for his bail.

Q Did you, in fact, go to New York to pick up the money?

A Yes, I went with his brother to New York.

Q His brother, P.J.?

A Yes.

Q When you arrived in New York, where did you go to pick up the money?

A We went to a house.

Q Located where?

A I am not very well aware of New York. It was approximately 30 minutes from the airport.

Q When you went there, who picked up the money from the house?

A Pervez went himself inside the house and told me to stay inside the cab.

Q Did you ever subsequently learn any background or identity of the individual from whom he picked up the money?

A No, I did not.

Q What happened with respect to the \$80,000 once you picked that up?

A He told me that that day, he was very busy, he had to go visit lawyers, and it was not safe to walk around New York with \$80,000, and he dropped me at the

Marriott Hotel, and I couldn't get a room over there, and I went to the Sheraton, and I waited for his call after that.

Q Did you, in fact, receive a call late that evening from P.J.?

A Yes, I received a call from him, and at that time he was in Miami, not in New York.

Q He flew all the way back from New York to Miami without telling you that you were being left alone with the 80,000?

A Yes, sir.

Q Did someone subsequently come up to assist you in bring the money back to Miami?

A Yes. Sajud Luri came at night, 2 o'clock from Miami.

Q What did the two of you do with the money?

A We were instructed to split it into half and bring it back to Miami.

Q Did you, in fact, do that with approximately \$40,000 of that money?

A Yes, I did.

Q How did you plan to bring the money back to Miami?

A The next morning, I went to the airport, I booked a seat for Miami.

The money was loose in my coat hanger, so I went to a shop and bought a suitcase, and I put the coat hanger in the suitcase, and I checked it as my baggage from Miami.

Q Did you then fly from New York to Miami?

A Yes, I did.

Q You then picked up the suitcase at the other end?

A Yes.

Q Did you take that suitcase to your residence in the Florida area?

A Yes, I did.

Q Did you look in the bag at the time you picked it up?

A No, I did not.

Q When you looked in the bag the following morning, what did you find?

A The following morning, there was no money in the bag.

Q There was no money at all inside the suitcase or the coat hanger bag?

A Yes.

Q Had you gone out at all the previous evening from your apartment?

A Yes, I did go out with my wife that evening.

Q What was the ultimate result of the loss of the \$40,000?

Did anyone become angry with you as a result of that loss?

A Yes, I was--I was responsible for the money, and I had lost it, and was supposed to pay it back.

Q As a result of that loss, was there a time subsequently when you again became a domestic courier of heroin?

A Yes, I was asked by Naveed in January, 1984, to go to New York and bring two rolls of magazines which contained heroin.

Q Did you, in fact, travel to New York to pick those up?

A Yes, I did.

Q Where were you supposed to pick up those magazine rolls?

A I was supposed to go to a post office and it had a box, and the key was given to me in Miami by Naveed.

Q Did you, in fact, go to the post office to pick up those magazine rolls?

A Yes, I did.

Q What result took place then?

A I went to the post office, and I tried to

open the post box, but it did not open. It was locked from inside or something.

Q After you were unable to open the box, did you then call anyone to explain the problem?

A I called Naveed in Miami, and I told him the post box is not opening, what does he want me to do?

Q What was his advice?

A He said I should call Mohammed Pervez.

Q Where was Mohammed Pervez at the time?

A He was at his appliance store which is on the same street.

Q The same street in New York City?

A Yes.

Q Did you then telephone Mohammed Pervez?

A Yes, I did.

Q Did Mohammed Pervez come to the post office?

A Yes, he came, and I handed over the key to him, and he told me to go and wait for him at his store.

Q Did Mohammed Pervez meet you at the store later on?

A Yes, he did.

Q What did he tell you at that time?

A He said that he had forgotten to pay the rent, and it had been locked from the inside by the postman.

Q But he had subsequently been able to obtain the magazine rolls from inside the post office box?

A He did.

Q Who then took the responsibility for transporting those magazine rolls containing the heroin down to Miami?

A Well, at that point, I got very scared, and he saw my condition, and he said that I should go home and forget about it.

Q Did you, in fact, return from New York to the Florida area?

A Yes, sir.

Q Did you subsequently see any of the heroin that was concealed in these magazine rolls?

A I did not see. I just saw the magazines at that time.

Q You saw the magazine rolls in Miami?

A Yes, sir.

Q Who had the magazine rolls at the time?

A Well, Pervez came after a few days to Miami.

Q That is Mohammed Pervez?

A Yes, sir, and I was told to again go and pick up the two magazine rolls from him at the Holiday Inn, Hialeah.

Q In Hialeah, Florida?

A. Yes, sir.

Q. Where were you to take the magazine rolls?

A. I was supposed to give it to Adil Qureshi.

He was not there at that time of the day.

Q. Subsequently, did Naveed Khan again want you to become involved in moving money in connection with the sale of the heroin that was concealed in these magazine rolls?

A. Yes, that was the time that I got arrested, when I went to pick up the money.

Q. When was that?

A. 5th of March, 1984.

Q. Were you subsequently tried for that particular crime?

A. Yes.

Q. Were you subsequently sentenced to serve a term of imprisonment?

A. Yes, sir.

MR. RUSCH: Madam Chairman, that concludes my questioning. If the Commission has any particular questions for this witness--

MR. REYES: May I question?

CHAIRMAN HOPE: Yes.

MR. REYES: Thank you very much, Madam Chairman.

Mr. Gondal, how long were you a resident of

Miami? For how long?

THE WITNESS: I was for--I came to Miami in 1980.

MR. REYES: So--

THE WITNESS: In the middle of '79, I am sorry.

MR. REYES: About four or five years?

THE WITNESS: Yes.

MR. RYEES: You have mentioned Naveed Khan, the only person in Miami.

Were there other persons or groups related with your trafficking of heroin?

THE WITNESS: The only person I knew was Mr. Naveed Khan.

MR. REYES: The only person, the only group--

THE WITNESS: And Mr. Adil Qureshi, who was not arrested with us.

MR. REYES: And he lives where?

THE WITNESS: He used to live in Miami, too.

MR. REYES: Which part of Miami?

THE WITNESS: Miami Lakes.

MR. REYES: Miami Lakes.

You mentioned that you picked up magazine rolls in Hialeah?

THE WITNESS: Yes.

MR. REYES: Which part?

THE WITNESS: Holiday Inn, Hialeah.

MR. REYES: Which one?

THE WITNESS: On 103rd Street.

MR. REYES: In the street or a place--

THE WITNESS: I went inside the hotel.

MR. REYES: The Holiday Inn?

THE WITNESS: Yes, sir.

MR. REYES: Thank you very much. No further questions.

CHAIRMAN HOPE: Are there any further questions?

Very well, this witness is excused.

Thank you for appearing before the Commission.

Mr. Harmon, would you call your next witness, please?

MR. RUSCH: Madam Chairman, the next witness is a cooperating witness whose identity and appearance will not be disclosed in public, but who will testify in public before the Commission.

TESTIMONY

OF

UNIDENTIFIED WITNESS

(The witness was sworn.)

E X A M I N A T I O N

BY MR. RUSCH:

Q Mr. Witness, how old are you?

A. Thirty-six.

Q. In general terms, what was your occupation prior to February, 1984?

A. Engineer.

Q. Of what variety?

A. Aerospace engineer.

Q. In general terms, what type of work were you doing with private companies with which you were affiliated?

A. I was doing flight design for the Space Shuttle.

Q. Do you know Naveed Aslam Khan?

A. Yes, sir.

Q. Do you have any knowledge of whether Naveed Khan is involved in heroin trafficking?

A. Yes.

Q. How would you describe Naveed Khan's role in heroin trafficking?

A. He told me that he was involved in importing heroin from Pakistan in large quantities, and he was operating a very successful heroin business in New York and Miami.

A. When did you first meet Naveed Khan?

A. In 1982.

Q. Where did that take place?

A. That was in New York.

Q. What location?

A. It was in a hotel close to the John F. Kennedy Airport.

Q. Had you met Naveed Khan or any of his relatives prior to that time?

A. No.

Q. Was there an occasion subsequently when your apartment in the area of Houston was used to store kilo amounts of heroin and to serve as a base of operations for sales of heroin?

A. Yes.

Q. When did that begin, approximately?

A. September, 1983.

Q. Did a man by the name of Babar Mahmood bring the heroin to your apartment?

A. Yes.

Q. Do you know Babar Mahmood from your earlier years in Pakistan?

A. Yes.

Q. How many people came to buy the heroin that was kept in your apartment?

A. Three.

Q. Was one of them a man that you knew only as Michael?

A. Yes.

Q. Who was he, so far as you were able to

determine subsequently?

A. He was from Seattle.

Q. What was his principal occupation, so far as you know?

A. I don't know very much about him. The only thing I know is that he came to purchase one kilo of heroin through another person who was being a go-between.

Q. Did Babar Mahmood tell you how the heroin that was brought to your apartment was transported into the United States?

A. Yes, it was brought to the John F. Kennedy Airport.

Q. By whom?

A. By Babar and his mother-in-law.

Q. How was the heroin packed?

A. It was lined in suitcases.

Q. Approximately how much heroin was in the suitcase?

A. Three kilos.

Q. Where did Babar and the mother-in-law go with the heroin from JFK Airport?

A. To Toronto.

Q. Did they remain in the Toronto area for a time?

A. Yes, about a week or two weeks.

Q. Where did Babar go subsequently with the

heroin from there?

A. He flew to Houston.

Q. Did he go from Houston Airport to your apartment?

A. Yes.

Q. Did Michael, in fact, come to the Houston area subsequently to purchase a kilo of heroin?

A. Yes.

Q. Did he ever come to your apartment?

A. No.

Q. Did the go-between that you mentioned leave your apartment and go to meet Michael elsewhere?

A. Yes.

Q. Where did that take place?

A. That was in the Holiday Inn very close to my residence.

Q. How much did he buy on that occasion?

A. One kilo.

Q. How much was the purchase price of that kilo of heroin that Babar Mahmood had set?

A. Sixty thousand.

Q. Did Michael pay the full 60,000 before taking delivery of that kilo?

A. No, he paid only 25,000.

Q. What arrangements were made with respect to

the balance of the purchase price?

A. When he asked for one kilo, and he said in a few days, he will arrange for the rest of the money.

Q. Did Michael subsequently depart Houston?

A. Yes, he did. He went to San Francisco after that.

Q. Did Babar Mahmood ever get back the balance of the money for that kilo?

A. No, he never did.

Q. Did the go-between take responsibility for the second kilo, approximately--

A. --yes--

Q. --to be purchased?

A. Yes.

Q. What arrangements were made with respect to the purchase price for that second kilo?

A. He was responsible for the price of the second kilo, plus the difference that Michael had not paid.

Q. In effect, he was to pay \$60,000 plus what you might call \$35,000 surcharge?

A. Yes.

Q. Why was he required to do that?

A. Because it was his responsibility. Michael was his guy.

Q. You mean Michael was the contact that he had

brought in for the purchase--

A. --yes--

Q. --and therefore, Babar was holding him responsible?

A. Yes.

Q. Where did the go-between go with the heroin that he took from Babar?

A. Seattle.

Q. At some point, did you become involved with respect to efforts to collect payments from this go-between in Seattle on behalf of Babar Mahmood?

A. Yes.

Q. What were you responsible for doing?

A. To contact him and to ask him for the money that he owned Babar.

Q. Did you, in fact, make those contacts?

A. Yes.

Q. Were you successful in obtaining any payments as a result of those phone calls?

A. No.

Q. Did there come a time when Naveed Khan specifically asked you to become involved as a domestic courier of heroin?

A. Yes.

Q. When did that take place?

A. Within October, 1983.

Q. Where did that take place?

A. That was in Houston when he had come to purchase some heroin from Babar.

Q. Did Naveed come to take, in effect, the balance of the three kilos of heroin that Babar had in stock at the time?

A. Yes.

Q. Did Naveed, in fact, take that somewhat less than a kilo?

A. Yes.

Q. What did Naveed say to you that made clear he was interested in recruiting you to become a domestic courier?

A. He asked me if I would take some deliveries from him and deliver it to the places that he specified.

Q. Had he ever before extended any invitations or made any suggestions to you that it might be worth your while to become a courier or to otherwise become involved in this heroin trafficking activity?

A. No, not before that.

Q. In October, 1983, when Naveed Khan came to Houston to take that approximately one kilo of heroin from Babar Mahmood, when he asked you whether you would be interested in serving as a domestic courier of heroin,

did you, in fact, accept his offer?

A Yes, finally, I did.

Q Were you in any financial difficulty at the time that prompted you to accept that offer?

A No.

Q Were there any other financial problems of other individuals you knew that caused you to require the money from that activity?

A No.

Q If I may ask: Why did you decide that it would be worth your while to serve as a courier on behalf of Naveed?

A Well, to start with, I think I was emotionally involved at that time, because I had some marital problems, and, at that time, Naveed told me that it was completely safe, and I have free vacations and extra money that I could use.

Q Was there anything else that you had observed in the past about Naveed or the people with whom you associated that also influenced your decision?

A Yes.

Q What was that?

A Their extravagant and flamboyant lifestyle kind of fascinated me.

Q Did you, in fact, see them frequently spending

large amounts of money on entertainment or food or things of that type?

A. Yes.

Q. Did Naveed Khan eventually ask you specifically to become involved as a courier on a particular occasion to transport heroin?

A. Yes.

Q. When did he ask you to become involved with respect to that specific transportation?

A. That was in February, 1984.

Q. What details did he provide you at that time?

A. He told me that I will have to take a package from Houston to San Francisco and meet a person in a hotel next to the airport at 10:30.

Q. Did he tell you approximately how much heroin was involved at that time?

A. Four hundred grams.

Q. Did you know that at the time you were making the arrangements to go to San Francisco?

A. No, I don't think I knew it at that time.

Q. Subsequently, did you, in fact, make the necessary arrangements to go to San Francisco with someone and transport the heroin to San Francisco?

A. Yes.

Q. When did that take place?

A It was in February, 1984.

Q Where did you go to make the arrangements to fly to Houston--from Houston Airport to San Francisco?

In other words, what arrangements did you make to pay for the tickets?

A The tickets were charged on a credit card.

Q The credit card of the associates who went with you?

A Yes, Khalid Deen.

Q Did you, in fact, go to Houston Airport to make arrangements to pick up the heroin subsequently?

A Yes.

Q Who did you meet at the airport on that occasion?

A I met Naveed and a friend of him.

Q Naveed Khan?

A Yes.

Q Who is the friend that was with Naveed Khan?

A A guy named Tahir.

Q You knew nothing more than that, that his name was Tahir?

A No.

Q Who handed you the heroin?

A Tahir.

Q How was the heroin packaged?

A. It was in a large manila envelope.

Q. Did Naveed or this individual, Tahir, tell you anything about how much was in the package at that time?

A. No.

Q. Did you then go directly from Houston Airport and fly to San Francisco?

A. Yes.

Q. What happened on your arrival in Houston?

I am sorry, what happened on your arrival in San Francisco?

A. I was arrested.

Q. You were arrested by State law enforcement officers?

A. Yes.

Q. You were subsequently charged with possession of heroin with intent to sell?

A. Yes.

MR. RUSCH: Madam Chairman, I have no further questions for this witness at this time.

CHAIRMAN HOPE: Thank you.

Do any of the Commissioners have questions of this witness?

Very well, then, the witness is excused with our thanks for testifying.

Would you call your next witness, please?

MR. HARMON: Yes, Madam Chairman.

MR. RUSCH: Call Agent Michael De Sanctis of the Drug Enforcement Administration and Intelligence Analyst Gary Murray of the United States Customs Service.

TESTIMONY

OF

MICHAEL De SANCTIS

and

GARY MURRAY

A MARSHALL: Would you raise your right hand, please?

(The witnesses were sworn.)

E X A M I N A T I O N

MR. RUSCH: Mr. De Sanctis, would you please identify yourself and explain your background in the area of Nigerian heroin trafficking?

MR. De SANCTIS: Yes, sir.

My name is Mike De Sanctis. I am a special agent with the Drug Enforcement Administration, currently assigned to Washington Field Division in Washington, D.C., and I have been working Operation Taxi, which is an operation designed to obtain intelligence and conspiratory information for prosecution of Nigerians smuggling heroin to the United States.

MR. RUSCH: Mr. De Sanctis, let me begin with an observation. It seems as if in recent years, Nigerian groups involved in heroin trafficking have appeared with what appears to be incredible swiftness in their ability to become involved in moving very substantial amounts of heroin.

Have Nigerians, in fact, been involved in heroin trafficking for long periods of time?

MR. De SANCTIS: No, not really.

It is relatively new for them to become involved with heroin, although prior to 1982, Nigerians were smuggling small amounts of marijuana, commonly called cannabis, from Nigeria to the United States, and as of 1982 and to this present day, they are currently involved in smuggling large quantities of heroin to the United States.

MR. RUSCH: To the best of your knowledge, how many organizations are involved in coordinating efforts to pick up bulk quantities of heroin and then smuggling them directly into the United States?

MR. De SANCTIS: I have no real knowledge as to the number of organizations there are, but we have identified what we believe to be several organizations, and one organization, in particular, is smuggling anywhere from twenty to fifty kilograms of heroin a month

into the United States.

MR. RUSCH: Let me ask, first, where these organizations are obtaining most of their heroin for smuggling into the States?

MR. De SANCTIS: They are obtaining the heroin from Pakistan.

MR. RUSCH: Is it exclusively from Pakistan so far as you can tell?

MR. De SANCTIS: So far as we can tell, yes, sir.

MR. RUSCH: What routes do the Nigerian organizations appear to use most frequently to move heroin around the world to get it to the United States, if I could direct your attention to one of the charts to your right?

MR. De SANCTIS: Yes, sir. The chart to the top right-hand corner will identify--the blue lines signify the routes used by the Nigerian couriers.

Initially, the couriers are recruited in Lagos, and they are sent to Karachi via commercial aircraft.

Once in Karachi, some will stay in Karachi and purchase the heroin there, and others will fly from Karachi to Islamabad and take ground transportation into what I understand is pronounced Peshawar.

From there, they return back to Karachi flying

circuitous routes back into Lagos.

The circuitous routes being other African nations and Western Europe.

From there, heroin is stored until it is ready for delivery to the United States and Western Europe.

At that point in time, the groups headquartered in Lagos using lieutenants will recruit other Nigerians and those second set of couriers will then bring the drugs into the United States via Western Europe or directly into JFK using one of two different airlines.

MR. RUSCH: What are the principal methods by which these couriers carry the heroin to get it from the various regions of the world to a particular point of entry at the United States?

MR. De SANCTIS: The principal method of concealment has been the body cavity concealment method.

Apart from that, they have used false sided suitcases, luggage carrier, hollowed out coat hangers, books and shoes and sandals, et cetera.

MR. RUSCH: Do you know whether the particular devices that are used to conceal the heroin are particularly sophisticated or well made?

MR. De SANCTIS: They are relatively crude in terms of the evidence I have here to present to the Commission, but in some cases, as in one case, one

individual I arrested at Dulles in Washington, D.C., had a carton of DeMaria cigarettes which was professionally sealed and professionally packaged.

On occasion, they do find--we do find sophisticated methods of smuggling.

MR. RUSCH: All right, Mr. Murray, perhaps you can pick up the trail at this point.

Would you first, briefly, identify yourself and explain your experience in this area?

MR. MURRAY: My name is Gary Murray. I have been with the U.S. Customs Service for seven years.

Presently I am in the Intelligence Branch in New York, and I have been actively involved with Nigerians for the last two years.

MR. RUSCH: What particular trends or patterns do you notice with respect to smuggling by Nigerian couriers once they get in the United States?

MR. MURRAY: Nigerians have kind of evolved --that is a good word--they change their methods as they are detected.

Initially, they started with baggage, false sided bags, body carries.

Then they moved on to using false compartments within shoes.

Once that started to be detected, they

moved on to inserting heroin in the hollow frame of a baggage cart, and it seems that every time law enforcement authorities, specifically Customs right now, gets on to their methods, they change.

Presently, the interal concealment, either vaginal or rectal concealment, is almost exclusively used.

Presently, out of the hundred and thirty some seizures that have occurred, 43 per cent have been internal concealments.

The last three months of 1984, that number has jumped almost to 70 per cent of all smuggling.

MR. RUSCH: Is there any particular reason that you can see that the couriers would be so interested predominantly in using that mode of concealment?

MR. MURRAY: Internal concealment is probably the most difficult to detect.

MR. RUSCH: Why would that be?

MR. MURRAY: Most every passenger will stop at Customs. He may or may not have his bags examined.

You then take a person for secondary exam, which would include a pat-down, would be the next stage and a strip search.

Only upon doing a strip search would you find possible traces that it is concealed internally.

MR. RUSCH: Do you know any efforts by certain Nigerian organizations to probe for weaknesses, if you want to term it that, in Customs' line of defense, that is, efforts to find out what times of day or what particular ports of entry might be most vulnerable to penetration by particular groups of couriers?

MR. MURRAY: There was a courier that was arrested who identified a group who basically were, I guess you could say, intelligence officers, and this role was to travel around the United States and to pre-clearance ports and in the process, not to be carrying heroin.

Their goal was to identify those ports which would provide easy access.

Couriers or the people would go through Customs, and at that time, if they were given an intensive exam, and they decided that this port might pose a threat to a courier, they would eliminate it.

The next port they went to which provided easy access or minimal inspection, they would then designate that as a port of entry.

MR. RUSCH: Mr. De Sanctis, let me turn back to you for a moment.

What are the difficulties that you think DEA and Federal prosecutors typically are faced with

in trying to investigate and penetrate the activities of Nigerian organizations that are active today in the United States?

MR. De SANCTIS: One of the big difficulties we have is their true identities.

They are notoriously adept at changing their names within the country and obtaining fraudulent credit cards, social security cards.

They can obtain several passports under various names which are legitimate passports within the country.

That is the most difficult problem we face right now with respect to this problem.

MR. RUSCH: Do you think there are any particular solutions that might be especially helpful to law enforcement in trying to deal with the problem of Nigerian traffickers who are so adapted to adopting multiple identities and using real or foreign documents to be able to traffic in various places at various times?

MR. De SANCTIS: One solution that I would like to propound here would be: The current government in Nigeria under the auspices of Major General Mohammed Buhari, who succeeded to power on December 31st, 1983, established a decree in July of 1984 that is Decree No. 20, which makes smuggling of drugs, among several different offenses, a capital offense.

Anybody in that country caught or apprehended is then under a sentence of death.

MR. RUSCH: Let me just stop you there, briefly That includes the exportation of heroin from Nigeria?

MR. De SANCTIS: To my understanding, it does, sir, and what I would suggest is that when the smugglers attempt to gain entry into the United States, and they are shown to have fraudulent documents in their possession, at that point, they are not accepted, to my understanding, through the Immigration Service into the States, but, yet, they are brought into Customs and given a search.

If, in fact, narcotics are found on them, to eliminate some of the money and the expense involved in prosecuting and housing these defendants, it is my suggestion that we just run them back to Nigeria so, therefore, they can face sentencing over there.

MR. RUSCH: Mr. Murray, are there any particular solutions you think Customs Service would find especially helpful in your efforts to detect smuggling by these Nigerian organizations?

MR. MURRAY: I would just like to backtrack a second to the internal concealment.

When the couriers are removed to a secondary room, there have been instances where the courier

before any inspection or anything is carried on by the inspector or any questioning begins, the courier will stop and say, I can't be X-rayed. I am pregnant.

MR. RUSCH: Are these people whom you would believe to be schooled in the United States or otherwise have any extensive knowledge of United States laws or practices?

MR. MURRAY: No. In most cases, they are Nigerians residing in Nigeria.

MR. RUSCH: What does that suggest to you?

MR. MURRAY: To me, it suggests they have been briefed by someone as to what the legal requirements are in the system.

It would be very difficult to X-ray a pregnant person.

In addition, in order to have an internal concealment discovered, the person has to be removed to a hospital and an X-ray performed.

The problem that we run into is that the individual Customs officers have to have individual agreements with local hospitals to do this type of an examinations, and the hospitals are, at times, very reluctant to take this type of a patient in order to do an X-ray; first of all, in case they are wrong, and the person is held, who will be held liable? The hospital is afraid

of being held liable for the detaining of the person or reading an X-ray wrong.

MR. RUSCH: Madam Chairman, that concludes my questioning.

I throw it open to the Commission.

CHAIRMAN HOPE: Are there any questions, Commissioners?

Yes, Commissioner Reyes?

MR. REYES: Thank you, Madame Chairman.

Mr. De Sanctis, in your statement to the Commission, you mentioned that to follow this Nigerian situation, it would be necessary to make efforts to coordinate investigations in several countries.

Mr. De SANCTIS: Yes, sir.

MR. REYES: Could you mention the countries, please?

MR. De SANCTIS: Yes, sir. We currently have good cooperation, through our offices and through the government of Pakistan, with Nigerians entering into the country, possibly filtering back to the United States with the drugs.

We will have cooperation with our offices in London. One of the problems we see here in the fact that moneys are being transmitted or changed in London into negotiable instruments, possibly being headed to other

European financial centers, and I think more cooperation there would be helpful, if we can first identify these particular financial centers.

MR. REYES: If I may, I would like to bring to your attention that in your statement, you mention that there are prosecutions pending in Italy, Switzerland, and Brazil of Nigerians.

Have you had cooperation from these governments, too?

MR. De SANCTIS: I don't believe that is my statement, sir.

MR. REYES: Special Agent Michael De Sanctis, Page No. 2, approved--on the top of Page No. 2, on the top, almost second paragraph--

MR. De SANCTIS: Page No. 2 to my statement, sir, is, "In 1982, there were approximately 2,767 grams of heroin seized, resulting in 20 arrests of Nigerian nationals."

It starts out with that first sentence.

MR. REYES: Maybe there is some mistake here.

Well, what I am trying to get at is: In the western hemisphere, in the American continent, it is mentioned Brazil.

Do you have any knowledge of it?

MR. De SANCTIS: I have knowledge that

Nigerians are transitting Brazil and returning to Nigeria with cocaine.

As far as arrests in Brazil, I am not currently aware of any.

MR. REYES: My question is directed to the American continent, the Nigerians now are cooperating in the United States or Brazil or which other nations?

MR. De SANCTIS: The United States and Western Europe, most specifically England and Denmark, Holland, Scandinavian countries, France, Germany, most Western European countries--Spain.

MR. REYES: No further questions.

MS. CORRIGAN: Mr. Murray, can you give us any information at all with regard to attempts by Nigerians or other groups to compromise the integrity of Customs, please?

MR. MURRAY: Yes. There have been attempts at Kennedy Airport where Nigerians have done that, and they have been arrested for doing that.

MR. CORRIGAN: Is that a frequent occurrence?

MR. MURRAY: I think it has happened twice, to my knowledge.

MS. CORRIGAN: What was the nature of the contact?

MR. MURRAY: They approached the Customs

inspector outside his cargo facility, and subsequently, he called the Office of Investigations, and they arranged for the deal to be made and then arrested the Nigerian.

MS. CORRIGAN: Did you work as an agent, sir, before you moved up?

MR. MURRAY: No, I was an inspector at the airport.

MS. CORRIGAN: Which airport?

MR. MURRAY: JFK, U.S. pre-clearance in Bermuda.

MS. CORRIGAN: Was this a problem that was frequently discussed among other inspectors?

MR. MURRAY: No, it was not a problem.

MS. CORRIGAN: Thank you, Madam Chairman.

CHAIRMAN HOPE: Are there any other questions?

Thank you very much for the work you are doing and for the testimony you gave here today. It was very useful.

THE WITNESSES: Thank you.

#### TESTIMONY

OF

ARTHUR SEDILLO

MR. RUSCH: Madam Chairman, if I may, I would like to call Agent Arthur Sedillo from the Drug Enforcement Administration as the next witness to appear before the

Commission.

CHAIRMAN HOPE: Very good.

(The witness was sworn.)

E X A M I N A T I O N

BY MR. RUSCH:

Q Agent Sedillo, would you please state your full name and your experience in the area of Mexican drugs?

A My name is Arthur M. Sedillo. I am the agent in charge of an office in Mexico. I have previously been assigned in Mexico, approximately ten years in Latin America, including Mexico, from 1970 to 1974.

Previous to my immediate assignment, I was the agent in charge of Laredo, Texas, where the majority of my activity was involved in cooperation and bilateral enforcement efforts with our Mexican counterparts.

Q Agent Sedillo, recent narcotics statistics indicate that for most of the 1970's, the amounts of heroin Mexico is supplying to the United States heroin market has steadily decreased. More recently, however, that trend has been reversed.

Could you tell the Commission what percentage of the heroin supply now comes from Mexico?

A There are certain factors contributing to the increase, including the socio-economic factors with

the devaluation of the peso.

Traditionally, there were two areas in Mexico, if I can point to the map, which is the western side of Sinaloa and Durango and Chihuahua, which is the northwestern part of Mexico.

Traditionally, there are two areas of opium cultivation there, which is the dry season and the good season. The dry season is about June, and we are about to get a heavy load, which is a bumper crop, in a couple of weeks.

As a result of intensified enforcement efforts in this area, the cultivators have moved through the Republic, and as a result of that, due to climatic conditions in different parts of the Republic, now we have a year-round crop.

Also, they have come up with a new opium plant that takes a shorter time to cultivate and is more productive.

Q Do you also notice any evidence that some of the people responsible for growing opium poppies and cultivating them are moving into geographical areas of Mexico that are more difficult for U.S. or Mexican law enforcement authorities to reach?

A Yes. In the traditional areas which are demonstrated in the photographs--I took these photographs

from my helicopter, we operate in three helicopters, two are spraying, and one is a gun boat, they are deep in the mountains and canyons where they are cultivating the opium, there it is more difficult to observe by helicopter.

The Campesino or the cultivator down there works by strong family blood. They talk--in terms of communicating with each other, they talk about distance of days away walking or by mule.

Q Meaning that there is no way that motorized vehicles can reach those particular areas?

A I don't believe so. Historically, they used to plant the ridges of the mountains, but now they are going down deep into the mountains.

In one of the photographs, I demonstrate it is so difficult to get to these areas that one of the individuals in the team has to jump out and tie the helicopter, you might say, to a tree while the troops get down and try to immobilize or destroy some of the poppy and marijuana down there. But always, I demonstrated in another photograph, these people are heavily armed with automatic shoulder weapons, and there is always some resistance.

In this particular instance, an individual did shoot at us, but fire was returned, and he was killed.

Due to the sunshine and the type of helicopter and the weather conditions, we had to get out of the area.

Q You testified about the violence used by some of these poppy growers to defend their fields from the U.S. drug enforcement agents and from the Mexican Federales who go in with you to find these fields.

As you know, in recent--well, as recently as yesterday, Deputy Administrator Lawn of the DEA testified in part about the kidnapping of Agent Enrique Camarena in Mexico.

Apart from Camarena's kidnapping, do you recall in recent years whether any U.S. narcotics agents were caught and killed by Mexican traffickers?

A They have been shot at. We have had a couple of incidents where they have been shot at in Mexico. Luckily, they survived.

Q What about the Mexican Federales, have they been as fortunate?

A The Mexican federal agents, the statistics reflect that an average of two Mexican federal agents are killed monthly.

Two weeks ago, a commandante and an agent were shot and killed in Culiacan.

The chief of police and his three bodyguards were assassinated about three, four weeks ago.

I am just talking about the Mexican federal agents that are our bilateral counterparts, but if we take into consideration the military that also intervenes in these mountain terrain areas and the other state and local police, the figures are phenomenal.

Q. Let's turn now to another aspect of the Mexican heroin problem, that is, the networks that are responsible for cultivating, producing, and smuggling heroin into the United States.

In your experience, what is the typical pattern that these networks use to handle the cultivation and subsequent refinement for smuggling into the country?

A. We feel that we have 15 to 25 organized criminal groups, but due to the fact that we have 2,000 miles of Mexican border, you do not need the sophistication for mobility or transporting the drugs from one country to the other as has been explained in an earlier comment.

The Mexicans have a 2,000 mile border. You have quasi-type organizations in the mountainous areas, the campesino, they form a community, blood related. If it is not blood related, they become closer through marriage or what we refer to as the compadre system, which is the godfather system.

From there we communicate to what I have

referred to as the Mexican heroin.

They have the victim in the lower extreme, in that you have the illiterate campesino cultivating the opium. They, in turn, process the gum through the villagers, who I demonstrate in one photograph where they have the villagers.

The villagers have the responsibility of processing the heroin to the laboratories under the direction of the organization heads in the Mexican jurisdiction or the head organizers.

They, in turn, negotiate with the financiers and, in turn, process and smuggle the heroin into the United States, and, of course, that situation reverses itself where the heroin goes downhill to wholesalers and retailers. And, as a rule, they don't get involved in the street pushing business because they figure at that area they end with the addicts, which are the other victims, and the extremes are more vulnerable for police attention.

Needless to say that through this whole system, there are different types of protections in that they are all heavily armed or paying brass or whatever.

Q Are all of these networks approximately the same size with the same number of participants?

A No. The heroin organizations that operate

out of Durango where I took these photographs, they operate out of Durango, Durango, Mexico, and they speak about different figures, but it keeps coming back, sometimes seems exaggerated, but the more you work with them, the more you realize it is a fact, that this organization represents 3,000 to 5,000 members all the way from the fields, from the campesinos to the villagers to the cities to our border towns where they have relatives on both sides of the border.

In the South Texas area, they own properties right across the Rio Grande to facilitate their smuggling activities on down to Southern Texas, metropolitan areas and the Chicago area, and they are spreading much more now.

Q But what is the range of size or membership of these organizations?

How small and how large?

A Like I say, not only do you have these fairly sophisticated organizations, but you have several quasi-type organizations, a lot of free lancers due to the facility of our 2,000 partially patrolled border, that you do not need any type of sophistication that I mentioned.

It depends. It varies from one extreme to another.

You can have an organization from 15, 20 members

to one of several thousand, like I mentioned, but besides that, you have a bunch of free lancers.

Q At this time, do you have any indication of which of these organizations might have been responsible for participating in the Camarena kidnapping?

A I feel that the Miguel Felix Gallardo and Rafael Carlos Quintero organizations might have been responsible for our beloved fellow agent, Kiki Camarena's disappearance.

One thing that I failed to mention is this: These same organizations have merged their drug trafficking activities with the Colombians--with several Latin American countries, particularly the Colombians, in the sense that they are not restricted or only involved in one drug.

I just picked up these photographs from the director of the Mexican Federal Judicial Police, and I would like to pass them for the Commission's view, that they are planting opium and marijuana in the same locations.

As a result of their merging with the Colombian organizations, Mexico is becoming a trans-shipment location of multi-hundred kilograms of cocaine into the United States.

MR. RUSCH: Thank you, Agent Sedillo.

Madam Chairman, I have no further questions

for this particular witness, if you would care to question further.

CHAIRMAN HOPE: Thank you.

Do any of the Commissioners have any questions of Mr. Sedillo?

MR. SKINNER: Yes.

Would you--as I understand your background, you spent most of it in or around Mexico and dealing with problems of drugs as they relate to the United States and Mexico.

Would you give us a current assessment of the governmental attitude, the Mexican governmental attitude, at this time, as contrasted to previous years in dealing with this problem and any suggestions you have that this Commission could incorporate in its final report to stimulate interest at the Mexican senior government level to deal with this problem?

THE WITNESS: Yes, sir.

Under the present Mexican administration under the direction of President de la Madrid, one of his main campaigns was Moral Renovation.

When he came into office in December of '84, he took immediate steps to immobilize or attempt to immobilize corruption at the Attorney General, Mexican Federal Judicial Police level.

I think that his intentions are sincere. However, there is much to be done, and I think that they are working on it.

I think that we have a tremendous cooperation, comparatively speaking to the previous administration of Lopez Portillo, which I think, that is where we had our worst cooperation in terms of bilateral activities.

As a result of the disappearance of our Agent Camarena, we do wonder how far or how sincere this cooperation is. We are hoping that they will intensify their efforts in our bilateral efforts to locate or resolve this situation, but I must admit that, in my experience, this is the best relationship we have had.

We have had bilateral conferences on the border areas where we have discussed with our counterparts methods or ways to better cooperate, to better assure security for both the Mexican Feds and ourselves.

As a recommendation for the Commission, I would say that, for example, you have some Task Force groups now under this new administration.

They are hiring new agents with a better academic background, but they need more to assist us in these operations. We just have about a few helicopters, a few airplanes, and we are flying over this area, and as I just mentioned, the recent improvements in their

agricultural technology, and as a result of the devaluation that they are getting out of the traditional fields.

We have a gigantic problem next door. This threat is next door where we are seeing more opium and expect to see much more opium in the near future, unless we can facilitate the necessary equipment to the Mexican Government to intensify their bilateral enforcement efforts.

CHAIRMAN HOPE: Mr. Reyes?

MR. REYES: Thank you, Madam Chairman.

Agent Sedillo, in your investigation of these Mexican groups, have you detected any relation with the Communist Party or with the Communists abroad in the Western hemisphere, the American continent, whether it is Nicaragua, et cetera?

THE WITNESS: As a matter of fact, the day that I departed, there was an editorial in one of the newspapers making reference to the Camarena situation, and it is the feeling among some intellectuals, perhaps, or whatever it came out in the news media inferring such a suggestion, making reference to the M-19 groups in Colombia with the Mexican trafficking organizations and their association with Cubans and with Sandinistas and, perhaps, there is some international political ramifications involved behind these trafficking activities.

I think that those governments are aware and bilaterally, we are trying to address those issues.

MR. REYES: In your comments, you mentioned that these Mexican trafficking organizations are related with Colombians and with other countries?

THE WITNESS: Yes, I must qualify that, that within my experience, most drug traffickers are apolitical. They are interested in the money factor.

Of course, they do utilize the money in this international trafficking activity with perhaps some political ramifications. They are interested in, for example, weapons. Weapons have more value than money in Latin America.

It is not easy to obtain guns, and this is a better commodity than money, and we see a lot of this activity, and this, in turn, enhances our problems in law enforcement activity.

MR. REYES: No further questions. Thank you.

CHAIRMAN HOPE: If there are no further questions, we want to thank you very much for your service to this country and also for your service to the Commission in appearing here today.

THE WITNESS: Thank you, ma'am.

TESTIMONY

OF

CECILY LERMUSIAUX

AND

MICHAEL McCLARY

MR. HARMON: Madam Chairman, as we reach the final two segments of the Commission's hearing this afternoon, we have heard over the last two days of the operations of the Sicilian Mafia trafficking organizations which trace their origins as far away as the Khyber Pass, extends through Nigeria, ultimately reaching the streets of New York, Miami, and other cities.

We have asked this witness to testify here today to follow on something Special Agent Michael Tobin alluded to and which Agent Sedillo mentioned, and that is individuals who operate independently, and who free lance themselves.

The first witness is Cecily Lermusiaux, who, herself, made contacts as far away as Katmandu, Nepal, and Changmai, Thailand, to introduce and virtually open the heroin market in Las Vegas, Nevada.

(The witness were sworn.)

E X A M I N A T I O N

BY MR. HARMON:

Q Miss Lermusiaux, how old are you?

A. I am 23 years old.

Q. Where were you born?

A. Las Vegas, Nevada.

Q. I would ask you to lean forward or bring the microphone closer to you.

Did you begin using drugs personally?

A. Yes.

Q. How old were you at that point?

A. Fifteen.

Q. What led you into the use of drugs yourself?

A. Experimentation, I think.

Q. What drugs did you begin experimenting with?

A. Marijuana.

Q. Did you begin using anything else?

A. Cocaine, LSD.

Q. This was over a period of how many years?

A. Four or five years.

Q. Now, did you begin, yourself, the importation of cocaine into the United States?

A. Yes, I did.

Q. Would you explain in your own words to the Commission the way in which you got involved in that?

A. I had a boyfriend who wanted to invest some money, so we went to Peru, and we had a friend in California that was a Peruvian and told us where to go with the

money, and we went, and we made the connection and had no problems in bringing our own very first load of cocaine into the United States.

Q How much the first time?

A It was approximately half a pound.

Q Was it profitable?

A Oh, yes.

Q Give the Commission some idea of the amount of money that you made on the first trip?

A The profit was about 35,000.

Q You said it was relatively easy to bring the cocaine back into the United States?

A Yes.

Q Did you use a false bottom suitcase for that purpose?

A Yes.

Q Was there a place or a person that you knew that manufactured false bottom suitcases?

A Yes.

Q Were you introduced to that person?

A Yes.

Q Where was he located?

A In Southern California.

Q Was this a person, to your knowledge, that as a matter of routine made these false bottom suitcases

for the purpose of providing them to people so that they could import various narcotics into this country?

A. Correct.

Q Now, what happened the second time you imported cocaine into the United States?

A Well, we came back, and we took a mule with us, and he was in a hurry to come back. It was Christmas-time.

He decided to just wrap a pound of cocaine on each leg. It was a big mistake.

I really didn't have any say-so about it, but it was done, and he was caught coming into the United States in California--in Los Angeles.

Q So you didn't expect him to come back into the country with cocaine taped to his legs?

A No, I knew it was going to be a mistake.

Q What did you expect him to do?

A Swallow it. Put it in his--in other body cavities.

A Now, did you ever personally become involved in importing heroin?

A Yes.

Q In your own words, explain to the Commission how that came about?

A Well, we were told--after the cocaine trips,

we decided that that wasn't it, and we were told that we could make much much money smuggling heroin into the United States, and that connections and all that are no problem, we could be easily connected, and we would make a lot more money for just the same amount of trouble.

Q What group of people was it that explained this to you, that there was much money money to be made in heroin?

A There was a brotherhood in Northern California. They are naturalists, think they come from the '60's era, from the LSD times, you know, and they believe-- they are actually trained to be able to swallow prophylactics with oil, hashish oil and heroin.

Q Now, this brotherhood of naturalists, they were the ones who were instructing you on how to transport this, I suppose, natural substance, heroin, into the United States?

A Correct.

Q Did they actually instruct you in how to go about making arrangements for these internal body carries?

A Yes.

Q How did they explain it to you, the technique?

A Well, first of all, they show you how to stretch your intestines out. You drink plenty of goat's

milk--it is a preparation of the body--and a lot of bread, and that enables you to get used to carrying a lot of weight and bulk in your stomach.

Then they show you how to package it.

Q How did they explain that?

A Well, first you put at least, you know, seven or eight grams, wrap it up in a single package, tight package, of callophane, and then you put it in each--about five prophylactics, tightly wrapped and tied and everything, and then you swallow them one by one.

Q Did you take them at their word that it was very simple to make a connection in heroin, and that the money was big?

A Yes, we tried it with other substances before we, you know, went over there, such as flour, weighed it all out, wrapped it exactly the way it was to be done.

Q When you say, "over there," where did they tell you to go first?

A The first time, we went to Katmandu, Nepal.

Q Was that 1979?

A Correct.

Q How old were you then?

A Seventeen.

Q What happened in Katmandu, Nepal?

A. Oh, it was very interesting.

I really--I had a great time, so I wasn't too much worried about things, even though you--I don't know, it was very easy. It was very easy.

We went to our hotel, and there was somebody there that already knew what we wanted, and it was all ready. It was very easy.

Q. So the brotherhood had made the connection for you?

A. Yes, I believe so, that they had called them and told them to be expecting us, that we wanted to make a purchase of heroin.

Q. Now, the first time, how much did you purchase in Katmandu?

A. In Katmandu the first time, I believe, was half a pound of heroin.

Q. How much did you pay for that?

A. Around 8,000, \$5,000.

Q. How much profit did you make when you returned with it to the United States?

A. Several hundred thousands of dollars was the profit.

I am not exact on that.

Q. Did you deal in heroin which you knew as China White?

A. Yes.

Q. Is that right?

A. Yes.

Q. What did that mean to you, "China White"?

A. High-quality heroin. Pureness.

Q. Now, when you returned with the heroin, where did you bring it to? Was that Las Vegas?

A. Correct.

Q. Now, who was your clientele--customers in Las Vegas?

A. Oh, they were all middle to high class whites, females, males, around the age of 25 to 40.

Q. What was their initial reaction to the idea of using heroin?

A. They weren't used to it. They didn't approve of it. They were afraid of it.

They knew better.

Q. How did you encourage them to turn on to heroin?

A. Those people, if you give them something for free, just a little test, and they think they can make some money off of it, they are willing to do it.

Q. And they did it?

A. And they did it.

Q. Now, did you find any need to keep them

supplied over time?

A. Oh, yes, we were at a point to where we did not want to end the supply.

We wanted to make sure by the time we returned from the next trip, we would still have a little bit left from the trip before, so, in other words, the supply never ran out.

Q. Did that pose some sort of problem to you if the supply did run out?

What would you expect your customers to do then?

A. Oh, well, they would either go on to programs or, you know, kick heroin, and we didn't want that.

We wanted to keep the supply of the money coming. We wanted to keep them strung out.

Q. Did you have any competition in Las Vegas?

A. No, not really. Not at the high grade we were bringing it in. There was no one that came close to us.

Q. What was your boyfriend's nickname?

A. The Pres.

Q. What does that mean?

A. He was the president of Las Vegas. He ran Las Vegas.

Q. That was because of the money available as a

result of this heroin business; is that right?

A. Correct.

Q. Now, as a matter of routine, did you transport the heroin into the United States through these body carries?

A. Yes.

Q. When I say, "you," I mean you, personally, or other people working for you.

A. Oh, no, I had other people working for me.

Four to five mules would go with me, and I would supervise the trip.

Once I did try it myself, to bring it back.

Q. How did that work out?

A. Not too good. I didn't like it.

I was uncomfortable. It made me sick, and I guess maybe if it was a desperate situation, that I really had to bring it back, maybe I would.

It wouldn't have been too big of a deal, but, being that I knew I didn't have to, I just, you know, left some behind, which didn't hurt us at all.

Q. Did you find your way into Pakistan at all?

A. Yes.

Q. Was that as a result of a personal interest that you and your boyfriend had in Oriental rugs?

A. Correct. We knew a family that has been

rugmakers for, you know, centuries.

Q What happened when you went there?

A Not a very good experience. It was during the time that the Russians were invading, and we experienced--

Q You went into Afghanistan?

A Yes.

Q What did you see there?

A We saw some people getting killed there.

Q Describe that to the Commission, please.

A We were in a type of cafe, type of outdoor cafe. It is not really a cafe, it's just an eatery outdoors, just standing around.

We were with a couple of Afghanistan friends, and some soldiers were telling the Afghans to run into this ditch that they had dug.

Q Those were Russian soldiers--

A --yes--

Q --telling the Afghans to get into a ditch?

A Yes.

Q What did you see then?

A Well, they threw grenades into the ditch, and bodies went everywhere. Afghanistan people were killed.

Q You didn't actually traffic in heroin in Pakistan; did you?

A. No.

Q. Did you find some reason to move from Katmandu, Nepal to Thailand?

A. Yes, our connection was getting a little--we were not--he was getting involved in cocaine.

I guess he had some other smugglers that were coming in bringing him cocaine for the trade of heroin, and we didn't trust him.

Now, you know, I mean, when a dealer starts doing the drugs themselves, they come to get paranoid and just no trustworthy.

As far as cocaine goes, they get very paranoid.

Q. So you considered him unreliable?

A. Correct.

Q. And you looked for another source?

A. Correct.

Q. You went to Thailand?

A. Correct.

Q. Went there cold?

A. Yes.

Q. No preparation in advance?

A. No.

Q. No introduction?

A. No.

Q. Was it easy to find a connection?

A. Oh, yes.

Q. Why don't you explain that to the Commission?

A. Oh, we got off the plane. We said we wanted to go to a hotel. The cab driver said, oh, you want to go to a hotel. I know a good hotel.

He took us a hotel, and we were asked right there, would you like to purchase No. 4, and at the time we did not know what No. 4 was, but that is the best quality of heroin in the Golden Triangle.

We said, yes, and he told us to get a room here, and we got a room, and he came in there, and he saw we had the money, and he left, and a couple of hours later, he came back with the heroin, gave it to us.

We packed it and left.

Q. Now, did you ever move to Changmai, Thailand?

A. Yes, the connection originally is from Changmai. It is north of Bangkok, and he would prefer for us to come to his own--he has a guest house there in Changmai, and he wanted us to go into Changmai and do business there.

It was a lot easier. In Bangkok, they have a lot of police and DEA running around, and he didn't want any problems, and he knew that we were going to be doing some business.

We talked, and we would be back.

Q Did he check you out in advance to know who he was dealing with?

A No.

Q Did you check him out?

A No.

Q Why were you satisfied that he was somebody you could trust?

A Well, when he came back with the product, I mean, that is enough.

Q The heroin was enough for you to know that he was somebody that you could deal with?

A Yeah.

Q Now, originally, what was the method of payment that you used in Thailand?

A Normally in cash.

Q Originally--

A Cash.

Q You actually, physically paid over cash in Thailand?

A Correct.

Q Did that system change at any point?

A Yes. After I quit making trips because my boyfriend was arrested in Washington, and I didn't want to go to Thailand anymore, I became afraid, I thought I was next to be arrested, and so I called him, and I told

him I wasn't coming down.

Well, of course, he wanted the business to continue, so he gave me his bank account number, and I wired him cash, and he sent it to me through the mail.

Q. So you would wire payment to him--

A. --correct--

Q. --to a bank account where?

A. Either Hong Kong or the Taipei branch in Thailand.

Q. He would mail the heroin in return?

A. Correct.

Q. Was there a typical way he would mail the heroin to you?

A. Yes, in magazines that were sealed.

Q. Now, I show you this (indicated).

Is this one of the magazines that was used to conceal heroin that was mailed to you from Thailand?

A. Yes.

Q. That was all there was to it?

A. Yes.

Q. Now, during the period of time that you used girls to transport the heroin into the United States, were you ever concerned about Customs?

A. No, that was one of the best times I ever had in Thailand is when I took four other females with me.

They had no idea at all. They just thought we were some girls that were doing some traveling to have fun, and we did have fun, but we made some money while we were doing it.

Q Over time, about how many kilos of heroin would you say that you caused to come into the United States?

A Oh, probably 17 or 18 kilos.

Q When you brought it into the United States, you didn't cut it any further; is that correct?

A Correct. We sold it as we received it. We didn't believe in degrading the heroin.

Q Now, as I have been--what was the price that you sold it for?

A Well, we usually sold it by a gram for a thousand dollars a gram.

MR. HARMON: Now, Madam Chairman, we have spent some time with Detective Michael McClary from the Las Vegas Police Department, who is sitting next to this witness, and who has told us that, generally, the purity of this heroin was approximately 80 to 90 per cent.

Taking into account the price which Cecily Lermusiaux has just given to us and comparing that with other testimony, the comparison comes out in this way: The Pakistanis approximately sell heroin for about

\$80,000 a kilo. The Sicilian Mafia trafficking organizations charge approximately one hundred and seventy-five to two hundred thousand a kilo.

Insofar as this trafficking organization, Mis Lermusiaux's, is concerned, the kilo price comes out to be approximately \$896,000, making her independent operation apparently the most profitable of all.

Q Now, did you find any particular customs entry point either easy or more difficult to come through?

A Yes, we tried to avoid the San Francisco Airport.

Q Why was that?

A They have an X-ray machine right there in the airport in their Customs.

Q The X-ray machine posed a threat?

A Oh, yes. We tried to avoid that, and we always avoided Hawaii.

We never came through Hawaii.

Q Why Hawaii?

A The Customs there are the strictest.

Q Did you have any strategy or technique worked out to avoid Customs requests to be X-rayed?

A Oh, well, you don't act like you are afraid to be X-rayed, you just say, okay, well, what are my rights, you know. You really don't want to give in

to them, but you don't want to let them know you are afraid because then they automatically know, she must be holding, or they must be holding.

So you have to play it pretty cool.

Q Did you find that your customers, your clientele, used heroin alone or used heroin and other drugs?

A They mostly used heroin alone after we introduced it to them.

Q What had they been using beforehand as far as you know?

A Cocaine.

MR. HARMON: Madam Chairman, I have no further questions of this witness.

Mr. Rusch is prepared to address a number of brief questions to Detective McClary.

CHAIRMAN HOPE: Why don't we do that, and then, perhaps, the Commissioners have questions of both of the witnesses.

MR. RUSCH: Thank you, Madam Chairman.

E X A M I N A T I O N

BY MR. RUSCH:

Q Detective McClary, would you please identify yourself and describe, briefly, for the Commission, your experience in the areas of drug trafficking investigations?

A. My name is Michael McClary. I am employed with the Las Vegas Metro Police Department in Las Vegas, Nevada, assigned to the narcotics division.

I have been a police officer for seven years, and been assigned to the narcotics division for about three-and-a-half years.

Q. In that time, how frequently have you participated in drug investigations?

A. Approximately a thousand times.

Q. Approximately one thousand?

A. Yes, sir.

Q. Did you ever have an opportunity to travel to Southeast Asia in an undercover capacity to set up undercover purchases?

A. Yes, I did.

Q. When was that?

A. December, 1983.

Q. Where did you go in Thailand?

A. Changmai, Thailand.

Q. Who did you contact when you arrived in Changmai?

A. I contacted two separate individuals.

Q. How did you represent yourself?

A. As a drug dealer from Las Vegas.

Q. What arrangements did you have to make to

set up the purchase of heroin?

A. Simply went to Changmai, placed a telephone conversation to a gentleman, at that time, whose name was Baum, and I met with him.

We negotiated to purchase about 800 grams of Heroin No. 4 for around \$10,000 U.S.

Q Were you able to make those arrangements with Baum?

A. No, we weren't.

Q Did you have to go to another dealer of heroin in Changmai?

A. Yes, sir, we did.

We simply were told--Baum wanted me to give him the \$10,000, and he was going to bring the heroin back the next day, and we had already pre-arranged with the Drug Enforcement Administration and Thai police that the money was not to leave.

Baum told me to meet a gentleman called Manaku, who is the Number 3 man in Northern Thailand for the Shan United Army from Burma.

Q What did you tell Manaku when you met with him?

A. We walked into his guest house, and he walked in, and he asked me how much heroin I wanted to buy.

Q What did you tell him?

A. I told him at the time that I was interested in approximately 800 grams of heroin for a purchase price of \$10,000.

Q. Did you, in fact, use the words "800 grams" initially?

A. I thought that I did, but apparently, I didn't, by his response to me.

Q. What words did you use, if I could clarify?

A. I understood that I told him I wanted 800 grams.

Q. But what words did you use, specifically? Did you say, "I want 800"?

A. Yes, I told him, I want 800. I assumed he understood I meant grams.

Q. What was his response when you said, I want 800?

A. He gave me a puzzled look and got out his pocket calculator and told me that 800 kilos would take about a week, and he would need in the neighborhood of twenty-six million dollars, and he wanted to know where my ship was.

He knew I would need a freighter.

Q. Let me understand this.

You are saying that this particular dealer in Changmai was perfectly prepared to supply 800 kilos,

which, so far as I know, would be a world record if it were seized by authorities, if it were found in one place--

A. He stated that he was.

Q. And you stated at that point that you were merely interested in 800 grams rather than 800 kilos?

A. That is correct.

Q. Did you subsequently carry out that particular transaction for the 800 grams?

A. Yes, sir, we did.

Q. What was the result of that?

A. We purchased 800 grams of Heroin No. 4, which, I believe, was 96 per cent pure, from Mr. Manaku.

Q. What happened to Mr. Manaku as a result of that transaction?

A. He was taken into custody by the Thai police.

Q. Was he subsequently tried?

A. Yes, he was.

Q. Has he been sentenced in that particular case?

A. Yes, he was.

There were two individuals involved, Mr. Manaku and an associate of his by the name of Sarkoon. Both were tried in April of '84. Mr. Manaku was given 25 years because he pled guilty and the second subject,

Mr. Sarkoon, pled innocent, and he was given life.

Q Your experience with Southeast Asian heroin trafficking is not limited to this particular undercover case; is it?

A No, it is not.

Q Let me direct your attention to one of the boards on your right.

It is fairly common knowledge by now that in the United States, street dealers of heroin use particular brand names or markings--Mr. T, Purple Rain, so forth--to be able to give the addicts who purchase heroin some idea of the reliability of the dealers who supply that particular heroin.

Have you noticed a trend among Southeast Asian traffickers to provide similar brands with respect to larger quantities of heroin that they were wholesaling?

A It has been our experience that they do, sir.

Q Who is primarily involved in that?

A The Shan United Army.

Q One of the principal groups active in the Golden Triangle for the control and cultivation of poppy areas; is that correct?

A Correct.

Q There are a number of different labels that

you see on the board to the right.

Are they all, basically, put out by the same organization with the same faction within the Shan United Army?

A. At the time that those were readily available, no, they were put out by different organizations.

The two individual ones, the lion at the top and the center one were both from the Shan.

Q. Let me ask one other question with respect to one of the subjects on which Miss Lermusiaux touched in her testimony.

Have you noticed an increasing problem in your area in the last couple of years with respect to mailing of heroin from Asia to the Las Vegas area as a means of smuggling?

A. Yes, sir, that is the predominant way of obtaining heroin, not only in Las Vegas, but in California, as well.

Q. To the best of your knowledge, how much heroin appears to be coming into the Las Vegas area, just as an example, on an average per month?

A. We estimate approximately six to eight ounces a week that is coming into Las Vegas.

Q. What quality is this heroin you find coming in?

A. All approximately 92 to 96 per cent.

MR. RUSCH: Madam Chairman, I have no further questions. I suggest that the Commission feel free to address questions to either of the witnesses.

CHAIRMAN HOPE: Thank you, Mr. Rusch.

I do have a few questions, first of Miss Lermusiaux.

I understand through your testimony that you were a free lance operator in this heroin trafficking. Is that correct?

MS. LERMUSIAUX: Yes.

CHAIRMAN HOPE: And you boyfriend also?

MS. LERMUSIAUX: Yes.

CHAIRMAN HOPE: How old is your boyfriend today?

MS. LERMUSIAUX: Twenty-nine years of age.

CHAIRMAN HOPE: And they call him the Pres?

MS. LERMUSIAUX: Yes.

CHAIRMAN HOPE: And that meant, whoever called him that, that he ran Las Vegas?

MS. LERMUSIAUX: Correct.

CHAIRMAN HOPE: But he was a free lancer, you say, not connected with organized crime?

MS. LERMUSIAUX: He was a free lancer, yes.

CHAIRMAN HOPE: Of your knowledge, is there

organized crime in Las Vegas which is connected to the drug trafficking in Las Vegas?

MS. LERMUSIAUX: I imagine so. I do not associate with anyone of organized crime or anything like that.

CHAIRMAN HOPE: Detective McClary, what do you say to that question: Is organized crime in Las Vegas involved in the drug trade or the heroin trade there?

MR. McCLARY: Yes, ma'am, it is.

CHAIRMAN HOPE: But Miss Lermusiaux's boyfriend, to your knowledge, was not part of that?

MR. McCLARY: Miss Lermusiaux's boyfriend did, occasionally, deal with organized crime figures, but he primarily smuggled white heroin, and at the time, organized crime was merely involved in smuggling brown heroin and cocaine.

CHAIRMAN HOPE: What is the relationship, in general, between organized crime and free lancers in Las Vegas?

Did organized crime permit them to operate free lance with impunity?

MR. McCLARY: Yes, ma'am, they do.

Basically, what happens, when organized crime figures become involved is, they will be aware of a group of smugglers, and they will bankroll them. They will do

what they call bankroll a project, and they will be aware that the smugglers are planning a trip to Thailand or Pakistan or Katmandu, Nepal, and they will supply the original purchase funds, and, in return, they expect a three-to-one return on their money.

CHAIRMAN HOPE: I have one other question of Miss Lermusiaux--I actually have two.

Were you arrested?

MISS LERMUSIAUX: No, ma'am, no.

CHAIRMAN HOPE: So you are not under any kind of Federal warrant or Federal indictment at this point?

MISS LERMUSIAUX: No.

CHAIRMAN HOPE: My other question is that you spoke of wiring money to Asian countries and receiving drugs back by mail; correct?

MISS LERMUSIAUX: Correct.

CHAIRMAN HOPE: How large were these amounts of money that you wired?

MISS LERMUSIAUX: Approximately \$5,000. Never over \$10,000.

CHAIRMAN HOPE: So you did not have to fill out any kind of bank forms for doing that?

MISS LERMUSIAUX: No.

CHAIRMAN HOPE: Did you use one bank regularly?

MISS LERMUSIAUX: No, we tried to circulate through the banks that would wire it the quickest, could get it there the quickest.

Some of them would take up to a month, which we did not like using because it took too long for us to get our product back.

CHAIRMAN HOPE: Were these banks in Las Vegas or elsewhere as well?

MISS LERMUSIAUX: Las Vegas, yes.

CHAIRMAN HOPE: And you had no problem doing that?

MISS LERMUSIAUX: No problem.

CHAIRMAN HOPE: And Detective McClary, since this seems to be a usual way that drugs do come into the Las Vegas area, according to your testimony, what steps are being taken by local law enforcement to block the wire transfer of funds which are used to purchase drugs?

MR. McCLARY: On a local level, the wire transfer of funds, anything under \$10,000, we have absolutely no control over. We are attempting in our State legislation to enact laws which will enable us to increase amounts for wire transfers, and that is, basically, our one instrument that we intend to use to slow down the importation of heroin.

CHAIRMAN HOPE: I have no further questions.

MS. SCLAFANI: Thank you, Madam Chairman.

Miss Lermusiaux, with respect to the passports that you used, I take it you used a number of fraudulent passports?

MISS LERMUSIAUX: No, they were real passports, but I had fraudulent birth certificates, identification, to get the passports, but the passports were real.

MS. SCLAFANI: Who did you go through to accomplish that?

MISS LERMUSIAUX: I went through someone in California who supplied all birth certificates, Social Security, photos, everything, and then you would just take that and go to the Federal Building to get your passport.

MS. SCLAFANI: At the time you had those passports made up, did the individual who gave them to you know of the fraudulent nature of the documents you presented?

MISS LERMUSIAUX: Of course.

MS. SCLAFANI: Who was that individual?

MISS LERMUSIAUX: I don't know their names.

MS. SCLAFANI: Was it a female?

MISS LERMUSIAUX: No.

MS. SCLAFANI: Thank you for your information.

MS. CORRIGAN: Miss Lermusiaux, the brotherhood in California that facilitated your entry into this business, does it have a name?

MISS LERMUSIAUX: Well, it is known as the Brotherhood. It does not have a name.

MS. CORRIGAN: Where are they based?

MISS LERMUSIAUX: In Northern California. San Francisco, mostly.

MS. CORRIGAN: To your knowledge, was there any Mexican brown heroin available in Las Vegas at the time you were engaged in your part of the business?

MISS LERMUSIAUX: Oh, yeah, but it was a lower grade of heroin.

White was the best, and that is what we wanted.

MS. CORRIGAN: Thank you, Madam Chairman.

CHAIRMAN HOPE: Are there any other questions? Thank you very much for your testimony here today.

THE WITNESSES: Thank you.

CHAIRMAN HOPE: Are there any further witnesses, Mr. Harmon?

MR. HARMON: Yes, one final witness, Madam Chairman, Doctor Robert Robertson.

TESTIMONY

OF

DOCTOR ROBERT ROBERTON

CHAIRMAN HOPE: Please swear the witness.

(The witness was sworn.)

MR. HARMON: Madam Chairman, Doctor Robertson is the chief of the Division of Drug Programs at the California Department of Alcohol and Drug Enforcement. In the past, for ten years, he has been a director of the National Institute on Drug Abuse and has been a director of the New Jersey Regional Drug Agency, and, in addition, has been the supervisor of the Narcotics Foundation of British Columbia.

He has spent 30 years in the drug field, and we have asked him to come here today and to explain what he sees and what experience shows to be a developing trend for the future in the field of narcotics.

E X A M I N A T I O N

BY MR. HARMON:

Q Doctor Robertson, are you familiar with the term, and I am sure you are from your statement, designer drugs?

A. Yes, I am.

Q What does that term connote?

A. That term was originally coined in the lab

of Doctor Gary Henderson at the University of California in Davis, and it means increasing sophistication of chemists to tailor a drug to a particular taste.

More recently, it has been used to determine or to explain how you can circumvent the law, as well, by designing a particular drug.

Q. What do you mean, in general terms, by "circumventing the law by designing a particular drug"?

A. Let me give you an example.

One of the designer drugs on the street in California is the fentanyl series of drugs. 3-methyl fentanyl does not exist as a drug. Fentanyl does.

What happens, the illicit chemist adds a molecule of carbon-methyl to an existing drug. By that minute change, it changes the status under the law.

The psycho-active properties of the drug remain the same, but it is a drug that doesn't exist. 3-methyl fentanyl is a drug that does not exist, and yet, we have had 77 deaths in California.

Q. Is there a term in the field of designer drugs and otherwise, known as an analog, and is synthetic heroin which we have heard some testimony about present in the form of two different kinds of analogs?

A. Yes, sir, there are two analogs on the street in California at the moment. One is from the fentanyl

series, which is 3-methyl fentanyl. The other analog is--someone was trying to make Demerol, which is MPPP. Part of that changed in the lab and became MPTP, which is a neurotoxin.

So there are two distinct designer drugs on the street.

Q Is it correct that these are, in effect, synthetic forms of heroin?

A They have been sold as three things, China White, synthetic heroin, or just heroin, and they, in some counties in California now, it is the drug of choice.

People are beginning to ask for that synthetic heroin, that designer drug.

Q How, in your experience, Doctor Robertson, have you seen that each of these two analogs of synthetic heroin produce different destructive physical results on their users?

A Yes. The 3-methyl fentanyl series is approximately three to four thousand times more potent than morphine sulfate, so, unless it is cut correctly, you are going to get a lot of overdoses, which we have had. People still with a needle in their arm are dead, and one of the other problems with the fentanyl series, it cannot be detected in the body fluids or tissue by any normal methods.

There are only two labs in the country able to determine this. One is the University of California at Davis under Gary Henderson, and the other is the DEA lab.

So those are the only two labs that can determine the fentanyl series.

Fentanyl is deadly if it is not cut properly. The other is the MPTP series, which is a neurotoxin.

What has happened in the area of San Jose is, there is a batch of these, quote, synthetic heroin that got onto the street, and we have now identified 500 people that are exhibiting signs of Parkinson's Disease or pre-Parkinson's Disease anxiety.

We have 20 confirmed cases of people in their twenties totally frozen. Their life expectancy is very limited.

Q Now, we have heard testimony today from two persons involved in the Harlem/New York trafficking organizations, including one who described the shipment of synthetic heroin in the summer of 1980 in a casket in New York City.

How does that kind of testimony fit in with your experience with regard to synthetic heroin?

A The fentanyl series have been around for about ten years. Up until 1979, they were used to dope

race horses. There was a lot of work done with the Racing Commission.

Fentanyl really makes a horse run fast, as it does mice in labs, et cetera.

It didn't really hit the street in small amounts until about 1979, and my estimate of the testimony this morning is that it probably was one of the first batches that was ever shipped to be used by heroin addicts, and it was probably being tested on the market.

Q Now, I understand, Doctor Robertson, that you have brought with you a video tape showing the effects of this kind of synthetic heroin on its user.

MR. HARMON: I would ask, with your permission, Madam Chairman, to play that tape, which lasts for just several minutes.

Q If you could, Doctor Robertson, explain the symptoms that are exhibited and the reasons why it is important to identify a user very shortly after he has used this synthetic version of heroin?

A This is a drug MPTP-induced Parkinson's which was used by addicts in the area of San Jose in California.

This man you see now was a heroin user for about four or five years, used regularly, every day.

His pusher told him he had some really good stuff to give him. It was synthetic heroin, a sort of

half China White, which most addicts would love to get their hands on.

He is now exhibiting all the signs of Parkinson's Disease. The cells in the brain are damaged. He has the upper rigidity. You can see the neck and head. He has drooling. The tremors, the shuffling gait, the cog wheel movement, where it is sort of like a ratchet instead of smooth, and the mental dullness.

These people are unable to really stand up on their own, walk around. It is almost like you have to talk to them and say, please stand up, and you assist them.

Now, you put your left foot forward. Now you put your right. Now try and turn, and the life expectancy of these people is very limited.

One of the problems is that these people, in their twenties and thirties, have Parkinson's Disease of the seventy-year-old, so you have an instant chronicity.

One of the other problems is the management of these people. They are given the traditional drug used in Parkinson's Disease, like L-dopa. Those are also toxic drugs, and it seems because of the instant chronicity of this Parkinson-like symptom, the management of these people is very limited between when they have to take medication.

The State Department in concert with Bill Langston, a neurologist at Stanford, who is following all of these people, and we hope to set up a clinic for as many as we find.

This is a traditional neurological test where you can tell the patient not to blink, and, as you can see, he is blinking.

One of the other things, some good comes out of all bad, I suppose, is that for the first time, there is an animal model now of Parkinson's Disease, where spider monkeys have been given this substance that is sold as heroin on the streets and exhibit all the same signs as Parkinson's Disease, so there is interest nationally and internationally that they now have the first animal model.

This man here used drugs for many years, 10, 14 years regularly, and had three doses of this synthetic heroin on the street.

As you can see, what he is like, there have been people--addicts found in psychiatric hospitals with diagnosis of schizophrenia because they exhibited the signs--some of the signs of schizophrenia with a sort of *flexibilitas cerea*, which is where the arm stays up when you put it up.

There are a couple of people frozen on the

freeway. One man, in particular, got out of his car to fix his car and froze up.

There have been others in jail that sort of fell over on their porridge in the morning frozen, so it is a real problem.

The other side is the management of these problems in terms of medical care with this short opportunity you have to give medication.

You have to keep bringing them into hospital to give them what they call drug holidays, where you stop everything, and they freeze up, but it takes about ten or twenty thousand dollars per person to bring in, so there is a big economic problem.

Who is going to take care of these people? The Santa Clara County Hospital had 300 of these people arrive suddenly. It is going to be terribly expensive for them to manage them.

As you can see, they have mask-like features and they get these seborrhic changes which almost can be described as teenage acne. You can see it more clearly on this young lady who is badly damaged and will never probably walk again.

Incidentally, every one of these clients are pleased to be able to allow me to show this to the Commission in order for you to understand what kind of

problem we are facing in California.

This is cog wheeling of the limbs that I talked about.

I really, honestly believe that the synthetics are the wave of the future. We now have many addicts that appear at clinics saying, I am a heroin addict. They have needle marks. You test their urine and their blood, and there is nothing there.

We sent the urine or the blood to Gary Henderson at UC/Davis, and it comes back 3-methyl fentanyl.

One of the problems is the minute amounts you need of the fentanyl series to get high.

She has had medication now and is fairly free, except for walking, but it doesn't last that long.

You can put enough of 3-methyl fentanyl on the head of a pin to kill 50 people, so you can see there is a real cutting problem here. It is usually cut with lactose.

This young man was a relatively new user. He has got a classic Parkinson tremor and rigid upper neck and head.

I can't stress enough that I believe that this is just a precursor to what we are going to face with kitchen chemists. I think it is going to grow.

I believe there are probably several thousand

people using designer drugs in California now outside of the Treatment Center, and I think as we see bad batches of MPTP, we will begin to see these people.

I also believe that it will gradually replace heroin. You get the same psychoactive--it is not a narcotic like heroin or methadone, but you have the same effects, exactly the same.

You get the same--you are addicted the same.

The other thing is that in the routes of administration, I believe that with snorting fentanyl series, especially, that it will be a prime drug to use for parolees or in jail because no one would ever be able to detect it.

You can snort it, and you can have as many urine and bloods done and never detect it, unless you have the equipment in the DEA lab or UC/Davis.

This dyskinesia, it happens with people on medication. You get the writhing, grimacing type of behavior.

You can see the changes in the skin, just like Parkinson's Disease, the separate changes.

I request the Commission imagine multiplying this by a thousand next week. We have already found 500 and the Center for Disease Control has come out to help us.

This is important that you look at this last dose. It was at 2 o'clock. If you will please remember the time. This man is relatively free. It is 4:22. He has had his Parkinson's medication, so he can do--perform most things.

Here we are two hours and thirty-four minutes later, already you can see the dramatic changes, so you can see the management of these cases is a problem.

It is a short period of time between medication.

It is estimated by Gary Henderson that a single chemist working on a weekend can probably supply the whole United States for about six months with the fentanyl series and store it in his closet, it is that small of an amount. So you can see the dramatic changes.

The time will come up again in just a second.

Here we have two hours and forty-nine minutes after medication. He is totally frozen again, and so you can see it is a real medical management problem as well as an economic social problem because I think this is just the beginning of experimentation.

There are no animal trials with these people. It is from the illicit chemist to the street. There is no in between as there are with drugs that are normally prescribed.

He is totally unable to get up now. You can pull him up, but he is unable to just get up himself.

Q Thank you, Doctor Robertson.

If the Commission has any questions, I am sure they will address them to you.

You have given a lengthy statement which will be made part of the record of the proceedings here today.

CHAIRMAN HOPE: Are there any questions?

MS. CORRIGAN: Doctor Robertson, in terms of deregulation, as you mentioned, there is a problem because we speak in terms of ultimate chemical compounds-- is that correct?

THE WITNESS: Yes.

MS. CORRIGAN: Would it make more sense to define controlled substances in terms of the analogs from which they are derived? Would that do it?

THE WITNESS: That is one way of doing it, yes.

There is a problem if you ban whole classes of drugs.

Take MPTP, for instance, which is part of the making of Demerol. That is a chemical that is used in making other chemicals in a legitimate drug.

The recent legislation of the DEA will help, and it will take them 30 days instead of a year to two

years to schedule, and in my discussions with them, they will be attempting to schedule the 3-methyl fentanyl series but there is a problem.

It is estimated that the fentanyl series alone has about 600 opportunities or 600 analogs.

I am not sure we have scheduled things for so many years, and I think the enforcement arm of the law still has to be continued, and I think harsh penalties, too.

I am a great believer that eventually, prevention will be the answer as the American public demands changes.

MS. CORRIGAN: We can't enforce a law if we can't define it.

Do you have a recommendation to define these drugs?

Should we drop the current scheduling system or adopt another or what can we do to address these problems?

THE WITNESS: Well, there are discussions going on at the moment, and I don't want to preempt anybody, but I would be glad to submit those to the Commission when the determination has been made.

MS. CORRIGAN: Thank you, sir.

Based on your opinion, do you think we are

missing some detection of the fontanyl deaths because local pathologists are not sufficiently sophisticated to look for them?

THE WITNESS: Yes, ma'am, absolutely.

MS. CORRIGAN: Thank you.

CHAIRMAN HOPE: Since there are no other questions, we do want to thank you.

This is, perhaps, the front of the wave that is coming, and we appreciate your bringing it to our attention, and anything you can submit to us on this new and burgeoning problem would be very, very helpful, and I can assure you, will be looked at very closely because I presume, if you can make it in the kitchen, you don't need to transport it all around the world--

THE WITNESS: --right--

CHAIRMAN HOPE: --and the cost will be less, and the risk of detection less, so there will be a lot to do.

THE WITNESS: Yes, ma'am.

CHAIRMAN HOPE: Any suggestions or information you can submit, we will look at closely.

THE WITNESS: Thank you, Madam Chairman, members of the Commission.

CHAIRMAN HOPE: Thank you very much.

That concludes our hearing for today, and

we thank you all for coming.

Our next hearing will be in Chicago in April, dealing with labor racketeering.

MR. HARMON: Madam Chairman, if I may just make one observation, and that is that Antonio Gambino, who was directed to testify before the Commission yesterday, has been ordered incarcerated for up to a year or until such time as he agrees to testify before the Commission, and that action was taken today by Judge Hoeveler by the United States District Court here, in Miami, and this one year incarceration, according to the order of Judge Hoeveler, is to be consecutive to any sentence currently being served by Antonio Gambino.

CHAIRMAN HOPE: Thank you, Mr. Harmon, and thanks to all of you.

The hearing is adjourned.

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## CONCLUSION

As the hearing record demonstrates, law enforcement authorities in this country have made some remarkable strides in their efforts to combat heroin trafficking. Large-scale networks for importation (such as the Sicilian organization in which Lorenzo Scaduto was a leader) and for retail distribution (such as "The Council" of which Nicky Barnes was a member) have been substantially disrupted by successful investigations and prosecutions. Nonetheless, heroin has become an even more complex and challenging problem for law enforcement agencies in recent years. Opium production worldwide continues substantially unabated, and apparently is increasing in regions such as Southeast Asia and Mexico. In addition, more and more groups of different ethnic origins are becoming substantially involved in heroin importation and distribution networks. While the "Pizza Connection" case in New York City has brought to light some details of the far-flung Sicilian organization that dominated much of the heroin trade in this country, that organization is by no means solely responsible for all of the heroin imported in recent years. International networks of persons of Pakistani, Iranian, and Nigerian origin, for example, have become increasingly sophisticated and efficient in importing large quantities of heroin from the "Golden Crescent" of Southwest Asia.

Unfortunately, there are no easy or inexpensive solutions for law enforcement authorities in their efforts to stem the rising tide of heroin. Several nations that are responsible for the lion's share of worldwide opium production -- Burma, Iran, and Afghanistan -- are also unlikely to respond to diplomatic pressures by the United States and other Western nations with perceptible addict populations. Even in nations such as Pakistan and Mexico, where U.S. authorities have had greater success in developing some cooperative measures, sources of supply have chosen to carry on poppy cultivation and opium production in geographic

areas where both the terrain and the population are inhospitable to enforcement efforts.

Another, and even more pernicious, trend in the heroin trade is the increasing prevalence, in this country, of synthetic heroin and other synthetic analogs (sometimes known as "designer drugs"). As testimony at the hearing, and other information provided to the Commission, made clear, several different networks have offered synthetic heroin at various times to their customers. While properly manufactured synthetic analogs can produce effects comparable to those of regular heroin, improperly manufactured analogs have also caused chronic medical conditions indistinguishable from the symptoms of Parkinson's disease. In addition, synthetic analogs can be manufactured in this country, without needing extensive networks of people for international transshipment and importation. Because a single large batch of synthetic analogs can be converted into thousands of packets for street sales, such a batch, if improperly prepared, could result in severe and irreversible damage to the health of thousands of people, and an overwhelming burden on hospitals and public health facilities, within a matter of hours. Although Congressional hearings this year have heard substantial testimony on the dangers of synthetic analogs, no effective law enforcement or public health response to these dangers has yet been developed.

**APPENDIX**

**STATEMENTS**

**PHOTOS  
and  
ILLUSTRATIONS**

OPENING STATEMENT  
OF  
JUDGE IRVING R. KAUFMAN

HEROIN HEARING

Day One

February 20, 1985

OPENING STATEMENT -- DAY ONE

Public Hearing

I would like to welcome you to this public hearing of the President's Commission on Organized Crime. This is our fifth open hearing and represents a significant milestone for the Commission. When the President created this Commission and appointed me as Chairman, we were asked to conduct a region-by-region survey of the scope and extent of organized crime in the United States. In the months ahead, we will be taking our investigation to other areas of the country to examine the pervasive reach of these criminal cartels.

Today's hearing is devoted to international heroin trafficking by criminal syndicates. Our past hearings have demonstrated that organized crime operates sophisticated transnational networks of drug cultivators, processors and distributors. A virtual state of war on land, sea, and air exists between law enforcement officials and the criminal organizations that besiege our country with private armies financed by the billions of dollars earned from the drug trade. Heroin is a world-wide problem; European seizures of the drug have increased 40 percent in the past year, and increased drug use has reached epidemic proportions in both the United States and Western Europe. This is the sobering atmosphere in which we meet in Miami to examine the heroin trade.

The description of heroin trading we will depict today is of a business in a constant state of evolution. Heroin was one of the first illegal drugs imported into the United States on a massive scale by organized crime. As we will see, heroin traffickers are adaptable as well as ruthless. Heroin smuggling has survived decades of law enforcement attempts at suppression.

Today's testimony will reveal that Sicilian groups, who were among the first criminal organizations to import heroin into the United States, continue to deal in this drug, and Miami is used as an entry and distribution point. But just as heroin is not limited to one region of the country, no one group dominates the heroin trade. We will hear evidence at tomorrow's session of the involvement of other nationalities in heroin importation, including Nigerians, Mexicans, and Pakistanis. Before exploring in detail who these groups are and how they operate, we will hear at the outset an overview of the state of heroin trafficking in the world today.

As we will see, and as thirty-five years as a judge has proved to me, heroin dealers and other organized crime groups continually change in response to new conditions. The challenge to this Commission is to devise strategies that will eradicate these adaptable criminal organizations and stem the flood of illegal drugs that afflicts our society.

STATEMENT

OF

JOHN C. LAWN

DEPUTY ADMINISTRATOR

DRUG ENFORCEMENT ADMINISTRATION

BEFORE THE

PRESIDENT'S COMMISSION ON ORGANIZED CRIME

FEBRUARY 20-21, 1985

MIAMI, FLORIDA

## INTRODUCTION

MR. CHAIRMAN, MEMBERS OF THE PRESIDENT'S COMMISSION  
ON ORGANIZED CRIME, LADIES AND GENTLEMEN:

I AM VERY PLEASED TO HAVE THIS OPPORTUNITY TO JOIN WITH YOU TODAY AS YOU EXPLORE THE MANY FACETS OF THE HEROIN PROBLEM FACING OUR NATION AT THIS TIME. TRADITIONALLY, HEROIN WAS CONSIDERED TO BE THE DRUG ENFORCEMENT ADMINISTRATION'S FIRST PRIORITY IN DRUG LAW ENFORCEMENT. ALTHOUGH WE NO LONGER RANK DRUGS IN TERMS OF ENFORCEMENT PRIORITIES, AND WE NO LONGER MAKE ANY DISTINCTIONS BETWEEN HARD AND SOFT DRUGS, WE ARE ALL TO AWARE OF THE MYRIAD OF PROBLEMS THAT HEROIN CAUSES FOR OUR SOCIETY. IT IS NO ACCIDENT THAT VIRTUALLY ALL OF THE SOCIOLOGICAL STUDIES ANALYZING THE LINKAGES BETWEEN DRUGS AND CRIME FOCUS THEIR EFFORTS ON THE HEROIN ABUSER.

I WOULD NOW LIKE TO PRESENT THE COMMISSION WITH A BRIEF OVERVIEW OF THE SCOPE OF THE CONTEMPORARY HEROIN PROBLEM AND SOME OF ITS RELATED ASPECTS.

World heroin availability is described in terms of source areas. The primary source areas are Southeast Asia, which refers to Thailand, Laos, and Burma; Southwest Asia, which refers to Pakistan, Afghanistan, and Iran; and Mexico. In Southwest Asia, Pakistan and Afghanistan both had appreciable reductions in opium supplies in 1984; however, Afghan production is projected to rise again in 1985. Southeast Asia is expected to have a better than average opium yield due to ideal weather conditions. Mexico's estimated yield of 17 metric tons of opium could be lower due to the aggressive eradication program that is currently being pursued by the U.S./Mexican Governments.

Despite source country fluctuations, the world heroin supply and abuse situation is basically the same as last year.

Heroin availability and consumption in the United States today is representative of the source areas, i.e., heroin of Southwest Asian, Southeast Asian, and Mexican origin is available in various parts of the United States. On a percentage basis, through the end of 1984, the U.S. market is being supplied as follows:

Southeast Asian	- 17%
Southwest Asian	- 49%
Mexican	- 34%

Estimates of the quantity of heroin imported and consumed were stable at just over four tons in 1982 and 1983. The preliminary estimate for 1984 is about 4.2 to 4.5 tons.

The domestic heroin abuse problem remains relatively constant. The number of users has been estimated in the past few years as just under a half-million. Our estimate for 1984 is just over that figure, primarily a statistical increase based on improvements in the accuracy of methodologies.

Two traditional indicators, emergency room mentions and deaths, show some increase -- but these are moderate. Heroin-related deaths decreased from 1982 to 1983 (from just over 700 nationally to just under 600). The figure in 1984 shows little change.

Similarly, heroin-related emergency room mentions (i.e., injuries) are also relatively stable at just under 13,000 in 1982 and 1983; the figure in 1984 may be just over 13,000.

Retail level purity is expected to show a slight increase from 1983, but remains below 1982 levels. In 1984, this figure was 4.7 percent, compared to 4.5 percent in 1983 and 5.0 percent in 1982.

There are some differences among heroin from the three sources: Southwest and Southeast Asian heroin has decreased slightly in purity, while Mexican source heroin has increased markedly.

Prices are relatively stable at all levels of sale.

Heroin seizures for fiscal year (FY) 1984 surpassed those of FY-83. A total of 385 kilograms of heroin was seized in FY-84 compared to 306 kilograms of heroin seized in FY-83.

This increase was in part the result of early detection of new smuggling methods and routes by Southeast and Southwest Asian heroin traffickers. Cooperation in host countries continues to be a significant asset in the control of heroin production and the interdiction of heroin destined for the illicit U.S. market. Intelligence collection efforts in cooperation with foreign counterparts continue to provide valuable information on major trafficking organizations.

Despite worldwide law enforcement efforts, there has been no indication of a significant decrease in the availability of heroin for the international market. A significant obstacle is the impossibility of policing narcotic trafficking activities in inaccessible source areas and in areas of Southeast and Southwest Asia where we have no diplomatic relations. Additionally, the difficulty in patrolling the 2,000 mile U.S./Mexico border continues to provide heroin

traffickers with unguarded areas to smuggle heroin from Mexico into the United States.

While the three foreign sources continue to produce -- and even to expand production -- the foreign user populations in source and transit areas have increased. This increased need has been met by traffickers who have sufficient supplies to supply all markets.

## CONCLUSION

MR. CHAIRMAN, I HAVE JUST PRESENTED A VERY BRIEF OVERVIEW OF THE HEROIN PROBLEM FACING THE UNITED STATES, AND INDEED MANY OTHER NATIONS. MR. MICHAEL TOBIN, CHIEF OF DEA'S HEROIN INVESTIGATIVE SECTION, WILL TESTIFY BEFORE THE COMMISSION IN DETAIL REGARDING OPIUM POPPY CULTIVATION, HEROIN MANUFACTURE, AND HEROIN TRAFFICKING FROM EACH OF THE SOURCE AREAS TO THE UNITED STATES AND EUROPE. SEVERAL OTHER REPRESENTATIVES FROM THE DRUG ENFORCEMENT ADMINISTRATION WILL DESCRIBE IN DETAIL CURRENT SITUATIONS AND INVESTIGATIVE SUCCESSES THAT WE HAVE ACHIEVED IN ALL PARTS OF THE WORLD.

IN CONCLUSION, I WOULD LIKE TO BRIEFLY MAKE MENTION OF THE ROLE OF OUR INTERNATIONAL ENFORCEMENT ALLIANCES. THESE MULTI-LATERAL AND BI-LATERAL CONVENTIONS, DEDICATED TO AMELIORATING DRUG TRAFFICKING -- HEROIN TRAFFICKING -- ARE THE KEY TO WINNING THIS WAR. AS I HAVE BRIEFLY NOTED, AND AS THE OTHER DEA OFFICIALS WILL DESCRIBE, HEROIN PRODUCTION AND TRAFFICKING IS AN INTERNATIONAL ORGANIZED CRIME PROBLEM. IT IS ONLY THROUGH AN EQUALLY EFFECTIVE ORGANIZED RESPONSE, PLACING PRESSURE ON ALL POINTS SIMULTANEOUSLY, THAT WE CAN EVER HOPE TO RID THE WORLD OF THIS PROBLEM.

THE FRANCO/AMERICAN/CANADIAN CONFERENCE, WHICH HAS NOW BEEN JOINED BY THE ITALIANS, IS ONE SUCH MECHANISM WHERE THE PRINCIPAL DRUG LAW ENFORCEMENT OFFICIALS FROM THESE NATIONS COME TOGETHER TO SHARE INFORMATION AND INTELLIGENCE AND TO STRATEGIZE ABOUT ENFORCEMENT OPERATIONS. ITS GENESIS WAS IN THE DAYS OF THE FRENCH CONNECTION, AND ITS VIABILITY CONTINUES TODAY.

WITH RESPECT TO HEROIN, THE OTHER MAJOR INTERNATIONAL INITIATIVE IS THE JOINT ITALIAN-AMERICAN WORKING GROUP ON ORGANIZED CRIME AND NARCOTICS TRAFFICKING. THE CONCEPT FOR THIS ASSOCIATION BEGAN WITH ATTORNEY GENERAL WILLIAM FRENCH SMITH AND HIS COUNTERPART, ITALIAN INTERIOR MINISTER OSCAR SCALFARO, AND WAS SUBSEQUENTLY ENDORSED BY PRESIDENT REAGAN AND PRIME MINISTER CRAXI. BOTH THE UNITED STATES AND ITALY ARE USING THIS VEHICLE TO IMPLEMENT A JOINT STRATEGY DIRECTED TOWARDS ORGANIZED CRIME AND HEROIN TRAFFICKING.

ALTHOUGH THIS WORKING GROUP HAS ONLY HAD TWO FORMAL SESSIONS, AMERICAN AND ITALIAN ORGANIZED CRIME AND DRUG LAW ENFORCEMENT OFFICIALS CONTINUE TO WORK ON A DAILY BASIS TO IMPLEMENT THE PROGRAMS DEVELOPED IN THE HIGH-LEVEL WORKING MEETINGS.

THERE IS A SIMILAR MECHANISM IN ANOTHER PART OF THE WORLD. THE UNITED STATES/PAKISTAN WORKING GROUP, FOUNDED IN DECEMBER 1983, HAS HAD A SIGNIFICANT IMPACT SINCE ITS INCEPTION. THERE HAVE BI-LATERAL MEETINGS AND SEVERAL PROGRAMS HAVE BEEN IMPLEMENTED AS A RESULT. NOTABLE AMONG THEM ARE THE TASK FORCES NOW OPERATIONAL IN PAKISTAN WHICH ARE MANNED BY PAKISTANI POLICE OFFICERS AND UNITED STATES LAW ENFORCEMENT OFFICIALS ACT IN AN ADVISORY CAPACITY.

I AM OPTIMISTIC THAT GIVEN THE RENEWED DEDICATION WE HAVE SEEN AROUND THE WORLD, THE MANY ENFORCEMENT SUCCESSES WE HAVE ACHIEVED OF LATE, AND OUR NATION'S OWN COMING TO TERMS WITH THE HEALTH AND SOCIOLOGICAL IMPLICATIONS OF HEROIN ABUSE, THAT THERE ARE BRIGHTER TIMES AHEAD.

I WOULD LIKE TO AGAIN THANK THE COMMISSION FOR INVITING ME TO TESTIFY HERE TODAY. ON BEHALF OF THE DRUG ENFORCEMENT ADMINISTRATION, I APPRECIATE THE ATTENTION THAT THE COMMISSION IS BRINGING TO THE HEROIN PROBLEM. MR. CHAIRMAN, THIS CONCLUDES MY FORMAL REMARKS, AND I WOULD BE PLEASED TO ENTERTAIN QUESTIONS FROM YOU OR THE OTHER COMMISSIONERS. THANK YOU.

STATEMENT

OF

MICHAEL J. TOBIN

CHIEF, HEROIN INVESTIGATIONS SECTION

DRUG ENFORCEMENT ADMINISTRATION

BEFORE THE

PRESIDENT'S COMMISSION ON ORGANIZED CRIME

FEBRUARY 20-21, 1985

MIAMI, FLORIDA

Mr. Chairman and members of the Commission, it is a pleasure to provide you with an overview of the worldwide heroin trafficking situation. The opiate trafficking situation is more complex than that of other drugs. There are major opium poppy growing areas located around the world, each involving an international array of processing techniques, trafficking methods, and organized trafficking groups. The world heroin market, which was once concentrated in the United States, now includes major portions of Europe, as well as transshipment and source countries around the world.

#### SOURCE AREAS

Approximately half of the heroin available in the United States comes from Southwest Asia (SWA), which refers to the countries of Pakistan, Afghanistan and Iran. Mexico supplied about 34 percent. Southeast Asia (SEA), which refers to Thailand, Burma and Laos, supplies about 17 percent.

#### Mexico

Historically, Mexico has been the primary source of heroin for the Western United States. In the early 1970's, Mexican heroin availability increased throughout the country. By 1975, Mexico had become the major supplier of heroin to the

United States. By 1977, the impact of an aggressive eradication program by the Government of Mexico began to be realized. The supply of Mexican heroin dropped from 89 percent in 1977 to 34 percent in 1983-84.

In the 1980's, there have been increases in the purity and availability of Mexican heroin, although the Government of Mexico continues strong eradication efforts. Opium poppy cultivation in Mexico is found in about one-third of the Mexican states. The traditional areas of Sinaloa, Chihuahua and Durango are still responsible for the majority of the opium gum produced. Increased opium poppy cultivation has been noted in Oaxaca, Michoacan, Jalisco, Nuevo Leon and Veracruz, Mexico.

Opium poppy fields in Mexico are now typically small and difficult to detect, concealed in steep ravines or camouflaged by legitimate agricultural crops or natural foliage, to escape detection and eradication. In some isolated instances along Mexico's west coast, however, more sophisticated cultivation and irrigation methods have been used successfully to produce larger yields from opium poppy fields.

We estimate that 17 metric tons of opium were produced in Mexico in 1982 and 17 metric tons in 1983. The lack of any increase in 1983 is attributable to the Mexican Government's

eradication program. Preliminary estimates for 1984 indicate that approximately 20 metric tons of opium were produced. Heroin conversion laboratory seizures in Mexico declined from 11 in 1982 to five in 1983. However, 12 laboratories were seized in 1984.

Although it is difficult to make projections regarding future opium production and trafficking, the availability of Mexican heroin will likely increase in 1985, barring any change in the factors described above.

#### Southeast Asia

In 1983, SEA's Golden Triangle harvested its fourth consecutive bumper opium crop since the drought years of 1979 and 1980. Preliminary estimates for the 1983-84 crop exceed 800 metric tons, an increase from 670 in 1982-83. Burma accounted for about 90 percent of this total, while Thailand and Laos provided the balance.

Nearly two-thirds of Burma's opium production occurs in insurgent-controlled areas of the eastern and northern Shan State which lie beyond the Rangoon Government's control. Opium poppies are cultivated in thousands of small fields dispersed across an area of roughly 45,000 square miles.

All but 10 to 15 percent of Thailand's opium crop -- 35 to 50 metric tons -- is consumed by the hilltribe growers. The remainder enters the illicit market.

Some of the opium produced in Burma is converted into impure morphine base, heroin base and heroin in the Burmese Communist Party (BCP)-controlled territory. Morphine base and heroin base, along with opium, are then moved to heroin refineries which are mostly concentrated along the Burma/Thailand border.

Opiate production and refinement in the Golden Triangle are dominated by the BCP and the Shan United Army (SUA). Until recently, these two groups divided the growing and refining functions, with the BCP serving as the principal opium supplier and the SUA as the major refiner. However, in early 1983, the BCP established a refinery at the border in Doi Lang, Burma. This brought the BCP into direct competition with the SUA and resulted in sporadic clashes between the two former business partners. In the summer of 1983, the BCP was forced to withdraw from Doi Lang. Although the BCP and the SUA remain antagonists, the BCP continues to supply opium and intermediate opiates to the SUA and the other independent traffickers and groups along the Burma/Thailand border.

While Thailand remains the primary route by which Golden Triangle heroin reaches world markets, alternative transportation routes continue to be used more frequently in the face of stepped-up pressure from both Thai and Burmese military units against border refineries and trafficking groups. There is growing evidence that considerable amounts of opiates move south through Burma along the Tenasserim Coast, both overland and by sea, to southern Thailand and Malaysia for conversion at heroin refineries that have been established along the Thailand/Malaysia border and in Penang. Additionally, several major routes through Mandalay, Taunggyi and Maymyo into India have been identified. These routes are also used to bring large quantities of precursor chemicals to refineries in BCP-controlled areas and along the Burma/Thailand border.

#### Southwest Asia

At present, SWA supplies about half of the heroin available in the United States. SWA heroin originates primarily in the poppy fields of Pakistan and Afghanistan.

Historically, the opium poppy has been the most profitable crop that Afghan farmers have cultivated. The United Nations estimated in the mid-1970's that opium cultivation could represent as much as ten percent of the country's gross national product.

By 1982, opium production in Afghanistan was estimated to be about 300 metric tons. In 1983, the various disruptive effects of the wars in Afghanistan seemed to have been overcome and opium production was estimated to be 400 to 575 metric tons. Preliminary intelligence collected during December 1983 suggested that the 1984 crop would be even larger; however, a combination of poor weather, continuous warfare, and efforts by Afghan Government to weaken resistance by reducing agricultural output in some areas of mujahideen presence apparently resulted in a significantly smaller 1984 harvest than anticipated (140-180 metric tons).

The traditional outlets for drugs produced in Afghanistan are Pakistan and Iran. In general, trade with Pakistan has been relatively unaffected by the war, in large part due to the insurgents' need to keep at least some sections of the 2,400 kilometer border open. Afghan opium traditionally has been purchased by intermediaries who move it from the farms of eastern Afghanistan to stockpile and brokerage towns of Pakistan's Northwest Frontier Province (NWFP), such as Landi Kotal and Bara.

Preliminary estimates indicate that in 1984, Pakistan produced between 40 and 50 metric tons of opium, a decrease from 45-60 tons in 1983. Pakistan became a major source of opiates for the U.S. and European markets in the late

1970's. Effective poppy eradication in Mexico and expanding heroin markets in Europe caused the prices of opium to increase sharply in 1978. In 1979, Pakistani farmers produced 800 metric tons of opium. As a result of the bumper opium crop, coupled with expanded processing capabilities in Pakistan and the Near East, SWA heroin soon dominated the Europe market. SWA's share of the U.S. heroin market increased from two percent in 1977 to 54 percent in 1981, then dropped to 48-49 percent in 1983-84.

Poppy cultivation in Pakistan has been forbidden since 1979, but continues nevertheless. Illicit opium cultivation is concentrated in the NWFP. While NWFP is an integral part of Pakistan, vast portions of it remain a frontier and a haven not only for illegal opium cultivation but also for laboratories operating in eastern Afghanistan, very near the Pakistan border. Central government authority is marginal in the tribal areas, although the situation has improved in the past few years.

Pakistanis have for some years trafficked morphine sulfate and morphine base to Western Europe on a modest scale. In the early 1970's, the market for morphine sulfate was created when scores of "chemist shops" in Pakistan started legally importing large quantities of morphine sulfate tablets from Europe for sale to abusers. By the time European firms curtailed such shipments to Pakistan, the

Pakistani traffickers had begun to produce their own tablets in clandestine laboratories in the NWFP and elsewhere in Pakistan. The European morphine pill market peaked in the mid-1970's and then decreased its current low level.

Throughout the 1970's, while most Pakistani traffickers were dealing in opium, morphine sulfate and morphine base, some efforts to produce heroin were undertaken. Initially, the efforts either failed to produce heroin or else resulted in heroin of very poor quality. However, the chemists refined their processes and by the early 1980's were producing quality heroin. They now produce high quality heroin which is competitive with SEA #4.

Since early 1980, Pakistani traffickers have played an active role in smuggling and distributing SWA heroin to and within Western Europe and the United States. Traffickers have frequently used Pakistani air and steamship lines as smuggling conduits. Seizure statistics reveal that, while Pakistani traffickers use a variety of concealment devices, they have a preference for false bottom suitcases. Also, the Pakistani heroin courier traveling by air to Europe or the United States most likely will be a male between the ages of 31 and 38. In several instances, couriers traveled in pairs, although they more often flew alone. Sizable Pakistani communities exist in several European countries and the United States. Many Pakistani nationals hold

British passports which facilitate their travel. Also, many Pakistani traffickers experienced in morphine sulfate and hashish trafficking have established networks/contacts in Europe and the United States which facilitate their heroin distribution.

#### MIDDLE EASTERN/AFRICAN TRAFFICKING

##### Turkey

Turkey is no longer significantly involved in illicit narcotic crop or morphine base production, but its underworld remains deeply involved in heroin manufacturing and trafficking of drugs in cooperation with such diverse groups as Iranians, Kurds, Armenians, Syrians, Lebanese, Italians, etc.

The geographic location of Turkey on the main overland trade route between Europe and Asia assures its importance in the illicit trade. Turkish unskilled laborers who have moved to European industrial nations over the last decade ensure that there is a legitimate Turkish population which provides couriers, distributors, and other participants the illicit drug traffic.

## Syria

Syria, which is at the juncture of Europe, Asia, and Africa, considers itself as the center of the Islamic world and as the defender of Lebanon and the Palestinians. Actively courted or supported by Saudi Arabia, the Soviet Union and the United States, it is a center for foreign military groups from the Soviet Union, Iran and Libya. It is also a center for terrorism training, weapons trading and drug trafficking.

Since the mid to late 1970's, Syria has become a transit country for opium, hashish, morphine base, and precursor chemicals destined for heroin production.

Syrian traffickers are now viewing Lebanese traffickers of hashish, heroin and morphine base. The ability of Lebanese traffickers to supply morphine base and heroin to European and American customers has decreased as internal disruptions continue to grow and interrupt normal trade on the roads and seaports in Lebanon.

In the last few years, Syrian traffickers have expanded their activities by trafficking heroin directly to European and American markets. Most Syrian heroin traffickers originate from Aleppo and Azaz (near the Turkish border). Increasing use is also being made of couriers from Jordan

and other Arab countries. Shipments of hundreds of kilograms of morphine base overland or by sea to Milan or Sicily are not uncommon. Smaller multi-kilogram amounts of heroin tend to be body carried, concealed in luggage on commercial air flights, or in trapped automobiles moved overland or shipped by ferry via Mediterranean ports.

### Nigeria

Nigeria is assuming an increasingly important role as a heroin transshipment point. In 1982, the number of reported heroin seizures involving Nigerian couriers totaled seven worldwide; in 1983, there were 35 seizures; and in the first seven months of 1984, there were 58 seizures. Unofficially, a total of approximately 36 kilograms of heroin was seized worldwide from Nigerians between January and July 1984. Nigerian heroin couriers have been arrested at several major U.S. airports; particularly large numbers of seizures involving Nigerians have been made at JFK Airport in recent months. From January 1 through July 31, 1984, there were 22 heroin seizures involving Nigerian couriers at JFK. These seizures totaled nine kilograms and ranged from 31 grams to almost two kilograms of heroin. Seizures involving Nigerians have also been made at San Francisco, Miami, Los Angeles, Atlanta, Boston, Houston, Chicago, Philadelphia, and Washington, D.C. airports. Nigerian

traffickers usually receive their heroin in Pakistan at a cost of \$6,000-\$8,000 per kilogram.

### EUROPEAN TRAFFICKING

Of the heroin trafficking organizations operating in Europe, those based in Italy and the Netherlands continue to have the most impact on the United States. A large quantity of heroin is smuggled into the United States via commercial air freight shipments, although courier operations via Europe to the United States remain the most visible. Eastern U.S. international airports, particularly JFK, appear to be the primary ports-of-entry, although intelligence indicates an increasing preference for Los Angeles International Airport. The use of Lisbon, Madrid and Barcelona as in-transit or destination points for heroin and cocaine couriers en route to European countries has increased; in the case of heroin, this trend may spread to couriers destined for the United States.

#### Italy

Italy is a major trafficking country for both SWA and SEA heroin destined for markets in Europe and North America. Increased law enforcement activity by Italian authorities and the enactment of the anti-Mafia law in September 1982 appear to have curtailed heroin laboratory activity in the

traditional areas of Milan and Palermo, although heroin processed in both SWA and SEA source countries continues to be available.

Italian-based organizations with direct contact with traditional organized crime groups in the United States continue to control both the importation of heroin into Italy and exportation to Europe and the United States. While all modes of transportation are used for heroin importation, cargo vessels are predominantly used to carry a large portion of drugs to Italian shores in mothership-type operations. In the majority of the cases, Greek nationals provide the vessels and maritime expertise, carrying out operations not only in Mediterranean waters, but also as far east as Thailand.

#### The Netherlands

The Netherlands remains an active transshipment country supplying both SWA and SEA heroin to customers in-country, throughout Europe, and to the United States and Canada. Because of the variety of ethnic groups residing in major cities in The Netherlands with contacts in source and destination countries, Holland has in effect become a major narcotics brokerage center.

SEA heroin is imported into The Netherlands by local Chinese organizations from Bangkok via Hong Kong or Singapore through both courier operations and concealed in import/export commodities. The same methods are used to supply ethnic contacts in the New York City, San Francisco and Vancouver, British Columbia areas.

Turkish nationals remain active in heroin importation and distribution from The Netherlands by the overland route through the Balkan countries via trapped vehicles. The Turks have been notorious for building concealed compartments in the trucks routinely used in the interstate traffic of produce and other commodities.

Pakistani organizations operating in and through The Netherlands utilize couriers to transport heroin to Western Europe and the United States. Import/export commodities such as carpets and handicrafts are used, as well as hollowed-out newspapers and magazines marked with bogus foreign return addresses. Within the last year, narcotics smuggling organizations have used Nigerian nationals, supplied with false identifications and passports, to transport heroin to Dutch trafficking organizations and organizations in the United States.

## Spain

Spain is primarily a transit country for drugs destined for Europe and the United States.

Spanish and Italian law enforcement officials are investigating the extent to which Spain is used by traditional organized crime as a base of narcotics operations. Major Italian organized crime figures appear to be laundering substantial amounts of money from drug trafficking and other illegal enterprises in businesses and real estate in Spain. The Spanish press cites the arrest of Antonio Bardellino, the alleged head of the "New Family," an offshoot of the Neopolitan Camorra, in Barcelona in November 1983. Bardellino, currently a fugitive from Spain, is alleged to have been responsible for the vessel smuggling of contraband tobacco from Galicia, Spain, as well as for the operation of "front" businesses related to drug trafficking.

In addition to an increase in illicit activity by Italian organized crime elements, Spanish officials note a high degree of sophistication and organization among South American groups within Spain. These groups have been associated with kidnappings, robberies, and extortion, as well as cocaine trafficking activities. Spain has emerged

as the primary point of entry for cocaine entering Europe, chiefly via courier.

Also noted within Spain is an escalation in the population of Iranian, Syrian and Lebanese communities. Along with this has been an increase in heroin distribution organizations of these nationalities and increased courier activity. One Madrid-based heroin trafficking organization, composed of Iranians, was found to be trafficking in ten kilograms of Pakistani heroin per month to the United States. The heroin originally was obtained in Peshawar, Pakistan and smuggled to Spain in towels, blankets, and wall hangings that had been saturated with heroin. After the heroin was smuggled into Spain, it was extracted and sent via courier to the United States.

### France

Historically, France achieved notoriety during the 1960's and early 1970's as the source for 80 percent of the heroin available on the streets of the United States. Marseille was the center of clandestine heroin laboratory activity controlled almost exclusively by French-Corsicans. Morphine base was imported primarily from Turkey and smuggled overland by private vehicle through Bulgaria or Greece to Yugoslavia and ultimately to Southern France via Italy. Neutralization of the "Turkish-French connection" occurred

in the early to mid-1970's through diplomatic initiatives that resulted in a ban of opium cultivation in Turkey and through major intensification of international law enforcement. The latter resulted in the arrests of top- and mid-level echelons of the heroin production and distribution system and significant seizures of laboratories, opium, morphine base, and heroin. The last French heroin laboratory seizure of this era occurred in 1973.

The role of France in international drug trafficking has changed considerably. France no longer is a major producer of heroin sold on the European and American markets. There have been no seizures in the recent past either in the United States or abroad that could be considered of French manufacture. Likewise, there have been no seizures of morphine base or opium along the traditional smuggling routes that were destined for a clandestine laboratory in southern France. However, France is emerging as an important center for traffickers from the Middle East, primarily Lebanese and Syrian, who have set up operations in the Paris area. These groups import heroin for both local consumption and reshipment to the United States.

#### The United States

As previously stated, the smuggling of opiates into the United States increased in 1983-84. Recorded seizures in

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### The United States

As previously stated, the smuggling of opiates into the United States increased in 1983-84. Recorded seizures in

1984 of 385 kilograms of heroin surpassed all levels since 1979. The number of Nigerian couriers smuggling Pakistani-produced heroin into the United States from Nigeria increased significantly while substantial increases in Mexican border smuggling were also noted.

The most significant change in heroin trafficking patterns over the last several years has been the emergence of SWA heroin. This heroin is now composed primarily of Pakistani-refined heroin. The relative share of SWA heroin in the U.S. market declined slightly from 54 percent in 1981 to about 49 percent in 1984.

Pakistani trafficking activity has rapidly expanded throughout the United States. Trafficking groups are primarily active in New York, Washington, D.C., Los Angeles, and Detroit. While it is believed that the major share of Pakistani heroin enters through New York, Miami has been reported as another port-of-entry on the East Coast.

Lebanese trafficking groups are also active on the east coast and in the North Central United States. During the past year, Lebanese trafficking activity increased significantly in New York, Detroit, and Boston -- cities with large Lebanese communities having extended family connections in the United States, Canada, and Lebanon.

Despite Thai military suppression efforts, there have been no indications of a scarcity of narcotics for export from Thailand to the international market. In fact, kilogram prices for heroin have been dropping in Thailand, indicating a surplus. Additionally, some Italian organized crime families on the East Coast have consolidated contacts with sources of supply in Hong Kong and Thailand.

Mexican heroin availability in general has shown an increase in the West. This upswing in Mexican heroin availability has been blamed on the declining Mexican economy coupled with the devaluation of the peso.

Seizures of Mexican heroin along the U.S.-Mexican border rose 58 percent from 3.3 kilograms of pure drug in 1982 to 5.2 kilograms in 1983. Mexican wholesale heroin purity in 1984 averaged 42 percent compared to 17 percent during the last half of 1982. From January through June 1984, 4.4 kilograms of Mexican heroin were seized with an average purity of 65 percent.

#### TRADITIONAL ORGANIZED CRIME

The involvement of traditional organized crime (TOC) in the heroin traffic dates back to the late 1930's and early 1940's when TOC took control of heroin importation and distribution in the United States. It was many years,

attempting to establish connections for SEA heroin. In 1982, there were, in fact, two arrests of TOC associates on the U.S. west coast in possession of significant quantities of SEA heroin. Again, in 1983 approximately 80 kilograms of heroin (reportedly of SEA origin), en route to the United States, were seized by Italian authorities.

Today there are approximately 26 TOC families operating in the United States. These families are involved in the whole spectrum of drug trafficking and in all types of illicit drugs. They obtain illicit substances overseas, control the refinement of some of these substances, arrange for importation into the United States, and establish elaborate networks for cutting the imported drugs and distributing them throughout the country.

During the last two years, Italian, French, Canadian, Spanish, Brazilian and U.S. law enforcement officials have been able to effect the arrests of top level TOC figures involved in the heroin traffic through an unprecedented display of strength and cooperation.

The commitment by the Italians has most recently resulted in the issuance of arrest warrants for over 450 major Mafia figures, which inevitably deters the heroin traffic from Sicily.

however, before TOC in the United States relied on drug trafficking as a major source of income. By the late 1960's and early 1970's, TOC was the major controller of the importation and wholesale distribution of Turkish heroin in the United States.

By early 1973, TOC's heroin sources were disappearing because of the Turkish Government's ban on growing opium poppies and the increased enforcement efforts of the French, U.S., Canadian and Turkish governments against drug traffickers. The Vietnam conflict also played a role in the shift away from TOC. The presence of a large U.S. military contingent in SEA resulted in distributors and consumers establishing their own sources for heroin, thus eliminating the middleman who was often a TOC figure. By the mid-1970's, Hispanic entrepreneurs had developed a major source of heroin in Mexico and the United States became flooded with Mexican heroin. Major eradication efforts in Mexico and increased law enforcement pressure on both sides of the border, however, soon led the way for TOC figures to re-emerge in the late 1970's as major traffickers of the new SWA heroin.

Heroin has always been the preferred illegal drug commodity for TOC and it was not long after the temporary dismantling of the "Sicilian Connection" that scattered reports were received that TOC families in the United States were

On April 8, 1984, Mafia fugitive and well-documented heroin source Gaetano Badalamenti, his son Vito, and nephew Pietro Alfano were arrested in Madrid, Spain. Badalamenti's arrest was the first in a series of 31 arrests which took place in the United States the following morning. Among those arrested in the United States was Salvatore Catalano, boss of the "Sicilian Faction" of the Bonnano Family in New York.

In addition to these arrests, 57 pounds of heroin were seized, including 36 pounds which were secreted in marble tiles shipped from Italy to Buffalo, New York. In another related case, ten persons were charged in Philadelphia in January 1984 with taking part in a heroin distribution ring. Twelve pounds of heroin were purchased by an undercover agent in the course of this investigation. Millions of dollars in heroin proceeds were laundered by this group through banks in other countries.

Numerous arrests and the disruption of certain drug operations will not permanently stop organized crime, whether referring to the Mafia or to Pakistani and Turkish groups, from continuing drug activities; but it is a significant beginning. New family bosses and new drug sources may well replace the old. Nevertheless, our cooperative efforts, both nationally and internationally, reinforced by increasing public awareness of the price of

drug abuse and organized crime, provide strong weapons to be used in the battle before us.

Thank you for this opportunity to appear before the President's Commission on Organized Crime.

STATEMENT OF SPECIAL AGENT DENNIS P. BUCKLEY  
FEDERAL BUREAU OF INVESTIGATION  
PRESIDENT'S COMMISSION ON ORGANIZED CRIME  
FEBRUARY 20, 1985

Mr. Chairman and members of the Commission, my name is Dennis P. Buckley. I am a Special Agent of the Federal Bureau of Investigation, U.S. Department of Justice. I have been a Special Agent for nine years, assigned to the New York Office. I have been involved in Organized Crime Drug Enforcement Task Force investigations since 1982.

I was the case Agent on the "Brooknor" investigation. During February 1983, a joint investigation between the FBI and New York City Police Department - hereinafter referred to as the NYPD - Brooklyn North Narcotics Unit, under the auspices of the Task Force, was initiated into a major Sicilian heroin importation and distribution network operating between Italy and the New York area.

An undercover operation was developed utilizing an NYPD detective as an undercover officer. This undercover operation was approved by FBI Headquarters and code named "Brooknor."

The objectives of this undercover operation were as follows:

1. Identify organized crime members and associates engaged in the importation and trafficking of heroin in the New York area;
2. Identify the source of heroin being sold to the undercover officer by Calogero Salemi and associates in this Sicilian faction;
3. Penetrate this Sicilian faction operated by Filippo Ragusa and Lorenzo Scaduto;
4. Identify locations suitable for electronic and physical surveillance coverage.
5. Identify the method of concealment being utilized for the smuggling of heroin into the United States.

At the onset of this investigation, the FBI planned and executed each of the buys and insured the undercover officer's safety by providing apartments, telephones, vehicles, surveillances (both physical and technical equipment) in addition to providing the buy money for the undercover officer. The FBI believed that the undercover officer, who infiltrated the Salemi faction of this network and had dealt with him regularly, would be able to "order up" larger amounts of heroin. These purchases, in conjunction with planned Title III coverage, would reveal the original source of this heroin. Because of the quality and immediate availability of this heroin, it was apparent that the supply was not far removed from the original port of entry into the United States.

Background checks, including Immigration and Naturalization Service records, health records, business records, police reports, court records, physical surveillances, analysis of prior Title III coverage conducted by NYCPD/FBI/DEA, debriefing of the undercover officer, revealed that the head of this Sicilian network was Filippo Ragusa who utilized his two son-in-laws, Lorenzo Scaduto and Salvatore Bartolotta, in his narcotics trafficking operation.

From March to August 1983, pen register devices were authorized on the phones utilized by Filippo Ragusa. Analysis of the pen register information indicated that Ragusa had constant contact with not only Lorenzo Scaduto, Salvatore and Francesca Bartolotta, but also with an individual identified as Andrea Aiello from the Buffalo, New York, area. In addition, this investigation revealed that Ragusa and his network operated out of a business called the Hilton Pastry Shop in Astoria, Queens, New York.

Further investigation by the FBI indicated that Ragusa was a fugitive from Italy wanted on narcotics charges. He had been sentenced to 20 years in absentia. Also in conjunction with DEA, Lorenzo Scaduto had been identified as a major narcotics distributor through an ongoing DEA/FBI investigation in the Philadelphia area (Paolo La Porta case). Andrea Aiello was a subject in a heroin importation case of the FBI Buffalo Office.

During May 1983, the New York and Buffalo FBI offices coordinated their efforts on Ragusa, Scaduto, Bartolotta and Aiello with future Title III coverage anticipated within the next months and the possibility of intercepting a shipment of heroin contracted to these individuals. U.S. Customs had been alerted by FBI regarding this investigation and of the possibility that a ceramic tile shipment containing heroin would be coming into the United States. Through investigation, it was determined that Aiello had recently opened up a ceramic tile company called "Niagara Falls" in Buffalo and had ordered tile shipments from Italy.

On September 13, 1983, 18 containers of ceramic tile consigned to Aiello at Niagara Falls Ceramic Tile Company, Buffalo, were intercepted by FBI and U.S. Customs at Port Newark, New Jersey. FBI Agents on the scene caused a thorough search by U.S. Customs. As a result, 37.8 pounds of heroin was found secreted in the center beams of wooden pallets supporting the ceramic tiles. This heroin was removed and replaced with a sham powder that had been prepared in advance. The seized heroin tested in the 47.7 percent to 60.5 percent purity range. This container was left at its place on the pier under constant surveillance by the FBI and Customs to determine who would take possession of the shipment.

An extensive surveillance involving FBI New York, Newark and Buffalo Divisions, in addition to U.S. Customs and DEA, followed the container load of ceramic tiles via Oneida Freight Trucking Company to the Buffalo area. On September 16, 1983, at approximately 5:00pm, its final destination was established as the Niagara Falls Ceramic Tile Company owned by Andrea Aiello.

During this time, Title III coverage had been initiated on Ragusa's, Bartolotta's home telephones, the business and pay telephones in the Hilton Pastry Shop and a microphone had been placed at a table in the pastry shop where Ragusa, Scaduto and Bartolotta met on a regular basis.

FBI, Buffalo, utilizing information developed at New York, initiated Title III coverage on Aiello's home telephone. On September 16, 1983, FBI Agents placed a video TV camera inside Aiello's warehouse where the shipment of ceramic tiles had been stored.

Both FBI and NYCPD surveillances were coordinated to identify additional conspirators. As a result, two Sicilian citizens in New York were identified as the Sicilian connection for the heroin. An intercepted phone conversation on September 17, 1983, between Lorenzo Scaduto (who had flown up to Buffalo earlier that day to meet with Aiello) and Salvatore Bartolotta (who stayed in New York) instructed Bartolotta to send the two Sicilians by plane to Buffalo.

Continued FBI surveillances showed that Bartolotta, on the morning of September 18th, drove the two Sicilians, later identified as Pietro Graffeo and Domenico Lo Galbo, to LaGuardia Airport. They boarded a U.S. Air flight under aliases and traveled to Buffalo. FBI surveillance showed that Aiello and Scaduto met the two Sicilians and took them directly to the warehouse. The video camera recorded all of them inspecting the wooden pallets.

On September 20, 1983, in conjunction with the execution of three search warrants in New York and two in Buffalo, the following individuals were arrested: Lorenzo Scaduto, Salvatore Bartolotta, Domenico Lo Galbo, Pietro Graffeo, Angelo Golio, Michele Altamur and Andrea Aiello. (Filippo Ragusa remains a fugitive to this day.)

The search and arresting teams were comprised of FBI, DEA, Customs and NYCPD investigators. The searches resulted in the seizure of an additional 15 pounds of heroin, numerous weapons, vehicles, \$165,000 in cash plus other valuables.

Following the arrests in the United States, the Italian National Police, who had been participating in this investigation, arrested four Italian nationals involved in this importation scheme - Gianfranco Tirelli, William Colli, Vittorio Tosti and Franco Minarda. These individuals were involved in the operation of the Edilman Shipping Company, Mantova, Italy, the point of origin for the heroin shipment.

Further analysis and review of Title III tapes, video tapes and other records established the involvement of other conspirators and led to the arrest of Francesca Bartolotta, Rita Volpe and Michael Ducato.

On July 21, 1984, after a ten and one half week trial, a jury found the defenant Lorenzo Scaduto, 33, of Dix Hills, Long Island, guilty of heading a continuing criminal enterprise to import and distribute heroin. This organization imported high quality heroin directly from Italy then "cut" and packaged the drug for both wholesale and retail distribution in New York. Close to 50 pounds of heroin was introduced at this trial varying from the highest quality direct from Italy to small bags ready for street sale in New York.

Andrea Aiello, 52, Buffalo, New York, was found guilty of importing heroin and conspiring to import and distribute heroin. Aiello was the owner of the Niagara Falls Ceramic Tile Company in Buffalo, a business used by the criminal enterprise to facilitate their heroin smuggling.

Francesca Bartolotta, 27, was found guilty of conspiring to distribute heroin. A search of her home resulted in the seizure of quantities of heroin, diluents and paraphernalia used to test and package heroin.

FBI Agents have also testified before a New York State Grand Jury regarding the involvement of Salvatore Bartolotta and Calogero Salemi. They have been charged with felony sale of heroin to the undercover officer. The charge carries a minimum sentence of 15 years to life.

Furthermore, Filippo Ragusa, Salvatore Bartolotta, Lorenzo Scaduto, Andrea Aiello, Pietro Graffen, Domenico Lo Galbo, Michele Altamura, Angelo Golio have all been charged for their role in the narcotics exportation from Italy based on direct and sworn statements by FBI Agents Buckley and Bondanza before an Italian Magistrate in Sicily and Montova.

CONVICTIONS/RESULTS

LORENZO SCADUTO, sentenced in November, 1984 to a total of 64 years and fined \$200,000.00. A jury found SCADUTO guilty on all counts. SCADUTO wanted on narcotic charges in Italy.

FILIPPO RAGUSA, presently a federal fugitive wanted for narcotic charges both in the U.S. and in Italy.

ANDREA AIELLO, sentenced in November, 1984 to a total of 26 years and fined \$75,000.00. Also outstanding narcotics charges in Italy.

FRANCESCA BARTOLOTTA, sentenced in November, 1984 to five years. Subject of pending IRS investigation.

SALVATORE BARTOLOTTA, plead guilty to two (2) A-1 Felonys, sentenced to 15 years to life in jail. BARTOLOTTA also plead guilty to two (2) A-1 Felony counts and has not been sentenced to date. Also outstanding narcotic charges in Italy. Subject of pending IRS investigation.

CALOGERO SALEMI, pleaded guilty to an A-1 Felony, sentenced to eight years to life in jail. (Must serve eight years before eligible for parole.)

PIETRO GRAFFEO, acquitted on narcotic charges in U.S., however, presently a fugitive from Immigration and Naturalization Service on bail jumping for illegal alien status. Also outstanding narcotic charges in Italy.

DOMENICO LO GALBO, acquitted on narcotic charges in U.S., however, presently a fugitive from Immigration and Naturalization Service on bail jumping for illegal alien status. Also outstanding narcotic charges in Italy.

MICHELE ALTAMURA, acquitted on narcotic charges in U.S., however, outstanding narcotic charges in Italy.

ANGELO GOLIO, acquitted on narcotic charges in U.S., however, outstanding narcotic charges in Italy.

\* Finally, this investigation was the initiation of a joint task force between the FBI and NYCPD Brooklyn North Narcotics Unit under the auspices of the Organized Crime Drug Enforcement Task Force. At present, this task force is located in the FBI Rego Park Office, Queens, New York, comprised of 13 NYCPD Detectives, 1 Sergeant, 1 Lieutenant and 1 FBI Supervisor and 15 Special Agents.

STATEMENT OF  
FRANK J. PANESSA

Mr. Chairman, members of this distinguished Commission, I am pleased to appear and give testimony on Sicilian Organized Crime heroin trafficking networks in the New York - Philadelphia areas.

I have been a Special Agent for the Drug Enforcement Administration and its predecessor agencies for approximately 17 years, and have worked in New York, Philadelphia and now, Washington, D.C. During my seventeen years as a Special Agent, I have been called upon many times to perform undercover assignments in the United States, Canada and Europe. In February 1983, I was called upon to perform an undercover assignment that over the next year would put me in a position to deal with one of the largest heroin distribution networks in the United States that was totally controlled by the Sicilian Mafia. I will point out some of the highlights of that investigation enabling you to have a better understanding of the magnitude of the Sicilian heroin distribution network in the United States.

In 1983 - 84, the Philadelphia Field Division of DEA developed a case which implicated Alberto Ficalora, the owner of Mario's Pizza in Philadelphia, in drug dealings with traditional organized crime figures. Through intelligence available to DEA, we learned that Ficalora was a close associate of Joseph Bonnano,

Sr., the head of the Bonanno family. My initial contacts with Ficalora in 1983 involved the sale of cut-rate cigarettes for vending machines which he operated in numerous pizzerias in the Philadelphia area. Soon, discussions moved from cigarettes into preliminary heroin negotiations.

Eventually, in March 1983, Ficalora introduced me to his New York contacts, Paolo LaPorta and Francesco Affatigato, who were dealers of large quantities of heroin. At this initial meeting, I agreed to purchase 10 ounces of heroin for \$85,000.

Over the next several months, Agent William Kean and I made a number of buys from Paolo LaPorta. We ate sumptuous meals together; the money or the heroin was often placed on the table wrapped as a present. Paolo LaPorta came to trust us so much that eventually, he borrowed \$100,000 from us on one occasion in September 1983 and gave us two bearer bond certificates of deposit from a bank in San Juan, Puerto Rico, in exchange. We were told that we could cash them anytime and pay the bank manager not to notify the IRS. We cashed the certificates and also laundered money through this bank. Two bank officials were implicated and are facing charges. Paolo LaPorta boasted that he had at one time a million dollars in certificates at this bank drawing 13% tax free interest. This bank paid six million dollars in interest on its bearer bonds in a year's time.

Paolo LaPorta and his traditional organized crime contacts boasted of bringing 400 kilos of heroin from Sicily in such things as false-sided suitcases, and in liquid form. In September 1983, they set up a heroin processing lab in the Dominican Republic which Dominican police later seized, before it started production.

During our year long relationship, Paolo and Giovanni LaPorta, Frank Affatigato and Alberto Ficolora described to us in great detail their ties with traditional organized crime, giving us valuable information relative to the Sicilian heroin distribution network throughout the New York area and Puerto Rico. The power plays made by Cesare Bonventre, the Gambinos, Filippo Ragusa and Lorenzo Scaduto were also discussed. They discussed how their organization had to assassinate Natale Badalamenti in Sicily and how their organization utilized Alitalia flights and shipments of ceramic tile to smuggle heroin into the United States. They also discussed their large scale cocaine distribution network in the New York area. This intelligence led to other indictments and Title III intercepts.

This case, which began as a DEA case, was greatly assisted by the OCDETF concept and funding. By being able to spend \$880,000 on purchases for one case, something that was not possible before the OCDE program, the government was able to go after a much higher level of trafficker. This money was not lost to the

government because over \$2.5 million in cash and assets were seized at the culmination of the case. One house that was seized in New York was serving as a bank for four separate Sicilian distribution networks. In the house was found \$456,000, including officially advanced funds from each of the four networks.

Eight defendants were indicted in this case. Three are presently fugitives, one was acquitted and four pleaded guilty and are serving time in prison. The four who pleaded guilty were sentenced to serve a total of 90 years; 35 years for Paolo LaPorta, 30 years for Ficalora, 20 years for Giovanni LaPorta and 5 years for John Camiola. The four men were also ordered to pay fines totalling \$350,000.

STATEMENT OF SUPERVISORY SPECIAL AGENT RICHARD C. ROSS  
FEDERAL BUREAU OF INVESTIGATION  
PRESIDENT'S COMMISSION ON ORGANIZED CRIME  
FEBRUARY 20, 1985

Mr. Chairman and members of the Commission. My name is Richard C. Ross. I am a Supervisory Special Agent of the Federal Bureau of Investigation, U.S. Department of Justice. I have been an FBI Special Agent for 19 years. Since 1979, I have been assigned to the Atlantic City Resident Agency in New Jersey.

I was the Supervisory Special Agent in the Deep Dish investigation. This investigation began on October 14, 1983, upon receipt of information from a cooperating witness. The witness told us that Antonino Gambino of Cape May, New Jersey, was distributing ounce quantities of cocaine in the Cape May County area.

During October 1983, the witness introduced an undercover Special Agent to Gambino for the purpose of purchasing cocaine. During the period October - December 1983, the undercover Agent purchased seven ounces of cocaine from Gambino. The purity of the cocaine varied from 90 - 95 percent. On December 6, 1984, a court authorized wiretap of the telephones located at Antonino Gambino's residence and place of employment, Fiagro's Pizzeria, Cape May, was instituted.

During the initial undercover meetings with Antonino Gambino, Gambino indicated that he could supply kilogram quantities of high grade heroin to the Agent. A Group I undercover operation was approved by FBIHQ and efforts were made to purchase heroin from Gambino.

At various times during the period December 1983 through March 1984, electronic surveillance coverage of the following locations was conducted:

1. Residence of Antonino Gambino;
2. Residence of Antonino Spatola;
3. Pay phone at intersection of Madison and Columbia Streets, Cape May;
4. Pay phone located at intersection of Madison and Ohio Streets, Cape May;

5. Pay phone located at Figaro's Pizzeria, Cape May;
6. Pay phone located at Figaro's Pizzeria, #2, Villas, New Jersey;
7. Residence telephones of Rosario Gambino;
8. Residence telephones of Erasmo Gambino;
9. Residence telephone of Giovanni Bosco;
10. Business telephone of Caffè Milano, Brooklyn, New York

On January 18, 1984, the undercover Agent assisted by two other undercover Agents, purchased approximately one half kilogram of heroin for \$110,400 from Antonino Gambino and his cousin Antonino Spatola.

Investigation determined that Antonino Spatola and his brother-in-law, Giovanni Bosco, obtained this heroin from an unknown person in Brooklyn during the early morning hours of January 18, 1984. Spatola and Bosco transported the heroin from Brooklyn to Atlantic City the same day. Extensive physical surveillance determined that immediately after the heroin transaction occurred, Bosco, Spatola and Gambino drove directly to Rosario Gambino's residence, presumably to provide him with the cash received from the undercover Agents.

On February 20, 1984, another one-half kilogram of heroin was purchased from Spatola and Gambino for \$120,000.

As a result of the investigation, it was determined that Rosario Gambino and his brother-in-law Erasmo Gambino had supplied the heroin sold to the undercover Agents.

On March 16, 1984, search warrants were executed at the following locations:

1. Residences of Antonino Gambino, Antonino Spatola, Rosario Gambino, Erasmo Gambino, R. Tallotta, Antonio Mannino, Salvatore DiMaggio and Francis J. Korkus, Jr.
2. Figaro's Pizzeria - Numbers 1 and 2
3. Business of Erasmo Gambino

Two of the most significant items seized during the searches were two \$100 bills from Rosario Gambino's bedroom dresser. The serial numbers of these bills were compared to the previously recorded "buy money" serial numbers paid by the undercover Agents on February 20th, and matched. Also recovered was half a gram of heroin seized from a suit jacket hanging in Erasmo Gambino's master bedroom closet.

On March 16, 1984, Rosario Gambino, Erasmo Gambino, Antonino Gambino, Antonino Spatola and Mario Gambino were arrested and charged with conspiracy to distribute heroin. Bosco was not located and is still a fugitive.

During March 1984, Anthony Oreo, Jon Roth, Anthony Esgro, Richard Saad, Francis Korkus, Sandra LaChetti, and Scott Fairfield and Antonino Gambino were also arrested and charged with conspiracy to distribute cocaine.

After a lengthy trial, Rosario, Erasmo and Antonino Gambino, as well as Spatola, were convicted on October 23, 1984, for their roles in the conspiracy to distribute heroin. On December 6, 1984, USDJ Frederick B. Lacey, Newark, New Jersey, sentenced them as follows:

1. Rosario Gambino - 45 years; \$105,000 fine; 20 years special parole
2. Erasmo Gambino = 30 years; \$95,000 fine; 20 years special parole
3. Antonino Gambino - 30 years, \$50,000 fine; 20 years special parole
4. Antonino Spatola - 34 years; \$50,000 fine; 20 years special parole

On December 21, 1984, the following subjects of the cocaine conspiracy aspect appeared before USDJ Lacey and entered guilty pleas:

1. Antonino Gambino - 2 counts, T21, USC, Sec 841(A)
2. Richard J. Saad - 1 count, T21, USC, Sec 843(B)
3. Anthony Esagro - 1 count, T21, USC, Sec 843(B)
4. Anthony Oreo - 1 count, T21, USC, Sec 843(B)
5. Scott Fairfield - 1 count, T21, USC, Sec 844(A)
6. Jon Roth - 1 count, T21, USC, Sec 843(B)

On December 24, 1984, Francis Korkus appeared before USDJ Lacey and entered a plea of guilty to a one count violation of Title 21, USC, Section 841(A).

On January 2, 1985, Sandra LaChetti appeared before USDJ Lacey and entered a plea of guilty to a one count violation of Title 21, USC, Section 844(A).

Rosario Gambino and his brother, Giuseppe Gambino, are currently under indictment in the District of New Jersey for income tax evasion. This matter is being prosecuted by Strike Force Attorney Robert M. Walker, Camden, New Jersey.

Rosario Gambino and his brothers Giuseppe and John are fugitives from Italy having been convicted in absentia on heroin trafficking charges.

TESTIMONY

BY

COUNTRY ATTACHE CHARLES GUTENSOHN

ISLAMABAD, PAKISTAN

DRUG ENFORCEMENT ADMINISTRATION

BEFORE THE

PRESIDENT'S COMMISSION ON ORGANIZED CRIME

FEBRUARY 20-21, 1985

MIAMI, FLORIDA

Pakistan's position as a major source of supply for heroin is the result of several factors. We must look back to the mid and late 1970's. During that period, the European heroin market grew and Turkey was eliminated as an illicit opium producer. This was combined with a reduction in the availability of Mexican heroin, and intermittent poor crop years in the Golden Triangle countries of Thailand, Burma and Laos. These factors contributed greatly to a sharply increased demand for opium and its derivatives from the Golden Crescent countries of Pakistan, Afghanistan and Iran. For the 1978-79 crop years, according to U.S. estimates, between 1,200 and 1,600 metric tons of opium were produced in the Golden Crescent. Much of this crop was either consumed or stockpiled in the Golden Crescent countries themselves; however, if all of that opium had been refined to heroin, 120 to 160 metric tons of heroin would have been available to the illicit world market. At that time in 1979, we estimated that three metric tons were smuggled into the United States. We now estimate that 4.1 metric tons are smuggled into the United States.

The Golden Crescent countries quickly filled the void created by the Turkish opium ban and the Mexican eradication program. Within one year, Southwest Asian heroin jumped from three percent of the U.S. consumer market in 1978 to 39 percent of the market in 1979. Heroin of Southwest Asian origin currently accounts for over 50 percent of the total

supply available to the U.S. addict market. According to the latest available figures, an estimated 62 percent of Southwest Asian heroin available in the United States is comprised of Pakistani produced heroin. This is a significant increase over the estimated 15 percent share that was of Pakistani origin in 1979. These data are derived from the Heroin Signature Program which is an indepth chemical analysis whereby heroin exhibits are classified according to the process by which they are manufactured. On a regional U.S. basis, SWA heroin accounted for approximately 13 percent of the heroin available in the Southwest and West, 84 percent in the Northeast, 88 percent in the Southeast, and 30 percent in the North Central states during the January-September 1984 reporting period.

Historically, Pakistan has been an opium and hashish producing country. Prior to 1979, Pakistan licensed opium production to provide the opium necessary for medicinal drugs. Opium was also produced to supply the government-controlled vends which provided opium to Pakistan's registered addicts. Additionally, farmers in the Northwest Frontier Province produced several hundred tons of illicit opium yearly to meet the needs of non-registered addicts in Pakistan and neighboring countries. In 1979, Pakistan's martial law regime imposed the Hadd Ordinance (Islamic Law) which banned all opium production and the government vend system.

Pakistan's 1979 opium harvest, which was planted in late 1978 prior to the ban, resulted in the production of an estimated record 800 metric tons of raw opium. In addition, Afghanistan produced approximately 300 metric tons of illicit opium in 1979. Through the concerted efforts of the Drug Enforcement Administration, the State Department and the Government of Pakistan, Pakistan's illicit opium crop was reduced to an estimated 45 metric tons by 1984. All of the 1984 production took place in the tribal areas where crop eradication is extremely difficult. Currently, no action can be taken to reduce opium production in Iran or Afghanistan, due to the political situations in those countries. Furthermore, estimates of opium poppy cultivation and heroin production in Iran and Afghanistan are based on less than complete information. Even though the information is sketchy, it is estimated that Afghanistan produced 140-180 metric tons of opium in 1984. Much of Afghanistan's opium cultivation is situated on or near its border with Pakistan's tribal areas, over which the Government of Pakistan has limited, if any, control. As much as 50 percent or more of Afghanistan's opium harvest is sold to opium stockists in the tribal areas of Pakistan's Northwest Frontier Province. These same tribal areas have long been the traditional opium stockpile locations and market areas of both countries. The Pakistan villages of Landi Kotal and Bara are well known for their opium trade.

The events in Afghanistan and Iran during 1979 and 1980 severely restricted the usual flow of large consignments of opium westward. Thus the stockpilers and traffickers of opium in Pakistan's tribal areas became the recipients of several hundred tons of opium for which there was no established market. At the same time, the retail price of illicit opium plummeted from in excess of 200 U.S. dollars per kilogram to approximately 50 U.S. dollars per kilogram.

The stockpilers/traffickers were faced with the two-fold problem of being unable to safely smuggle large quantities of opium and being unable to obtain desired prices for the opium. Therefore, in 1980 the stockpilers/traffickers began to perfect the skills needed to convert opium to heroin, which was easier and more profitable to smuggle and was more marketable in Europe and the United States. Their subsequent trafficking of heroin to Europe and the United States was facilitated by existing Pakistani hashish trafficking organizations, some of which had shifted to heroin trafficking because of the enormous profits.

During 1981, Pakistan became a full-fledged heroin producing country, with the majority of the heroin conversion laboratories located in the tribal areas. The conversion laboratories were and are located in the remote, often inaccessible, tribal areas and are for the most part crude

setups and are often referred to as "bathtub" operations. This term, however, should not lull one into thinking that the laboratory processes are ineffective. On the contrary, these laboratories are made to order for the locale in which they operate. The laboratories have become capable of producing multikilogram quantities of high-quality heroin base or heroin hydrochloride. DEA's Special Testing and Research Laboratory analysis of numerous samples of Pakistani heroin in 1983 and 1984 revealed that these "bathtub" laboratories consistently produce heroin base and/or heroin hydrochloride with purities ranging between 70-98 percent.

Of the seven major tribes in the Northwest Frontier Province, two have agreed to ban heroin production and sale. Production and sale of heroin, however, continues in the Khyber Agency. Many individuals and groups are realizing great sums of money and are not willing to stop heroin production and sale even though their tribe has forbidden it. Consequently, clandestine laboratories continue to operate.

One must remember that the Government of Pakistan has very limited control over the tribal areas. The Government of Pakistan has concluded agreements, which in effect give responsibility for local affairs to tribal jirgas (councils of elders). Thus the vast majority of Pakistan's laws do

not extend to the tribal areas, and most of those laws which do, have been brought about by treaties between the Government of Pakistan and the jirgas. As a result, licenses for possessing firearms are not required; nor are there restrictions on the production and trade of items considered contraband elsewhere, i.e. firearms and smuggled goods. Until December 1983, the Prohibition Order, the Dangerous Drugs Act, and the Customs Act, which are the major drug enforcement statutes, did not apply to the tribal areas. Additionally, Government of Pakistan officials are required to obtain the consent of tribal leaders prior to entering tribal villages. Each agency or subdivision of the tribal areas has a political agent and usually one or more assistant political agents who function as the Pakistani Governor and/or Ambassador to the tribes. It is through cooperation of these political entities in the tribal areas that the Government of Pakistan exercises its influence.

The successful December 20, 1984 raid by the Khyber Agency Political Agent of a laboratory located north of Landi Kotal, provides an excellent example of tribal area clandestine laboratories, their operations, and the capabilities and enforcement efforts of the Government of Pakistan.

It is estimated that 500 kilograms of heroin base would have been produced by this particular laboratory. A total of 14 people were arrested at the scene, of whom six are expected

to be prosecuted -- including the laboratory owner and his chemist. I would now like to show a video tape that we took of that laboratory:

\*\*\*F I L M\*\*\*

While it is known that the majority of Pakistani heroin is produced in laboratories located in Pakistan's Northwest Frontier Province, enforcement efforts by the Government of Pakistan, and tribal leaders have forced many heroin laboratory operators to move their operations across the border into Afghanistan. Even though there is evidence that the relocation of the laboratories is taking place along the border, which is not recognized by many tribes, the management of the heroin trafficking organizations are located in the settled areas of the Northwest Frontier Province and the major cities in Pakistan.

The entire heroin production and distribution process in Pakistan is for the most part controlled by Pakistani citizens. The heroin production in the tribal areas is controlled almost exclusively by Pakistani Pathans. There are reported instances of Afghan Pathans being involved in heroin production but on a limited scale. The Pathans usually arrange for shipment of the heroin to the major cities of Quetta, Karachi, Lahore or Islamabad where it is

normally turned over to wholesale traffickers who have developed international drug smuggling logistical routes and methods.

The Pakistani drug traffickers are some of the best in the world at devising methods of smuggling. The Karachi and Lahore organizations continually attempt to utilize Pakistan International Airlines (PIA) as well as other international carriers to smuggle heroin. This is particularly true with Karachi-based smugglers, who have well-entrenched connections with PIA crews, maintenance crews and station managers. Karachi-based smugglers also have contacts within the Pakistani National Shipping Corporation (PNSC) which enable them to utilize PNSC vessels and crew members to smuggle large quantities of heroin from Karachi to transit and consumer countries. Heroin has been concealed in such bulk commodities as furniture, clothing, foodstuffs and handicrafts.

While freight shipments probably are used to transport the bulk of heroin to the United States, air courier operations through Europe to the United States seem to remain the most preferred method among the Pakistani trafficking organizations. Air couriers usually conceal the heroin in the false bottoms/sides of luggage or within their personal effects, and carry an average of three kilograms per trip.

Air couriers are, of course, the most time/cost effective means of smuggling the heroin since the customers are located thousands of miles away.

Lahore-based traffickers are also able to make use of various manufacturers of sporting goods, surgical instruments, garments, etc., who are located in the city of Sialkot, Pakistan. These manufacturers are internationally renowned for their ability to conceal heroin within their seemingly legitimate products. More than a thousand such manufacturing firms in Sialkot ship their goods to various international markets. Many of these firms are known to be involved with heroin trafficking organizations, which are based only an hour and a half drive away in Lahore. These heroin traffickers are also utilizing the international postal system to smuggle kilogram quantities of heroin to the United States and Europe. The smuggling of heroin in newspapers and periodicals is being encountered more and more frequently by Customs Services -- particularly in Germany and the United States. This method is very time/cost effective to the trafficking organizations, and it reduces the chances of arrest -- particularly when the addressee is fictitious.

Pakistani narcotics traffickers and their trafficking organizations are continually developing and expanding their narcotic distribution networks in Western Europe and the United States. Sizable Pakistani communities exist in several European countries and the United States. In addition, many Pakistani nationals hold British passports which facilitate their travel. Also, as previously stated, many Pakistani traffickers experienced in hashish trafficking have established network/contacts in the Pakistani communities located in Europe and the United States.

Within the past three years, DEA/Pakistan has been successful in identifying numerous organized Pakistani heroin trafficking groups operating between Pakistan, Europe and the United States. The Government of Pakistan has been extremely cooperative in assisting DEA/Pakistan in furtherance of these investigations. Numerous indictments in the United States have been obtained against some of these organizations.

The Government of Pakistan has become increasingly concerned about the levels of heroin production within its boundaries and the increase of heroin addiction among its populace of 88 million people -- an estimated 300,000 addicts by the end of 1984. With the assistance of DEA personnel in Islamabad, Pakistan since 1973 (particularly since the establishment of

DEA offices in the key areas of Peshawar, Karachi and Lahore in the early 1980's), who act in conjunction with the State Department's International Narcotics Matters Bureau, the Government of Pakistan has established several law enforcement entities responsible for curbing the flow of heroin outside Pakistan and to its own addict population. These law enforcement agencies are as follows: (1) the Pakistan Narcotics Control Board (PNCB), established in 1973, which has primary responsibility to the Government of Pakistan for being the advisory and coordinating agency for all agencies involved in drug enforcement activities; (2) Pakistan Customs, which is involved with the enforcement of customs and excise laws and has jurisdictional responsibility at Pakistan's border crossings, international airports and the Karachi harbor; (3) the Special Drug Enforcement Cells (SDEC), which are units of Customs enforcement officers who act as drug enforcement and investigative officers at strategic international and departure locations. Other drug enforcement agencies include the Provincial Police, Provincial Excise and Taxation, Federal Investigation Agency (FIA), Criminal Investigation Agency (CIA), Frontier Constabulary, Frontier Corps (Scouts), Levies (the tribal area political agent's police force), Rangers (Indian border), Coast Guard and Airport Security Force (ASF). In addition, joint narcotic task forces have been established throughout the country bringing together the combined efforts of several of the above agencies.

Due to the cooperative efforts between DEA in Pakistan and the law enforcement agencies named above, we have experienced an enormous increase of heroin seizures within Pakistan. In 1979, there were no seizures recorded; however, as of 1984, an average of 2,000 kilograms of heroin per year have been seized within the country for the last three consecutive years. This cooperative effort continues today which is clearly depicted by the four seizures during January-February 1985, each over 100 kilograms.

The Drug Enforcement Administration's presence in Pakistan also serves to assist the Government of Pakistan in its intelligence and training programs. Furthermore, DEA/Pakistan promotes an exchange of strategic and tactical intelligence between the Government of Pakistan and other countries which have an enforcement presence in Pakistan.

Coupled with its enhanced enforcement efforts, the Government of Pakistan amended its controlled substance law during late 1983 to provide for a minimum mandatory sentence of two years incarceration and a maximum life sentence for possession of ten grams or more of heroin. Additionally, the rules of admissible evidence in Pakistan were revised during 1984 regarding prosecution of narcotics offenders.

DEA/Pakistan continues to develop high-level conspiracy investigations which enable indictments to be gained against the entire heroin trafficking apparatus in the United States and in Pakistan. In conjunction with the assistance from DEA domestic field divisions, DEA/Pakistan receives support for these investigations from DEA Headquarters Operations Section and the Office of Intelligence. As a result, numerous U.S. indictments have been obtained against the primary controllers of Pakistani organizations, and U.S. distributors have been arrested in the cities of New York, Baltimore, Washington, D.C., Miami, Chicago, Detroit, St. Louis, Houston, Los Angeles, and San Francisco, among others.

I would like to assure this Commission that DEA/Pakistan's goals are clear and that the interdiction of narcotics destined to the United States will continue to remain a priority objective, with particular emphasis on the immobilization of the entire production distribution apparatus.

TESTIMONY

BY

SPECIAL AGENT MICHAEL T. DE SANCTIS

NIGERIAN TASK FORCE

DRUG ENFORCEMENT ADMINISTRATION

BEFORE THE

PRESIDENT'S COMMISSION ON ORGANIZED CRIME

FEBRUARY 20-21, 1985

MIAMI, FLORIDA

Mr. Chairman and members of the Commission, I am pleased to have the opportunity to appear here today and present testimony concerning the heroin smuggling and distribution activities of organized Nigerian nationals in the United States.

To fully comprehend the movement of drugs from Nigeria to the United States, one must first acquire a general understanding of that country.

The Federal Republic of Nigeria is the most populous country in Africa with a population of about 90 million. There are more than 300 languages spoken, although English is the official language of the country. Various linguistic groups have differing political, economic, social and religious traditions.

In recent years, Nigeria experienced difficulties in its economy. Agriculture decreased and petroleum caused inflation to run in double digit figures. Inflation also caused unemployment which appears to increase yearly. Unemployment in Lagos alone is estimated to be somewhere around 35 percent. As the Nigerian economy declined, the smuggling of heroin began to develop.

Heroin smuggling and distribution began to escalate within the Nigerian communities in the United States. In

increasingly larger numbers, both domestic and international heroin seizures from Nigerian nationals increased considerably.

In 1982 there were approximately 2,767 grams of heroin seized resulting in twenty (20) arrests of Nigerian nationals; in 1983, 29,873 grams of heroin were seized and fifty-three (53) arrests were made; and in 1984, there were 69,673 grams of heroin seized resulting in two hundred twenty-five (225) arrests. (Total seizure and arrest statistics are collected from a variety of sources worldwide and do not represent official totals.)

Since Nigeria's independence from Britain in October 1960, several military and civilian governments were established. The most recent government was created on December 31, 1983, after a bloodless coup with the military replacing the civilian government. The new government stated that rising prices, shortages of food, essential goods, raw materials, high unemployment, and corruption contributed to its decision to take over the reins of power.

Today, although the now Federal Military Government (FMG) has made great efforts to keep pace with the multi-faceted problems of corruption, fraud, and evasion of currency controls, these activities remain a serious problem within the country.

It should be noted that Nigeria is not a source country for heroin. Opium poppies do not grow wild and there is no known cultivation of the plant. Nigeria's present role in the international drug trafficking market is that of a transit and transshipment center. Most of the heroin trafficked by Nigerian nationals originates in Southwest Asia, more specifically Pakistan.

Nigerian nationals and resident aliens, prior to 1982, played an insignificant role in the illicit trafficking of narcotics into the United States. The Nigerian drug activity was basically confined to marijuana smuggling. Most violations involved relatively small quantities of cannabis. The cannabis was confiscated at various ports-of-entry and the violators were apprehended for these offenses and generally given a small fine.

The Drug Enforcement Administration has identified a number of organized groups of Nigerians who are loosely associated with each other. These organized heroin trafficking groups have connections in major cities in Western Europe and the United States which they use as outlets for their heroin.

A close association developed between Pakistani sources of supply and the organized groups of Nigerian drug traffickers. Whatever the origin of these groups, they all

appear to use couriers. The couriers travel to Pakistan where they purchase heroin for between \$6,000 and \$8,000 per kilogram. The couriers then return to Lagos with the heroin. In Lagos, the heroin is divided into smaller quantities, usually between 100 and 500 grams per package. The Nigerian traffickers then use a second set of couriers to smuggle the heroin into the United States where it is sold for up to \$10,000 an ounce or up to \$150,000 a kilogram. In Western Europe, heroin is sold for between \$35,000 and \$45,000 per kilogram. In Nigeria, heroin sells for \$30,000 per kilogram. The incentive for continued smuggling by these organized groups is the extremely high return on their initial investment as noted above and illustrated below in the Nigerian price pyramid.

NIGERIAN PRICE PYRAMID

UNITED STATES  
\$150,000  
Per Kilogram

EUROPE  
\$35,000-\$45,000  
Per Kilogram

NIGERIA  
\$30,000  
Per Kilogram

PAKISTAN  
\$6,000-\$8,000  
Per Kilogram

Typically, Nigerian organizations headquartered in Lagos use male couriers who travel directly to Karachi, Pakistan on commercial aircraft. In Karachi, some couriers are known to fly onward to Islamabad where they then travel to Peshawar using ground transportation. In Peshawar, the couriers make contact with Pakistani sources of supply and purchase kilogram quantities of heroin. When returning to Lagos with the heroin, the couriers transit other countries in Africa or Europe. The heroin is stored until arrangements are completed for delivery to the United States or Europe. A different group of couriers are usually recruited in Lagos for the onward trip.

The organized Nigerian groups, using lieutenants, recruit students and low paid or unemployed residents of Lagos as couriers. The couriers are paid between \$1,000 and \$2,000 per trip depending on the quantity of heroin they smuggle. The lieutenants then obtain either fraudulent or genuine passports for the couriers and airline tickets. The couriers, just prior to departure from Lagos, are given the heroin and the name and telephone number of a contact in the United States. The couriers may also be told to stay at a particular hotel usually under another name. If more than one courier is utilized, the group then sends a trusted member of the organization aboard the same aircraft with

the couriers. This trusted member acts as a controller for the couriers. The controller does not carry any drugs and usually represents himself as a businessman or a tourist when entering the United States. If a controller is used, it is then his responsibility to ensure that the U.S. based member of the organization receives the heroin.

Couriers usually enter the United States from Lagos flying directly into JFK in New York via Nigerian Airlines or on Pan Am. However, couriers also fly from Lagos to Europe then onto other East Coast cities in the United States. In some cases, couriers have flown from Lagos to Europe then to Montreal, Canada where they are pre-cleared through U.S. Customs personnel. The couriers then fly into the United States aboard domestic flights thereby eluding further detection of their illegal activities.

Couriers to the U.S. are both male and female and use common methods of concealment. Some of the concealment methods for these traffickers include body cavity, body carry, cartons of cigarettes professionally wrapped and sealed, inside the soles and heels of shoes, false-sided suitcases, etc. If the couriers use a body cavity to smuggle the heroin, the heroin is usually placed inside several condoms then wrapped with adhesive tape numerous times. This is done to ensure that the condoms will not split or break open while inside the body cavity.

If an American heroin customer wants to purchase one kilogram of heroin, as many as ten couriers may be used. The reason for the large numbers of couriers is to ensure that at least half of the couriers will elude detection. The couriers are not necessarily aboard the same flight nor will they arrive in the same city or even arrive in the U.S. on the same date. Arrests of couriers have been made at all major international airports along the East Coast, from Miami, Florida to Boston, Massachusetts, and even in Canada. Arrests of couriers have also been made in Texas, California and Washington State. Of significance is the fact that a brother and sister team from Nigeria were used as couriers and flew from Lagos to Japan then to Seattle, Washington where they were arrested in possession of heroin. This was a departure from the usual routes, i.e., normally into the U.S. from Europe or directly from Lagos.

After the heroin arrives in the United States, it is sold to American customers. Depending on the Nigerians contact, the heroin is only sold to one or two American distributors in a given area. The reason behind this is to limit the possibility of detection and apprehension by law enforcement authorities. In some instances, enterprising Nigerians, independent of the major trafficking groups, will buy heroin. The heroin is purchased from the lieutenants in

hopes of making a quick buck. In these instances, these traffickers sell their heroin to anyone, including law enforcement agents acting in an undercover capacity.

Nigerian heroin smuggling and distribution networks operate in several major metropolitan areas in the United States, of which Washington, D.C. and New York City are the most active cities. The extent of distribution in the U.S. is unknown, but information developed through "Operation TAXI" indicates that the several Lagos based groups are supplying Chicago, Los Angeles, Houston and Boston. Intelligence information has also shown that nearly every region in the U.S., where there are communities of Nigerian nationals residing, both legally and illegally, have been linked to heroin traffickers and couriers.

At least one of the major Nigerian organizations, based in Lagos, is estimated to import between 20 and 50 kilograms of heroin a month into the United States. Combined estimates of the amount of heroin imported by the Nigerian organizations are between 100 and 200 kilograms per month.

Once the heroin is sold, the illicit profits are taken out of the United States. Money couriers may be lieutenants, controllers or, as in one such group, the head of the trafficking organization. For the most part, U.S. currency

is transported out of the United States without being declared. In one case, \$158,000 was successfully smuggled out of the United States; however, the money was in a suitcase which broke open at a foreign airport. This resulted in intelligence information which linked the suitcases, the courier, and the money to one of the Nigerian groups.

In some cases, U.S. banks are used by the Nigerians. Several bank accounts are opened under various names and by several individuals, all of whom are members of an organization. Each account may contain as much as \$10,000, but when added together, the funds reach into the millions of dollars.

Difficulty in tracing the bank accounts and the illicit profits is the result of the numerous fictitious identities used by the Nigerians. The organized Nigerians use fraudulent passports, phony drivers' licenses and other documents to obtain social security cards and credit cards. Using the various phony documents and credit cards, the Nigerians can open bank accounts, lease apartments, obtain telephone service, buy vehicles, etc. Furthermore, this gives the Nigerians the opportunity to circumvent the currency reporting requirements by the banks. That is to say, the Nigerians are aware that U.S. banks must report any

transactions of \$10,000 or more to the U.S. Treasury Department. By maintaining numerous bank accounts under fictitious identities and by withdrawing less than \$10,000 from each account, there is no requirement placed on the banks to report such information.

Available intelligence concerning money smuggled out of the U.S. by Nigerian trafficking organizations appears to indicate travel to London, England. It also appears that the money is likely to transit or to be changed into negotiable instruments in London. It is probable that the ultimate destination of the money is one of several European financial centers. However, some illicit drug profits are returned to Nigeria for the enrichment of the Nigerian heroin traffickers. One such Nigerian trafficker used his illicit profits to build a custom-made house in Lagos for reportedly in excess of \$1,500,000.

Following the December 31, 1983 coup d'etat, Major General Mohammed Buhari and the FMG have made some strides in their attempts to eliminate corruption and other illegal activities within Nigeria. The FMG has retired or dismissed several civil servants and police and Customs personnel. On May 6, 1984, General Buhari issued new Naira currency. He called in all existing old Naira currency, attempting to flush out large holdings of these old notes within the country and abroad.

The FMG has become cognizant of Nigeria's role in the international drug trafficking trade and has successfully apprehended several violators. In July, Decree Number 20 was created by the FMS. Drug smuggling is among the capital offenses under its provisions. Additionally, in September penalties for cannabis violations were increased. Furthermore, Nigerian law allows for the forfeiture of assets which are determined to be ill-gotten gains.

This concludes my testimony.

PRESENTATION BY GARY J. MURRAY  
TO  
THE PRESIDENT'S COMMISSION ON ORGANIZED CRIME

FEBRUARY 20-21, 1985 --- MIAMI, FLORIDA

GARY J. MURRAY  
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## ORGANIZED NARCOTICS SMUGGLING ACTIVITIES BY NIGERIANS

### INTRODUCTION:

Good morning, I would like to thank the Commission for offering me this opportunity to discuss Nigerian heroin smuggling. I have been with the U.S. Customs Service for 7 years. I served as an inspector for 5 years prior to joining the New York Regional Intelligence Branch as an analyst assigned to narcotics. For the last 2 years I have been actively involved in studying Nigerian heroin couriers, their routes, and concealment methods.

### BACKGROUND ON ILLICIT ACTIVITIES OF NIGERIAN NATIONALS IN THE U.S.

Nigerians have historically been involved in fraudulent activities in the United States for many years. These activities include: bank loan fraud; check and credit card fraud; student loan fraud and fraudulent accident claims. Nigerian fraud schemes involve individuals known as "supervisors" who actively recruit Nigerian college students, known as "soldiers", on college campuses. Many students are willing to participate because of a reduction in monetary aid from their families and

the elimination of Nigerian government grants. The reason for this reduction is a rampant inflation in Nigeria which resulted from the worldwide decrease in the price of oil, the most important factor in the Nigerian economy. Other activities include the illicit export of automobiles and weapons, which, when smuggled back to Nigeria, can be resold for ten to twenty times their U.S. value.

It is important to recognize that this groundwork established by Nigerians engaged in illicit activities is an excellent base upon which to develop a narcotics smuggling conspiracy.

#### NIGERIAN HEROIN SMUGGLING IN THE U.S.

Shortly after my assignment to intelligence it came to my attention that a Nigerian had been arrested at JFK Airport with 4 pounds of heroin. This was noteworthy because my previous experience at the airport had indicated that Nigerians were involved in the smuggling of marijuana, but not heroin. Shortly thereafter, two other Nigerians were arrested with approximately 1 pound of heroin each.

As a result of these arrests and seizures, I began a study for the U.S. Customs Service in New York, of the use of Nigerians as heroin couriers.

Subsequently, Customs alerts were issued nationwide to field personnel throughout the Customs Service detailing the threat posed by Nigerian heroin couriers.

Nigerian couriers have since been arrested in increasing numbers. In 1982, two Nigerians were arrested smuggling heroin. This figure jumped to 21 in 1983 and to 110 in 1984. These are nationwide figures.

Chart number 1 depicts the ports of entry most frequently utilized by Nigerian heroin couriers. It will be seen that New York accounts for 63 percent of all Nigerian heroin seizures in the United States. There are several reasons for this. There are four direct flights from Nigeria which arrive at JFK weekly; two of Nigerian Airways and two of Pan American Airways. These two airlines account for 47 percent of all Nigerian heroin seizures. The large number of legitimate Nigerian travellers on these flights make courier identification difficult and it is anticipated that couriers will continue to use these flights. Nigerians travelling from Europe favor airlines such as Lufthansa, Swissair, and KLM, which also arrive at JFK. Finally, New York enforcement personnel processing Nigerian passengers now have a heightened awareness of the heroin smuggling problem.

### CULTURAL CONSIDERATIONS

There are several cultural and political considerations which influence the way Nigerian heroin smugglers/couriers operate. It is common for Nigerians to maintain close relationships with distant relatives. These relationships provide multiple addresses which can be used in the pursuit of criminal activity. It is not uncommon for Nigerian criminals to conduct several schemes simultaneously; using multiple aliases, several addresses, mail drops, and answering services. It has been my experience that you can never be 100 percent sure of a Nigerian's true identity. Because of a Nigerian's pride in his education, the college identification card or his genuine diploma may be the only time many Nigerians will use their true name.

Nigeria does not have a systematic birth registration procedure. This facilitates the establishment of false identities. To obtain a Nigerian passport, for example, a Nigerian will go to the authorities, make a declaration of his name and date of birth, perhaps supported by affidavits from relatives. Nigerian couriers often possess several Nigerian passports to facilitate their illicit activities. Stolen and altered passports are occasionally used.

The Nigerian custom of having a Moslem or Christian name in addition to a tribal name compounds the problem of identification.

A name is often shortened; for example, the name BABATUNDE could become TUNDE; OLUFEMI could become OLU or FEMI; MODUPE could become DUPE; or AYODELE could become DELE, etc.. Once in the United States the Nigerian traffickers can use these name variations to their advantage to confuse inspectors and other authorities.

#### POLITICAL CONSIDERATIONS

In the late 1970's, Nigeria's economy was overextended because of dependence on anticipated oil revenues. The collapse of world oil prices contributed to the overthrow of the government by a military coup on December 31, 1983. This resulted in (1) a moratorium on the issuance of new passports, (2) closing of the airports to private aircraft, (3) personal searches at airports for narcotics and currency, (4) institution of the death penalty for certain crimes, including narcotics smuggling, and (5) removal of 400 security and Customs personnel for corruption. These efforts have had little apparent deterrent on Nigerian heroin smuggling into the United States.

It is believed that corruption continues to be a problem in Nigeria. Within the last year Nigerian airline and airport security personnel have been arrested in the United States, Europe, and Nigeria for heroin smuggling.

## ORGANIZATION AND MODUS OPERANDI

Courier groups are loosely structured and are associated with each other. The organizations that exist are based on extended family or tribal affiliation. These inter-group relationships allow for the free trading of information whether concerning fraud schemes or narcotics smuggling. It appears that, similar to traditional organized crime, Nigerian couriers take oaths of secrecy. This has frustrated efforts to discover the organization and leadership of the Lagos-based drug groups.

Most couriers travel in groups of two or three, under control of an individual who is not carrying drugs. Each courier receives a fee of \$1,500 to \$3,000 per trip, plus expenses. Recently, a number of Nigerians have apparently been acting as freelance couriers, not connected to an organized group.

The smuggling patterns have followed an evolutionary process. Initially, couriers concealed heroin in false sided luggage or on their bodies. The methods of concealment progressed to soles or heels of shoes, then to concealment in tubular frames of baggage carts. Today the most commonly used method appears to be vaginal or rectal concealment.

These shifts in concealment methods show a resourcefulness and quick adaptation when a particular method has been identified

by authorities. Both U.S. and Nigerian Customs have instituted personal searches of suspected narcotics couriers arriving in the United States or leaving Lagos. The Nigerian measure seems to have been prompted by criticism of the Nigerian Government in several Nigerian newspapers.

Nigerian females often use the internal concealment method for smuggling. Recently, several Nigerian females claimed that they were pregnant and should not be X-rayed. The interesting aspect is that these statements were often made prior to questioning by the Customs Inspector or before any mention of X-ray utilization.

Because of the large number of Nigerians being arrested, other nationalities are apparently being recruited to replace Nigerian couriers. Intelligence indicates that other West African nationals are being recruited. Three Ghanians have been arrested for smuggling after transiting Nigeria; two with heroin and one with cocaine. Additionally, two Scandinavian females were recently arrested in Europe smuggling heroin for a Nigerian national.

In addition to smuggling heroin to the U.S. and Europe, Nigerians are also beginning to smuggle cocaine. Couriers carry

cocaine to Lagos and on to Europe. Because of higher prices in Europe, Nigerians do not appear to be smuggling cocaine to the United States in significant amounts. However, two cocaine seizures have occurred which have transited Nigeria, one in Los Angeles and the other in New York.

#### SOURCE OF THE HEROIN

Nigeria is not a producer of opium nor is heroin processed there. Almost all of the heroin smuggled by Nigerian couriers originates in Pakistan. This has been confirmed by DEA's heroin signature analysis.\* According to Pakistani immigration statistics, the number of Nigerians entering Pakistan increased tenfold between February 1983 and February 1984. Significant multi-kilogram seizures have been made from Nigerians in Pakistan and Europe as they are returning to Nigeria. Nigerians travel to Pakistan as tourists, students, or on business.

\*Signature analysis identifies opiate trace elements which serve to differentiate heroin conversion processes in use around the world. Heroin seized from Nigerian couriers is nearly all of a Southwest Asian process identified with Pakistan.

## CONCLUSIONS

In my opinion, the reason that U.S. law enforcement has not been able to deal with the total problem of Nigerian criminal activity is that it is too diversified and massive for any one agency. Nigerian criminal groups are well aware of U.S. law enforcement tactics and our legal system. They are exploiting this knowledge to avoid arrest and prosecution, and are quick to react to changes in U.S. enforcement efforts.

TESTIMONY PRESENTED TO THE  
PRESIDENT'S COMMISSION ON ORGANIZED CRIME  
IN MIAMI, FLORIDA

BY

ROBERT J. ROBERTSON  
CHIEF  
DIVISION OF DRUG PROGRAMS  
DEPARTMENT OF ALCOHOL AND DRUG PROGRAMS  
STATE OF CALIFORNIA

FEBRUARY 21, 1985

MAY I BEGIN BY SAYING THAT I AM PLEASED TO HAVE THE OPPORTUNITY TO APPEAR BEFORE YOU AND I BRING YOU GREETINGS FROM CHAUNCEY L. VEATCH III, DIRECTOR, DEPARTMENT OF ALCOHOL AND DRUG PROGRAMS, STATE OF CALIFORNIA.

TODAY I WOULD LIKE TO DISCUSS THREE MAJOR ISSUES: 1) HEROIN; 2) DESIGNER DRUGS; AND 3) PREVENTION.

### HEROIN

SINCE 1978 THERE HAVE BEEN INDICATIONS OF GREATER HEROIN USE IN COLLEGE AND MIDDLECLASS GROUPS. IN 1978 THERE WAS THE ADVENT AND EXPANSION OF SMOKING "PERSIAN HEROIN" WHICH WAS NOT ONLY USED BY IRANIAN NATIONALS LIVING IN THE USA BUT BECAME THE IN THING AT COLLEGES AND MIDDLECLASS PARTIES. MANY OF THESE RECREATIONAL USERS BECAME DEPENDENT AND MOVED TO THE MORE TRADITIONAL STREET SUPPLIERS OF HEROIN AND BEGAN TO USE INTRAVENOUSLY. OTHERS PRESENTED THEMSELVES FOR TREATMENT ESPECIALLY IN THE PRIVATELY FINANCED METHADONE CLINICS. THEY TEND TO BE SOMEWHAT DIFFERENT THAN THE USUAL CRIMINAL HEROIN ADDICTS.

THE CALIFORNIA STATE DEPARTMENT OF ALCOHOL AND DRUG PROGRAMS COLLECTS DATA ON METHADONE CLIENTS ADMITTED TO AND DISCHARGED FROM ALL METHADONE CLINICS IN THE STATE. THE DATA COLLECTION INSTRUMENTS DO NOT ADDRESS THE INCOME OF CLIENTS ENTERING TREATMENT. HOWEVER, SINCE ALL METHADONE UNITS, PUBLIC AND PRIVATE, ARE REQUIRED TO REPORT TO THE DEPARTMENT, DISTINCTIONS BETWEEN THE PRIVATE AND PUBLIC CLIENT CAN BE MADE. PAST STUDIES HAVE INDICATED THAT PRIVATE AND PUBLIC PROGRAMS DO NOT SERVE THE SAME POPULATIONS, AND THAT PRIVATE PROGRAMS SERVE A POPULATION COMMONLY ASSOCIATED WITH GREATER AFFLUENCY THAN DO THE PUBLIC PROGRAMS. WHILE THE FOLLOWING STATEMENTS REFER TO THE PROFILE OF PRIVATE PROGRAM METHADONE CLIENTS, THEY CAN BE EXTRAPOLATED FROM TO APPLY TO A GROUP OF RELATIVELY MORE AFFLUENT ADDICTS THAN THE PUBLIC CLIENTS.

- O THE CLIENT IS MOST LIKELY TO BE WHITE, MALT, AND BETWEEN THE AGES OF 26 AND 35.
- O PRIVATE CLIENTS ARE LESS LIKELY TO BE TAKING ILLEGAL DRUGS THAN ARE THE PUBLIC CLIENTS.
- O THE PRIVATE CLIENT IS FAR MORE LIKELY TO BE EMPLOYED AND FAR LESS LIKELY TO RUN AFOUL OF THE LAW.

COCAINE IS PLAYING AN INCREASINGLY IMPORTANT ROLE IN THE RISE OF MIDDLECLASS HEROIN USE. WHEN THE COCAINE USERS GETS THE "EDGE'S" THEY FREQUENTLY SEEK OUT HEROIN AS A SEDATION. THIS COMBINATION OF COURSE DEMANDS THE USE OF ADDITIONAL AMOUNTS IN ORDER TO ACHIEVE THAT ELUSIVE HIGH OF SEDATION AND BECOMES A VICIOUS CYCLE OF DEPENDENCE. I CAN CLEARLY STATE TO THIS COMMISSION THE INCREASE IS BEGINNING TO SHOW UP IN OUR STATISTICS.

DESIGNER DRUGS ARE BEGINNING TO PLAY A MORE PROMINENT ROLE IN THE HEROIN ADDICTS MARKET PLACE. FENTANYL ANALOGS ARE BEING SOLD AS "CHINA WHITE", "SYNTHETIC HEROIN", ETC. AND ARE BEING ASKED FOR BY ADDICTS ON THE STREET. AVAILABILITY AND PRICE ARE ATTRACTIVE TO THE HEROIN USER, SOME WHO FEEL THEY MAY CONTAIN LESS ADULTERANTS THAN HEROIN.

OUR DATA COLLECTION ADMISSIONS ALSO SHOW AN ALARMING INCREASE OF APPROXIMATELY 20% IN THE USE OF HEROIN AS THE PRIMARY DRUG BY THOSE 17 YEARS OF AGE OR YOUNGER.

OVER 50% OF ALL ADMISSIONS TO PUBLIC PROGRAMS IN THE STATE OF CALIFORNIA ARE FOR THE PRIMARY DRUG OF HEROIN.

\*VARIOUS TYPES OF HEROIN CAN BE PURCHASED IN CALIFORNIA. FOR EXAMPLE, IN SAN FRANCISCO ON FEBRUARY 14, THE FOLLOWING WERE AVAILABLE: PERSIAN, MEXICAN LIGHT BROWN, MEXICAN DARK BROWN, MEXICAN TAR, CHINA WHITE (ORGANIC AND SYNTHETIC), INDIAN OR MALAYSIAN PINK, AMSTERDAM MARBLE, AND BURMA WHITE.

MEXICAN TAR - A RELATIVELY NEW FORM OF HEROIN BEING SEEN ON THE STREET. IT IS SAID TO BE FROM 40-80% PURE HEROIN, AND HAS A DARK, TARRY APPEARANCE WITH A CONSISTENCY RANGING FROM GOOPY TO SOMETHING SIMILAR TO COLD ROOFER'S TAR, WHICH CAN BE EASILY CHIPPED. THE PRIMARY REASON FOR THE PURITY IS TO LOWER THE WEIGHT OF THE NARCOTIC-CONTAINING SUBSTANCE BEING HELD AT ANY ONE TIME BY THE DRUG SELLER. THE UNIFORM CONTROLLED SUBSTANCES ACT (COMPRISED OF CERTAIN KEY CALIFORNIA PENAL CODE SECTIONS) MANDATES A PRISON SENTENCE FOR ANYONE CONVICTED OF POSSESSING FOR ILLICIT SALE ONE-HALF OUNCE OF

MORE OF ANY SUBSTANCE CONTAINING A NARCOTIC. MEXICAN TAR IS SOLD ON THE STREET AS HIGH-GRADE HEROIN WITH THE UNDERSTANDING THAT THE SELLER WILL NEED TO CUT THE HEROIN ON HIS OWN TO THE DESIRED POTENCY. SELLERS ARE THEN ABLE TO LEGALLY MANEUVER FOR LESSEF SENTENCES, IF CAUGHT, AS LONG AS THEY DON'T CARRY MORE THAN HALF AN OUNCE ON THEIR PERSON. IN THIS FORM, THAT AMOUNT GOES A LONG WAY.

\*DR. DAPYL INABA

### DESIGNER DRUGS

### THE ANALOG GAME

I WISH TO CALL TO YOUR ATTENTION WHAT MANY OF US BELIEVE TO BE AN OMINOUS NEW PHENOMENON IN THE ILLICIT DRUG MARKET. WHILE TECHNIQUES AND METHODS OF CONTROL HAVE BEEN DEVELOPED FOR MANY OF THE WELL-KNOWN STREET DRUGS RANGING FROM HEROIN TO PCP, WE NOW HAVE THE FRIGHTENING SPECTER OF SEEING THE ILLICIT DRUG MARKET INUNDATED WITH NEW SYNTHETIC STREET DRUGS WHICH CAN BE DEVELOPED AND MANUFACTURED FASTER THAN THEY CAN BE IDENTIFIED AND CONTROLLED. BEFORE DESCRIBING THIS FURTHER, LET ME OUTLINE THE BASIS FOR THIS FRIGHTENING NEW DEVELOPMENT WHICH HAS BEEN CALLED THE "DESIGNER DRUG" PHENOMENON.

THE TERM "DESIGNER DRUGS" WAS ORIGINALLY COINED IN THE LABORATORY OF DR. GARY HENDERSON AT THE UNIVERSITY OF CALIFORNIA, DAVIS. IT WAS ORIGINALLY MEANT TO REFER TO THE INCREASING SOPHISTICATION OF CHEMISTS IN ILLICIT LABORATORIES WHO ARE NOW APPROACHING THE ABILITY TO PRODUCE DRUGS DESIGNED TO FIT THE TASTES OF INDIVIDUAL CLIENTS. WHILE THAT IS BAD ENOUGH, THIS PHENOMENON HAS TAKEN A TRULY PERNICIOUS TURN AS THESE DRUGS ARE NOW ALSO BEING TAILORED TO ESCAPE THE LAW. LET ME EXPLAIN PRECISELY HOW THIS IS POSSIBLE.

THE GOVERNMENT IS REQUIRED BY LAW TO SPECIFY THE EXACT CHEMICAL STRUCTURE AND NAME OF AN INDIVIDUAL COMPOUND WHICH IT WISHES TO CONTROL. THERE ARE A VARIETY OF REASONS WHY THIS SPECIFICITY IS REQUIRED WHICH I WILL NOT GO INTO HERE. BECAUSE OF THE INCREASING SOPHISTICATION OF THESE "KITCHEN" CHEMISTS, THEY ARE NOW TAILORING THESE DRUGS SO THAT THEY ARE BEYOND THE REACH OF THE LAW. IT IS POSSIBLE TO DO THIS BY SIMPLY MAKING A MINOR MODIFICATION IN THE CHEMICAL STRUCTURE OF A CONTROLLED DRUG SUCH AS ADDING A FLUORIDE OR AN EXTRA CARBON MOLECULE. THE NEW DRUG, BECAUSE THE ALTERATION IS MINOR, MAY BE EXPECTED TO HAVE SIMILAR PSYCHOACTIVE EFFECTS, BUT BECAUSE IT IS NO LONGER EXACTLY THE SAME CHEMICAL, IT IS NO LONGER CONTROLLED. HENCE, THE CHEMIST MAKING THIS COMPOUND IS BEYOND THE REACH OF THE LAW. IF A NEW DRUG BECOMES WIDELY DISTRIBUTED ENOUGH, THE DRUG ENFORCEMENT ADMINISTRATION MAY MOVE TO CONTROL THE COMPOUND, BUT THIS, UNTIL RECENTLY, REQUIRED ONE TO TWO YEARS. BY THAT TIME, NEW VARIATIONS MAY ALREADY BE IN CIRCULATION. IN THIS WAY, INDIVIDUALS MANUFACTURING THESE "DESIGNER DRUGS" CAN STAY AHEAD OF THE LAW ALMOST INDEFINITELY.

## FENTANYL

THE FENTANYLS ARE A CLASS OF VERY POTENT NARCOTIC-ANALGESICS ORIGINALLY SYNTHESIZED BY THE JANSSEN PHARMACEUTICAL COMPANY OF BELGIUM. ALTHOUGH THE CHEMICAL STRUCTURES OF THESE DRUGS ARE QUITE DIFFERENT FROM THE OPIATES AND OPIOIDS; THE FENTANYLS, NEVERTHELESS, POSSESS ALL THE PHARMACOLOGICAL AND TOXICOLOGICAL ACTIONS OF THE CLASSICAL NARCOTICS. FENTANYL, THE PARENT DRUG, IS USED EXTENSIVELY IN CLINICAL MEDICINE AS AN INTRAVENOUS ANALGESIC-ANESTHETIC UNDER THE TRADE NAME SUBLIMAZE. IT IS A WELL RESPECTED DRUG.

BEGINNING IN 1979, ILLICITLY SYNTHESIZED DERIVATIVES OF FENTANYL BEGAN APPEARING ON THE STREETS AS DRUGS OF ABUSE UNDER THE NAME "CHINA WHITE", THE NAME USUALLY ASSOCIATED WITH VERY PURE SOUTHEAST ASIAN HEROIN. SOON THEREAFTER A SERIES OF DEATHS OCCURRED IN SOUTHERN CALIFORNIA WHICH LOOKED LIKE TYPICAL HEROIN OVERDOSE DEATHS EXCEPT THAT TOXICOLOGICAL ANALYSIS FAILED TO DETECT ANY NARCOTIC. TO DATE OVER 77 SUCH DEATHS HAVE OCCURRED.

THE LABORATORY AT UC DAVIS, PARTIALLY SUPPORTED BY THE CALIFORNIA STATE DEPARTMENT OF ALCOHOL AND DRUG PROGRAMS, IS USING VERY SENSITIVE ANALYTICAL TECHNIQUES SPECIFIC FOR THE FENTANYLS, HAS DETECTED VARIOUS FENTANYL DERIVATIVES IN THE BODY FLUIDS OF THE OVERDOSE VICTIMS. IN ADDITION, THEY HAVE DETECTED THE FENTANYLS IN THE URINE OF A SIGNIFICANT NUMBER OF INDIVIDUALS ENROLLING IN VARIOUS METHADONE AND OTHER DRUG TREATMENT PROGRAMS THROUGH OUT CALIFORNIA.

TO DATE THEY HAVE IDENTIFIED FIVE DIFFERENT FENTANYL DERIVATIVES, IN ADDITION TO FENTANYL ITSELF, IN SAMPLES BEING SOLD ILLICITLY UNDER A VARIETY OF NAMES SUCH AS "CHINA WHITE", "SYNTHETIC HEROIN" AND "FENTANYL". THE NEWEST DERIVATIVE, 3-METHYL FENTANYL, IS EXTREMELY POTENT (APPROXIMATELY 3000 TIMES AS POTENT AS MORPHINE) AND IS THOUGHT TO BE RESPONSIBLE FOR AN ALARMING NUMBER OF RECENT OVERDOSE DEATHS IN THE SAN FRANCISCO BAY AREA.

#### FENTANYL DERIVATIVES USED MEDICALLY (FIGURE 1)

A BRIEF DESCRIPTION OF THE FENTANYL DERIVATIVES USED IN HUMAN AND VETERINARY MEDICINE IS GIVEN BELOW:

#### FENTANYL

FENTANYL WAS INTRODUCED INTO THE UNITED STATES IN 1968 AS AN INTRAVENOUS ANALGESIC-ANESTHETIC UNDER THE TRADENAME SUBLIMAZER OR INNOVAPR (THE COMBINATION OF FENTANYL OR DROPPRIDOL). (R-1) FENTANYL NOW OCCUPIES A MAJOR PLACE IN THERAPEUTICS AS A PREANESTHETIC MEDICATION, AN ANESTHETIC, AND A POST-SURGICAL ANALGESIC. FENTANYL IS VERY POTENT (APPROXIMATELY 100 TIMES AS POTENT AS MORPHINE) AND SHORT ACTING (DURATION OF ACTION IS APPROXIMATELY 30 MINUTES). IT IS A VERY IMPORTANT DRUG CLINICALLY AND IS PROBABLY USED IN OVER 70% OF ALL SURGERIES IN THE UNITED STATES. (R-2)

### SUFENTANYL

SUFENTANYL IS AN EXTRAORDINARILY POTENT DERIVATIVE (2000-4000 TIMES MORPHINE) PRESENTLY UNDERGOING CLINICAL TRIALS AS A ANESTHETIC-ANALGESIC AGENT FOR CARDIAC SURGERY.

### ALFENTANYL

ALFENTANYL IS A VERY SHORT ACTING (15 MIN.), SLIGHTLY LESS POTENT DERIVATIVE (20-30 TIMES MORPHINE) CURRENTLY IN CLINICAL TRIALS AS AN ULTRA-SHOPT ACTING ANALGESIC TO BE USED IN DIAGNOSTIC, DENTAL, AND MINOR SURGICAL PROCEDURES.

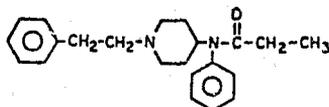
### LOFENTANYL

LOFENTANYL IS EXTREMELY POTENT (6000 TIMES MORPHINE) AND VERY LONG ACTING AND IS BEING EVALUATED FOR USE WHEN PROLONGED ANALGESIA AND RESPIRATORY DEPRESSION ARE REQUIRED SUCH AS IN TETANUS AND MULTIPLE TRAUMA.

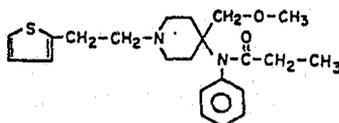
## CARFENTANYL

CARFENTANYL IS A VERY POTENT ANALOG (3200 TIMES MORPHINE) WHICH IS USED ONLY IN "CAPTURE GUNS" FOR IMMOBILIZING WILD ANIMALS.

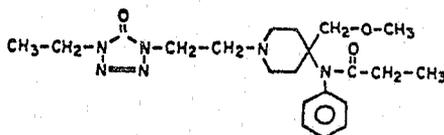
FIGURE 1



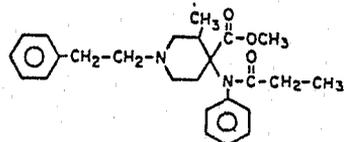
fentanyl (Sublimaze®) \*



sufentanyl



alfentanyl



lofentanyl

## THE ILLICIT ANALOGS (FIGURE 2)

VERY LITTLE IS KNOWN ABOUT THE BIOLOGICAL EFFECTS OF THE ILLICIT DERIVATIVES. AT BEST ONLY PRELIMINARY DATA IS AVAILABLE FROM STUDIES CONDUCTED IN LABORATORY ANIMALS. VIRTUALLY NOTHING IS KNOWN ABOUT THEIR EFFECTS IN MAN.

### ALPHA-METHYL FENTANYL

ALPHA-METHYL FENTANYL WAS THE FIRST ILLICIT FENTANYL DERIVATIVE TO APPEAR ON THE STREETS. IT IS A VERY SIMPLE MODIFICATION OF THE FENTANYL STRUCTURE AND IS ABOUT 200 TIMES AS POTENT AS MORPHINE. AS A NEW DRUG ENTITY IT WAS NOT AT FIRST ON ANY INTERNATIONAL, FEDERAL OR STATE RESTRICTED DRUG LIST AND WAS IN ESSENCE "STREET LEGAL". HOWEVER, IT IS NOW CLASSIFIED AS A SCHEDULE I DRUG (NO APPROVED MEDICAL USE AND HIGH ADDICTION LIABILITY) BY THE D.E.A.

### PARA-FLOURO FENTANYL

PARA-FLOURO FENTANYL WAS THE SECOND ILLICIT DERIVATIVE TO APPEAR ON THE STREETS. IT IS A VERY SIMPLE DERIVATIVE OF FENTANYL AND HAS ABOUT THE SAME POTENCY. IT IS PRESENTLY CLASSIFIED AS A SCHEDULE I DRUG BY THE D.E.A. LITTLE IS KNOWN ABOUT THIS COMPOUND. IT APPEARED ONLY BRIEFLY AND DOES NOT SEEM TO BE IN USE AT THIS TIME.

### ALPHA-METHYL ACETYLFENTANYL

ALPHA-METHYL ACETYLFENTANYL FIRST APPEARED ON THE STREETS IN 1983. THIS ALSO IS A VERY SIMPLE DERIVATIVE OF FENTANYL, BUT BECAUSE TECHNICALLY IT IS A NEW CHEMICAL ENTITY, IT ESCAPES CLASSIFICATION AS A RESTRICTED DRUG. AT THIS TIME IS IS NOT A RESTRICTED DRUG. NOTHING IS KNOWN ABOUT ITS PHARMACOLOGICAL PROPERTIES.

### ALPHA-METHYL FENTANYL ACRYLATE

ALPHA-METHYL FENTANYL ACRYLATE (THIS IS A TRIVIAL, NOT A COMMONLY ACCEPTED OR GENERAL NAME) HAS BEEN IDENTIFIED IN SAMPLES CONTAINING ACETYL ALPHA-METHYL FENTANYL. IT MAY BE A NEW DERIVATIVE BUT IS MORE LIKELY A CONTAMINANT OR A BY-PRODUCT OF SYNTHETICS. NOTHING IS KNOWN ABOUT ITS PHARMACOLOGICAL PROPERTIES.

### BENZYL FENTANYL

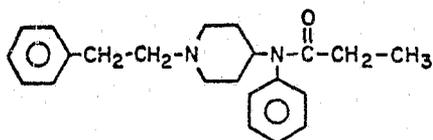
BENZYL FENTANYL HAS RECENTLY APPEARED MIXED WITH OTHER FENTANYL DERIVATIVES IN STREET SAMPLES. IT IS POSSIBLY AN UNWANTED SYNTHETIC BY-PRODUCT OR AN INTERMEDIATE USED IN THE SYNTHESIS OF OTHER FENTANYL DERIVATIVES. IT HAS NO NARCOTIC EFFECTS.

### FENTANYL

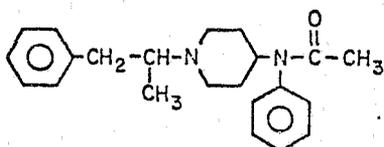
FENTANYL ITSELF HAS APPEARED IN STREET SAMPLES AND HAS BEEN ASSOCIATED WITH OVERDOSE DEATHS IN CALIFORNIA. IT IS MOST LIKELY THAT THE FENTANYL SOLD ON THE STREETS IS SYNTHESIZED IN ILLICIT LABORATORIES AND NOT DIVERTED FROM PHARMACEUTICAL SUPPLIES. ALL FENTANYL SOLD ON THE STREETS IS IN POWDER FORM AND ALL FENTANYL SOLD AS A PHARMACEUTICAL IS IN DILUTE, LIQUID FORM. ABUSE OF SUBLIMAZER IN HOSPITALS AND CLINICS BY MEDICAL PERSONNEL HAS BEEN DOCUMENTED BUT THE EXTENT OF THE PROBLEM IS KNOWN. (R-3)

### 3-METHYL FENTANYL

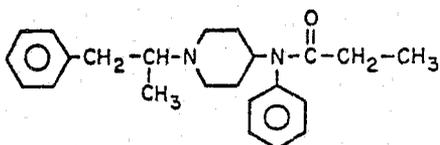
3-METHYL FENTANYL IS THE LATEST DERIVATIVE TO BE INTRODUCED ONTO THE STREETS AND IT IS CERTAINLY ONE OF THE MOST POTENT OF THE FENTANYLS (3000 TIMES AS POTENT AS MORPHINE). THIS ANALOG APPEARED IN CALIFORNIA SOMETIME BETWEEN THE FALL OF 1983 AND THE SPRING OF 1984 AND IS THOUGHT TO BE RESPONSIBLE FOR OVER A DOZEN RECENT OVERDOSE DEATHS IN THE SAN FRANCISCO BAY AREA. THE HIGHEST INCIDENCE OF FENTANYL-RELATED DEATHS TO DATE.



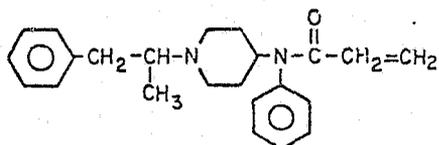
fentanyl (Sublimaze®)



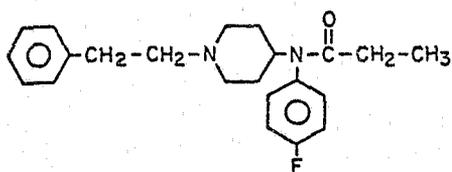
acetyl alpha-methyl fentanyl



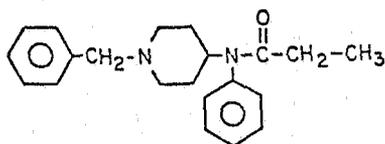
alpha methylfentanyl



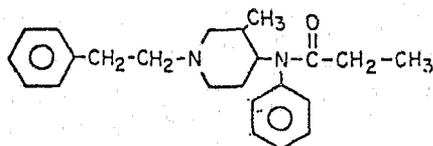
acryl alpha-methyl fentanyl



para-fluoro fentanyl



benzyl fentanyl



3-methyl fentanyl

FIGURE 2

PHYSICAL DESCRIPTION OF "CHINA WHITE"

THE FENTANYLS ARE CUT (DILUTED) WITH LARGE AMOUNTS OF LACTOSE OR SUCROSE (POWDERED SUGAR) BEFORE THEY ARE SOLD ON THE STREET SO THE AMOUNT OF ACTIVE DRUG PRESENT IS EXCEEDINGLY SMALL, LESS THAN 1%. THESE AMOUNTS ARE SO SMALL THEY CONTRIBUTE NOTHING TO THE COLOR, ODOR OR TASTE OF THE SAMPLE.

COLOR

THE COLOR OF THE SAMPLES OBTAINED TO DATE HAS RANGED FROM PURE WHITE (SOLD AS "PERSIAN WHITE") TO LIGHT TAN (SOLD AS "CHINA WHITE", "SYNTHETIC HEROIN", OR "FENTANYL") TO LIGHT BROWN (SOLD AS "MEXICAN BROWN"). THE BROWN COLOR COMES FROM THE LACTOSE WHICH HAS BEEN HEATED AND HAS CARAMELIZED SLIGHTLY.

TEXTURE

THE TEXTURE OF THE SAMPLES OBSERVED IN THE LABORATORY HAS RANGED FROM LIGHT AND FINELY POWDERED TO SOMEWHAT COARSE, CAKELIKE AND CRUMBLY, SOMEWHAT RESEMBLING POWDERED MILK.

ODOR

OCCASIONAL SAMPLES WILL HAVE A MEDICINAL OR CHEMICAL ODOR, BUT THIS IS NOT CHARACTERISTIC.

IN SUMMARY, THE FENTANYLS APPEAR IN ALL THE VARIOUS FORMS THAT HEROIN DOES AND THERE IS NOTHING CHARACTERISTIC ABOUT THE APPEARANCE OF ANY SAMPLE THAT WILL IDENTIFY IT AS FENTANYL.

## ROUTES OF ADMINISTRATION

INTRAVENOUS INJECTION IS THE MOST COMMON ROUTE OF ADMINISTRATION FOR THE FENTANYLS; HOWEVER THEY ALSO MAY BE SMOKED OR SNORTED. IN FACT BECAUSE OF THEIR HIGH LIPID SOLUBILITY, THE FENTANYLS SHOULD BE EXCELLENT DRUGS FOR SNORTING AND MAY BECOME INCREASINGLY POPULAR DRUGS AMONG COCAINE USERS. AT LEAST ONE OVERDOSE FATALITY WAS IDENTIFIED IN WHICH SNORTING WAS THE ONLY ROUTE OF ADMINISTRATION. WE HAVE ALSO BEEN ABLE TO DETECT FENTANYL IN THE URINE OF INDIVIDUALS WHO USED THE DRUG ONLY BY SMOKING IT.

## PHARMACOLOGICAL EFFECTS

IT SHOULD BE REMEMBERED THAT ALTHOUGH THE FENTANYLS ARE CHEMICALLY QUITE DISTINCT FROM OTHER NARCOTICS (MORPHINE, HEROIN, METHADONE, ETC.), THEY ARE PHARMACOLOGICALLY EQUIVALENT; THAT IS THEY HAVE ALL THE EFFECTS, SIDE EFFECTS AND TOXIC EFFECTS OF THE CLASSICAL NARCOTIC. THEREFORE ALL THE ACTIONS OF THE FENTANYLS CAN BE REVERSED BY NALOXONE (NARCAN®), ALTHOUGH HIGHER DOSES OF THE ANTAGONIST MAY BE REQUIRED.

## EUPHORIA

THE EUPHORIA OR "RUSH" FROM THE FENTANYLS SHOULD BE QUALITATIVELY SIMILAR TO THAT OF HEROIN AND THE INTENSITY OF THE EFFECT WOULD DEPEND UPON THE DOSE AND THE PARTICULAR DERIVATIVE USED.

## ANALGESIA

PROFOUND ANALGESIA (ABSENCE OF PAIN) IS A CHARACTERISTIC EFFECT OF ALL THE FENTANYLS. AS LITTLE AS 50 MICROGRAMS OF FENTANYL WILL PRODUCE ANALGESIA WHILE ONLY 3 MICROGRAMS OF THE 3-METHYL DERIVATIVE WOULD BE REQUIRED.

## SIDE EFFECTS AND TOXICITY

### RESPIRATORY DEPRESSION

RESPIRATORY DEPRESSION IS THE MOST SIGNIFICANT ACUTE TOXIC EFFECT OF THE FENTANYLS. THE DEPTH AND DURATION OF RESPIRATORY DEPRESSION WILL DEPEND ON THE DOSE AND THE DERIVATIVE USED. HOWEVER, COMPARED WITH OTHER NARCOTICS THIS EFFECT IS RELATIVELY SHORT-LIVED. FOR EXAMPLE, FOLLOWING 200 MICROGRAMS OF FENTANYL GIVEN INTRAVENOUSLY MAXIMUM DEPRESSION OCCURS WITHIN 5-10 MINUTES, AND NORMAL RESPIRATION RETURNS WITHIN 15-30 MINUTES.

### ANTIDOTE

NALOXONE (NAXGANR) IS THE ANTIDOTE OF CHOICE FOR RESPIRATORY DEPRESSION (OR ANY OTHER EFFECT) PRODUCED BY THE FENTANYLS

### BRADYCARDIA

FENTANYL PRODUCES A DOSE-DEPENDENT DECREASE IN HEART RATE OF UP TO 25% WITH A PARALLEL DROP IN BLOOD PRESSURE OF UP TO 20%. THIS EFFECT IS THOUGHT TO BE DUE TO VAGAL STIMULATION AND CAN BE BLOCKED BY ATROPHINE. THE ROLE OF THIS RESPONSE, IF ANY, IN OVERDOSE DEATHS IS NOT KNOWN.

## MUSCLE RIGIDITY

MUSCLE RIGIDITY, PARTICULARLY IN THE CHEST WALL, SOMETIMES CALLED "WOODEN CHEST" IS A RESPONSE COMMON TO HIGH DOSES OF ALL NARCOTICS. INDIVIDUALS USING THE FENTANYLS MAY DESCRIBE THIS EFFECT AS A MUSCLE TIGHTNESS OR TINGLING.

## ADDICTION LIABILITY

THE FENTANYLS PRODUCE BOTH TOLERANCE AND PHYSIOLOGICAL DEPENDENCE FOLLOWING REPEATED ADMINISTRATION. CONTROLLED STUDIES HAVE SHOWN THAT ADDICTS PERCEIVE FENTANYL SUBJECTIVES AS HAVING HEROIN-LIKE EFFECTS. IN CALIFORNIA WE HAVE FOUND MANY INDIVIDUALS ENROLLING IN METHADONE TREATMENT PPROGRAMS WHO HAVE ONLY FENTANYL IN THEIR URINE UPON ADMISSION, YET APE CONVINCED THEY USE ONLY VERY HIGH GRADE HEROIN. THEREFORE WHEN PHARMACOLOGICALLY EQUIVALENT DOSES ARE USED, MOST USERS PROBABLY CANNOT TELL THE DIFFERENCE BETWEEN HEROIN AND THE FENTANYLS.

## ABUSE POTENTIAL

FENTANYL AS A PHARMACEUTICAL (SUBLIMAZER) WAS ALWAYS THOUGHT TO HAVE A LOW ABUSE POTENTIAL BECAUSE OF ITS SHORT DURATION OF ACTION AND ITS PESTRICTED AVAILABILITY. ALSO, SUBLIMAZER IS AVAILABLE ONLY IN INJECTABLE, AQUEOUS FORMULATIONS CONTAINING EITHER 100 MICROGRAMS OR 500 MICROGRAMS PER VIAL (50 MICROGRAMS/MILLITER). THESE RELATIVELY SMALL AMOUNTS AND LOW CONCENTRATIONS MAKE IT DIFFICULT FOR A TOLERANT ADDICT TO ADMINISTER A EUPHORIC DOSE CONVENIENTLY.

UNTIL NOW, THE ONLY DOCUMENTED ILLICIT USE OF FENTANYL WAS IN "DOPING" RACE HORSES. NARCOTICS ARE FREQUENTLY USED TO DOPE HORSES BECAUSE THEY PRODUCE EXCITATION IN THE HORSE (AND OTHER ANIMALS SUCH AS THE CAT AND MOUSE). FENTANYL'S SHORT DURATION OF ACTION AND ITS VERY LOW, DIFFICULT TO DETECT, CONCENTRATIONS IN BLOOD AND URINE MAKE IT AN IDEAL DOPING AGENT. FENTANYL HAS BEEN USED IN THIS MANNER FOR NEARLY A DECADE.

NOW THE FENTANYLS ARE AVAILABLE THROUGHOUT MOST OF CALIFORNIA AND BECAUSE THEY ARE POTENT, NOT DETECTED BY ROUTINE ANALYTICAL METHODS, AND, IN THE CASE OF THE NEWER ANALOGS, QUITE LEGAL, THEY MAY BECOME THE DRUG OF CHOICE FOR MANY HEROIN USERS. IT IS OUR OPINION THAT FENTANYL USE WILL INCREASE IN CALIFORNIA, ITS USE WILL SPREAD TO OTHER STATES, AND THAT NEW DERIVATIVES WILL APPEAR PERIODICALLY.

#### OVERDOSE DEATHS

TO DATE THE LABORATORY HAS IDENTIFIED 77 OVERDOSE DEATHS CAUSED BY THE FENTANYLS. NEARLY ALL OF THESE CASES OCCURRED IN CALIFORNIA; HOWEVER, TWO RECENT DEATHS OCCURRED IN OREGON WHICH SUGGESTS THAT FENTANYL USE MAY BE SPREADING TO OTHER STATES. ALL CASES WERE SIMILAR IN THAT THEY INVOLVED KNOWN HEROIN USERS, INJECTION SITES AND ACCOMPANYING PARAPHERNALIA WERE FOUND, AND AUTOPSY SHOWED TYPICAL SIGNS OF NARCOTIC OVERDOSE SUCH AS PULMONARY EDEMA AND CONGESTION. ROUTINE TOXICOLOGICAL ANALYSIS OF THE BODY FLUIDS REVEALED NO NARCOTICS, SEDATIVE OR STIMULANT DRUGS PRESENT; HOWEVER, ANALYSIS OF THESE FLUIDS IN THE LABORATORY USING METHODS SPECIFIC FOR THE FENTANYLS REVEALED VERY LOW LEVELS OF THESE DRUGS. TRACES OF THE FENTANYLS WERE ALSO FOUND IN THE ACCOMPANYING PARAPHERNALIA.

FENTANYL-RELATED DEATHS HAVE OCCURRED IN NEARLY EVERY URBAN AREA IN CALIFORNIA, IN SUBURBAN AREAS, AND EVEN IN SEMI-RURAL AREAS. AGES OF THE VICTIMS RANGED FROM 20-49 YEARS. MOST WERE MALE, ALTHOUGH 9 WERE FEMALE. MOST OF THE VICTIMS WERE WHITE; BUT THERE WERE SIGNIFICANT NUMBERS OF HISPANICS AND BLACKS. IN SHORT, FENTANYL USE IS NOT CONFINED TO ANY GEOGRAPHICAL AREA OR ANY SOCIAL, ECONOMIC OR ETHNIC GROUP, BUT IS DISTRIBUTED WIDELY THROUGHOUT THE HEROIN USING POPULATION.

#### ANALYSIS OF SAMPLES FOR CHINA WHITE

THE FENTANYLS ARE VERY DIFFICULT TO DETECT EITHER IN BODY FLUIDS OR PARAPHERNALIA BECAUSE THE AMOUNTS PRESENT ARE VERY SMALL AND BECAUSE THEY DO NOT REACT WITH THE REAGENTS ROUTINELY USED FOR THE ANALYSIS OF NARCOTICS. THE FEW METHODS AVAILABLE ARE LISTED IN REFERENCES 9-12.

WHY DO THEY REPRESENT SUCH A HAZARD AND PUBLIC HEALTH PROBLEM? THERE ARE SEVERAL CLEAR-CUT REASONS. FIRST, THESE DRUGS DO NOT REQUIRE IMPORTATION AND ALL THE COSTS AND EXPENSES THEREBY INCURRED. SECONDLY, THEY ARE MUCH LESS EXPENSIVE TO MAKE. THIRDLY, OF COURSE, THOSE MAKING AND SELLING THEM CANNOT BE PROSECUTED BECAUSE THEY ARE NOT ILLEGAL. LET ME GIVE SOME EXAMPLES. IT IS ESTIMATED THAT A SINGLE CHEMIST WORKING AN EIGHT HOUR DAY COULD, USING THE MORE POTENT FENTANYL DERIVATIVES, SUPPLY THE ENTIRE NATION'S HEROIN SUPPLY ON AN ON-GOING BASIS. A SINGLE 6 MONTH SUPPLY FOR THE UNITED STATES COULD BE STORED IN A CLOSET. HENCE, ONE CAN SEE THE IMMENSE ATTRACTIVENESS OF THIS APPROACH IN TERMS OF COST AND LIABILITY TO THOSE ON THE PRODUCTION SIDE OF THE ILLICIT DRUG MARKET.

WHAT ARE THE HAZARDS? THERE ARE BASICALLY THREE. FIRST, THESE CHEMISTS ARE OBVIOUSLY NOT REQUIRED TO CARRY OUT SAFETY TRIALS WITH THESE NEW COMPOUNDS AS A LEGITIMATE DRUG COMPANY WOULD BE. HENCE, THE FIRST SUBJECTS TO RECEIVE THEM ARE NOT LABORATORY ANIMALS, BUT HUMAN BEINGS USING THESE COMPOUNDS ON THE STREET. SECONDLY, THERE ARE NO QUALITY CONTROLS IN THESE LABORATORIES AS THERE WOULD BE IN A LEGITIMATE DRUG COMPANY. HENCE, CONTAMINANTS OR UNWANTED COMPOUNDS ARE NOT REMOVED, AND PROBABLY OFTEN NOT EVEN DETECTED. THIRDLY THERE IS THE ISSUE OF POTENCY. THE FENTANYL VARIANTS, FOR INSTANCE, MUST BE CUT IN MICROGRAM AMOUNTS. TO GIVEN AN EXAMPLE OF HOW SMALL AN AMOUNT THIS IS, A POSTAGE STAMP WEIGHS ABOUT 60,000 MICROGRAMS. HENCE, OVERDOSES ARE COMMON, AND THE FENTANYL SERIES HAS BEEN HELD RESPONSIBLE FOR AT LEAST 77 DEATHS IN CALIFORNIA SO FAR. IN ESSENCE, YOUNG DRUG ABUSERS WHO TAKE THESE NEW SYNTHETICS ARE PLAYING A FORM OF RUSSIAN ROULETTE. ONLY IT IS NOT LEAD BULLETS THAT THEY ARE AIMING AT THEIR BRAINS. BUT CHEMICAL ONES.

GIVEN THIS SCENARIO, ONE WOULD PREDICT IT WAS ONLY A MATTER OF TIME BEFORE A TRUE POISON "HITS THE STREETS." THIS IS PRECISELY WHAT HAPPENED IN NORTHERN CALIFORNIA IN 1982, WHEN A HIGHLY TOXIC COMPOUND KNOWN AS MPTP WAS CIRCULATED. THIS COMPOUND IS NEUROTOXIC TO A GROUP OF CELLS IN THE BRAIN KNOWN AS THE SUBSTANTIA NIGRA. BY PURE COINCIDENCE, THIS HAPPENS TO BE THE SAME AREA THAT IS DAMAGED IN PARKINSON'S DISEASE. WE SAW A GROUP OF YOUNG ADULTS TWO YEARS AGO COME TO THE SANTA CLARA VALLEY MEDICAL CENTER WHO RESEMBLED IN EVERY WAY ELDERLY PATIENTS WITH END-STAGE PARKINSON'S DISEASE. THESE YOUNG ADDICTS HAD LITERALLY FROZEN UP OVERNIGHT, AND WERE TOTALLY UNABLE TO MOVE OR TALK.

TREATMENT WITH ANTI-PARKINSONIAN THERAPY WAS PROBABLY LIFE-SAVING IN THREE; HOWEVER, THESE PATIENTS CONTINUE TO BE SEVERLY DISABLED AND REQUIRED MEDICATION EVERY ONE TO THREE HOURS JUST TO BE ABLE TO MOVE AND EAT OR DRINK. TWO OF THEM HAVE RECENTLY UNDERGONE PROLONGED HOSPITALIZATIONS, AND THE OUTLOOK FOR THEIR FUTURES MUST BE CONSIDERED GRIM INDEED.

WHILE THERE ARE CURRENTLY ONLY TWENTY SEVERELY INVOLVED YOUNG ADULTS WHO HAVE BEEN PERMANENTLY CRIPPLED BY THIS FIRST "DESIGNER DRUG DISASTER", WE HAVE NOW IDENTIFIED AN ADDITIONAL 500 PEOPLE WHO WERE EXPOSED TO MPTP THINKING IT WAS A NEW "SYNTHETIC HEROIN." MY ESTIMATE IS THAT WE HAVE JUST BEEN SCRATCHING THE SURFACE SO FAR, AND THAT THERE ARE AT LEAST ONE TO TWO HUNDRED MORE. WHY ARE THESE ADDITIONAL INDIVIDUALS IMPORTANT? BECAUSE WE NOW HAVE EVIDENCE THAT DAMAGE TO THIS AREA OF BRAIN, EVEN IF IT IS NOT ENOUGH TO CAUSE SYMPTOMS AT FIRST MAY ACT LIKE A TIME BOMB, WITH CHANGES IN THE BRAIN SLOWLY TICKING AWAY. IN OTHER WORDS, SOONER OR LATER, THESE YOUNG ADULTS COULD COME DOWN WITH A PARKINSON'S DISEASE-LIKE STATE. UP UNTIL NOW, THIS CONCERN WAS JUST THEORETICAL, BUT IN THE LAST SEVERAL MONTHS, WE HAVE STARTED SEEING A GROUP OF YOUNG PEOPLE AT SANTA CLARA VALLEY MEDICAL CENTER WHO USED MPTP TWO YEARS AGO WHO ARE NOW STARTING TO DEVELOP A MYRIAD OF SYMPTOMS, ALL SUGGESTIVE OF EARLY PARKINSON'S DISEASE. IN SHORT, WHAT WE MAY BE FACING IS AN EPIDEMIC OF PARKINSON'S DISEASE IN YOUNG ADULTS IN NORTHERN CALIFORNIA AS A RESULT OF THIS CATASTROPHE. THE COST TO SOCIETY, NOT TO MENTION THE HUMAN SUFFERING, COULD BE IMMENSE.

I BRING THIS ENTIRE PHENOMENON TO YOUR ATTENTION FOR A NUMBER OF REASONS. FIRST, I SEE IT AS A TREMENDOUS POTENTIAL HAZARD IN TERMS OF DEALING WITH AND COMBATING THE DRUG PROBLEM AMONG OUR YOUTH. WAYS TO DEAL WITH THIS PHENOMENON AND HOPEFULLY SLOW OR STOP IT MUST BE STUDIED NOW. SECONDLY, THE COSTS IN TERMS OF PUBLIC HEALTH HAZARD HAVE NOW FOR THE FIRST TIME BECOME CLEAR WITH THIS FIRST "DESIGNER DRUG" DISASTER. THE PARKINSON'S CASES MAY ONLY BE THE FIRST WAVE OF DRUG ABUSE TO CROSS OVER FROM CURRENT TREATMENT MODALITIES TO FULL, LONG TERM INPATIENT OR MAINTENANCE TYPE MEDICAL CARE. THE COST OF TREATING SEVERELY AFFLICTED PATIENTS MAY SEE MEDICAL COSTS SKYROCKET TO BETWEEN \$10 & \$20 THOUSAND PER MONTH DEPENDING ON THE INDIVIDUAL CASE. THUS, THE MEDICAL ECONOMICS FACET OF DESIGNER DRUG USE IS ANOTHER DELEMNA THAT GOVERNMENT MUST CONFRONT.

WE NEED HELP AND ASSISTANCE IN DEALING WITH WHAT MAY BE AN ONSLAUGHT OF YOUNG PEOPLE WITH PROGRESSIVE NEURODEGENERATIVE DISEASE AS A RESULT OF THIS. FURTHER, IT SEEMS EXTREMELY IMPORTANT TO STUDY AND TRY TO UNDERSTAND THIS FIRST CATASTROPHE WITH THE IDEA OF DEVELOPING TECHNIQUES AND WAYS TO DEAL WITH FUTURE ONES WHICH ALMOST SURELY WILL OCCUR GIVEN THE POPULARITY OF THIS NEW APPROACH. WE HAVE ALREADY DISCOVERED AT LEAST ONE PATIENT WHO HAS AN ENTIRELY DIFFERENT NEUROLOGICAL SYNDROME CHARACTERIZED BY MOVEMENTS CLOSELY RESEMBLING HUNTINGTON'S CHOREA WHICH HAVE COMPLETELY DISABLED HIM. THERE ARE ALSO REPORTS THAT THERE IS A NEW PCP "DESIGNER DRUG" WHICH IS TOXIC AS WELL. WHILE TRADITIONAL STREET DRUGS POSE A MAJOR PUBLIC HEALTH PROBLEM AND NEED TO BE DEALT WITH, I BELIEVE THIS IS AN INSTANCE WHERE ATTENTION TO A DEVELOPING AND POTENTIALLY EVEN MORE SERIOUS PHENOMENON IS FULLY WARRANTED NOW TO PREVENT A MUCH GREATER PROBLEM IN THE FUTURE.

LET ME END BY SHARING WITH YOU THESE THOUGHTS.

1. THE DOMESTIC PRODUCTION OF NEW, POTENT, SYNTHETIC DRUGS WILL BE THE MAJOR DRUG ABUSE PROBLEM IN THE FUTURE. AS EFFORTS TO CONTROL NATURAL PRODUCTS SUCH AS OPIUM, COCA, AND MARIJUANA BECOME MORE SUCCESSFUL, AND AS SAFEGUARDS TO PREVENT THE DIVERSION OF PHARMACEUTICALS BECOME MORE EFFECTIVE, THERE WILL BE MORE INCENTIVE TO ILLICITLY SYNTHESIZE DRUGS LOCALLY.
2. NEW SYNTHETIC DRUGS WILL APPEAR WHICH WILL BE MORE POTENT AND MORE SELECTIVE IN THEIR ACTION.
3. SMOKING AND "SHORTING" THESE DRUGS (ROUTES OF ADMINISTRATION DIFFICULT TO DETECT) WILL BECOME MORE POPULAR.
4. THE USE OF THE NEW SYNTHETICS WILL SPREAD TO OTHER STATES AND COUNTRIES.
5. THE LOW RISK OF DETECTION WILL STIMULATE THEIR USE IN POPULATIONS SUCH AS PRISONERS, PAROLEES, AND MILITARY PERSONNEL.

#### PREVENTION

I BELIEVE OUR HOPE FOR THE FUTURE LIVES IN THE AREA OF PREVENTION. TODAY, I WISH TO PRESENT TO YOU TWO PROGRAMS WHICH I FEEL ARE MAKING SUBSTANTIAL INROADS INTO THE STRUCTURE OF OUR FAMILIES AND ARE PROVIDING NOT ONLY THE MEANS OF IDENTIFYING PROSPECTIVE USERS BUT ARE GIVING CHILDREN AND FAMILIES SOME ALTERNATIVES.

## CALIFORNIANS FOR DRUG-FREE YOUTH

### A STATEWIDE NETWORK OF PARENT GROUPS

CALIFORNIANS FOR DRUG-FREE YOUTH, INC., CHAPTER MEMBER OF NATIONAL FEDERATION OF PARENTS, IS A NON-PARTISAN, TAX-EXEMPT ORGANIZATION OF PARENT/COMMUNITY GROUPS, CONCERNED CITIZENS AND PROFESSIONALS FROM ALL WALKS OF LIFE. IT IS DIRECTED BY A WORKING BOARD COMPOSED OF REPRESENTATIVES FROM CALIFORNIA COMMUNITIES.

THE PRIMARY OBJECTIVE OF THE ORGANIZATION IS TO ASSIST IN THE FORMATION OF LOCAL PARENT GROUPS IN COMMUNITIES THROUGHOUT CALIFORNIA. THEY PROVIDE TECHNICAL ASSISTANCE SO PARENTS CAN LEARN HOW TO IDENTIFY, EXAMINE AND PUBLICIZE THE ALCOHOL AND DRUG PROBLEMS IN THEIR COMMUNITIES, AND BEGIN POSITIVE PROGRAMS TO PREVENT DRUG ABUSE. THEY ALSO HELP STRENGTHEN LOCAL GROUPS THAT ALREADY EXIST.

THEY HELP COMMUNITIES EXPAND AND SUPPLEMENT THEIR SCHOOL DRUG EDUCATION PROGRAMS. THEY REACH OUT AND HELP YOUTH WHO ARE INTERESTED IN PEEP COUNSELING, ORGANIZING DRUG-FREE PARTIES, AND STARTING STUDENT GROUPS PROMOTING A DRUG-FREE LIFE STYLE.

THEIR NETWORKING IS ACCOMPLISHED THROUGH NEWSLETTERS (THEY CURRENTLY HAVE A MAILING LIST OF 16,000), ANNUAL CONFERENCES, AND PARENTS TRAVELING TO OTHER COMMUNITIES TO HELP START NEW PARENT/COMMUNITY GROUPS. THEY PLAN REGIONAL TRAINING WORKSHOPS WHICH ARE EFFECTIVE IN NETWORKING PARENT VOLUNTEERS, PROFESSIONALS, LAW ENFORCEMENT, AND SCHOOL PERSONNEL. THE WORKSHOPS USUALLY FOLLOW THE STATE CONFERENCES. BECAUSE PARENTS ARE INTERESTED IN ORGANIZING THEIR PROGRAMS AS SOON AS POSSIBLE. THEY PROVIDE A RESOURCE CENTER WITH BROCHURES AND BOOKS WITH UP-TO-DATE ALCOHOL AND DRUG INFORMATION, AND MAIL UPON REQUEST.

CALIFORNIANS FOR DRUG-FREE YOUTH MAINTAIN A LIAISON WITH THE STATE DEPARTMENT OF ALCOHOL AND DRUG PROGRAMS, STATE DEPARTMENT OF EDUCATION, STATE DEPARTMENT OF JUSTICE, AND THE OFFICE OF CRIMINAL JUSTICE PLANNING, AND UTILIZE THEIR SERVICES. THEY ACTIVELY SUPPORT LEGISLATORS AND LEGISLATION RELEVANT TO DRUG ABUSE AMONG OUR YOUTH.

THEIR ORGANIZATION HAS AN ADVISORY BOARD WITH EXPERTS FROM FIELDS OF EDUCATION, MEDICINE AND MEDICAL RESEARCH, GOVERNMENTAL AGENCIES, LEGISLATION, LAW ENFORCEMENT, SOCIAL, SERVICE AND RELIGIOUS GROUPS, MEDIA, AND THE BUSINESS COMMUNITY.

MY DEPARTMENT BELIEVES THAT STRONG, KNOWLEDGEABLE, CARING FAMILIES WORKING IN CONCERT WITH SCHOOLS, SERVICE AND CIVIC GROUPS, RELIGIOUS GROUPS, MEDIA, LAW ENFORCEMENT, MEDICAL AND DRUG-RELATED AGENCIES, IS THE BEST WAY TO HELP OUR YOUTH CHOOSE DRUG-FREE ALTERNATIVES IN THEIR LIVES.

## COPE 4 LIFE

COPE 4 LIFE IS A PROGRAM OF THE DIDI HIRSCH COMMUNITY MENTAL HEALTH CENTER. FUNDING FOR THIS PROGRAM HAS BEEN PROVIDED BY SENATE BILL 1400. COPE 4 LIFE IS A SCHOOL/COMMUNITY-BASED PRIMARY PREVENTION PROGRAM WHICH IS INTENDED TO PROMOTE HEALTHY ALTERNATIVES TO DRUG TAKING BEHAVIORS AMONG HIGH RISK YOUTH. THE PROGRAM HAS FOUR MAJOR COMPONENTS: (1) IN-CLASS PRESENTATIONS FOR CHILDREN; (2) PARENT EDUCATION AND PARENT SUPPORT GROUPS; (3) COMMUNITY ORGANIZATION; AND (4) TEACHER TRAINING. THE COPE 4 LIFE PROGRAM SERVES THE ETHNICALLY DIVERSE COMMUNITY OF SOUTH GLENDALE; ITS TARGET POPULATION INCLUDES ELEMENTARY AND JUNIOR HIGH SCHOOL AGE CHILDREN, PARENTS, TEACHERS AND OTHER SCHOOL STAFF AND COMMUNITY REPRESENTATIVES.

GLENDALE IS A LOW INCOME COMMUNITY IN THE COUNTY OF LOS ANGELES WITH A HIGH PERCENTAGE OF MINORITIES REPRESENTING 50% HISPANIC, 14% ASIAN AND 9% ARMENIAN. THE COMMUNITY INCLUDE A LARGE NUMBER OF RECENT ARRIVALS TO THE UNITED STATES; AN EXAMPLE OF THIS IS REFLECTED IN THE JUNIOR HIGH SCHOOL WHERE 14 DIFFERENT LANGUAGES HAVE BEEN IDENTIFIED AND 21 COUNTRIES ARE REPRESENTED THROUGHOUT THE SCHOOL POPULATION.

THE CURRICULUM THAT HAS BEEN DEVELOPED IS CULTURALLY SENSITIVE TO THE NEEDS AND RESPECTS THE SOCIO-ECONOMIC MAKE-UP OF THE COMMUNITY WHICH IT SERVES. THIS CURRICULUM HAS BEEN DESIGNED TO FOCUS ON THE STUDENTS IN KINDERGARTEN, THIRD, FIFTH, SIXTH, AND EIGHTH GRADE LEVELS. ACTIVITIES HAVE BEEN ADAPTED TO REFLECT THE COGNITIVE AND SOCIAL SKILLS OF THE STUDENTS IN THE VARIOUS GRADE LEVELS. THE CURRICULUM PROVIDES LESSON PLANS ON EFFECTIVE EDUCATION CONCEPTS

AND CRITICAL ISSUES SUCH AS PEER PRESSURE, COPING SKILLS, STRESS MANAGEMENT, DECISION-MAKING, DRUG SPECIFIC INFORMATION, EXPRESSION OF FEELINGS, SELF-CONCEPT, ASSERTIVENESS TRAINING, COMMUNICATION SKILLS, AND SUPPORT SYSTEMS. LESSON PLAN ACTIVITIES INCLUDE DRAWING, GAMES, MUSIC, PUPPETS, ROLE-PLAYING, STRUCTURED DISCUSSIONS, FILMS AND OTHER VISUAL AIDS. THE CURRICULUM HAS BEEN DESIGNED TO BE PRESENTED IN EITHER ENGLISH OR SPANISH. APPROXIMATELY 2500 ELEMENTARY AND JUNIOR HIGH SCHOOL STUDENTS HAVE BEEN INVOLVED IN THE PROGRAM OVER THE PAST TWO YEARS.

THE RESULTS OF THE EVALUATION SUGGEST THAT THIS PROGRAM HAS ENABLED CHILDREN TO BECOME MORE EXPRESSIVE OF THEIR FEELINGS, LESS WITHDRAWN IN THE CLASSROOM AND HAS IMPROVED THEIR SELF ESTEEM.

STUDENT COMMENT:

DEAR COPE:

I LIKE YOUR JOB BECAUSE YOU HELP PEOPLE AND GIVEN THEM LIFE. AND WHEN YOU ARE DOING ALL THAT YOU PLAY FUN GAMES WITH US, SHOW US THE THINGS WE HAVE IN US AND HELP US SAY OUR FEELINGS THAT WE SHOULD NOT KEEP INSIDE. YOU HAVE HELPED ME SEE THE FEELINGS I HAVE IN ME. AND HELPED ME WITH PERSONAL PROBLEMS THAT I HAVE IN MY FAMILY AND FRIENDS. YOU HAVE SHOWN ME NOT TO DRINK OR USE DPUGS WHEN I GROW UP. THE ONLY THINGS THAT IS WRONG IS I WISH THERE WAS MORE PEOPLE LIKE COPE 4 LIFE.

IN ADDITION TO PROVIDING SERVICES TO CHILDREN, OUR PROGRAM VIEWS THE FAMILY AND THE COMMUNITY AS A UNIT AND PROVIDES PARENT EDUCATION AND PARENT SUPPORT GROUPS AS WELL AS LEADERSHIP IN COMMUNITY ORGANIZING AND NETWORKING. THE PARENT PROGRAMS HAVE RESPONDED TO THOSE NEEDS THAT THE PARENT HAVE IDENTIFIED AND HAVE PROVIDED A BRIDGE BETWEEN THE SCHOOL SYSTEM AND THE COMMUNITY OF PARENTS.

PARENT EDUCATION IS DESIGNED ON A THREE-SESSION PLAN WHICH COVERS PARENTING ISSUES WITH RESPECT TO COMMUNICATION SKILLS, DEVELOPMENTAL ISSUES AND CONCERNS ABOUT SUBSTANCE ABUSE AND PREVENTION OF SUCH ABUSE. THE SUPPORT GROUP MAINLY IS COMPOSED OF BILINGUAL/MONOLINGUAL SPANISH-SPEAKING PARENTS. THESE PARENTS HAVE DEVELOPED A FORUM TO VOICE THEIR CONCERNS REGARDING PARENTING ISSUES AND HAVE USED THE PROGRAM TO AID THEMSELVES IN ESTABLISHING A GROUP THAT WILL PROVIDE INFORMATION AND EDUCATION THAT FITS THEIR NEEDS. THE ABILITY OF THE STAFF TO OFFER SERVICES IN SPANISH HAS MADE THIS POSSIBLE. THE PARENTS HAVE BEEN ABLE TO CROSS LANGUAGE BARRIERS TO MEET THEIR NEEDS AND GAIN ACCESS TO AND KNOWLEDGE OF THE SCHOOL SYSTEM.

IN ADDITION, OUR COMMUNITY ORGANIZATION EFFORTS HAVE BEEN RESPONSIBLE FOR THE IMPLEMENTATION OF A NEIGHBORHOOD WATCH PROGRAM FOR A MONO-LINGUAL KOREAN POPULATION IN THE SOUTH GLENDALE AREA. THE COPE 4 LIFE STAFF WAS INSTRUMENTAL IN CONTACTING THE GLENDALE POLICE DEPARTMENT AND IN HELPING THEM TO RECOGNIZE A NEED TO PROVIDE A PRESENTATION IN KOREAN. STAFF FACILITATED AND IMPLEMENTED THE START-UP AND CONTINUANCE OF THIS PROGRAM.

THE COPE 4 LIFE PROGRAM TRULY REPRESENTS AN INTEGRATION OF PROFESSIONAL AFFILIATION FROM A SYSTEMIC VIEWPOINT OF SERVICE DELIVERY. THE PROGRAM FOCUSES NOT ONLY ON THE CLASSROOM, THE EDUCATION SYSTEM, AND THE TEACHERS, BUT ALSO ON THE PARENTS AND THE COMMUNITY AT LARGE. THE COPE 4 LIFE PROGRAM IS AN EFFECTIVE DRUG ABUSE PREVENTION EDUCATION PROGRAM WHICH PROVIDES MUCH NEEDED SERVICES TO A HIGH RISK AND UNDERSERVED POPULATION.

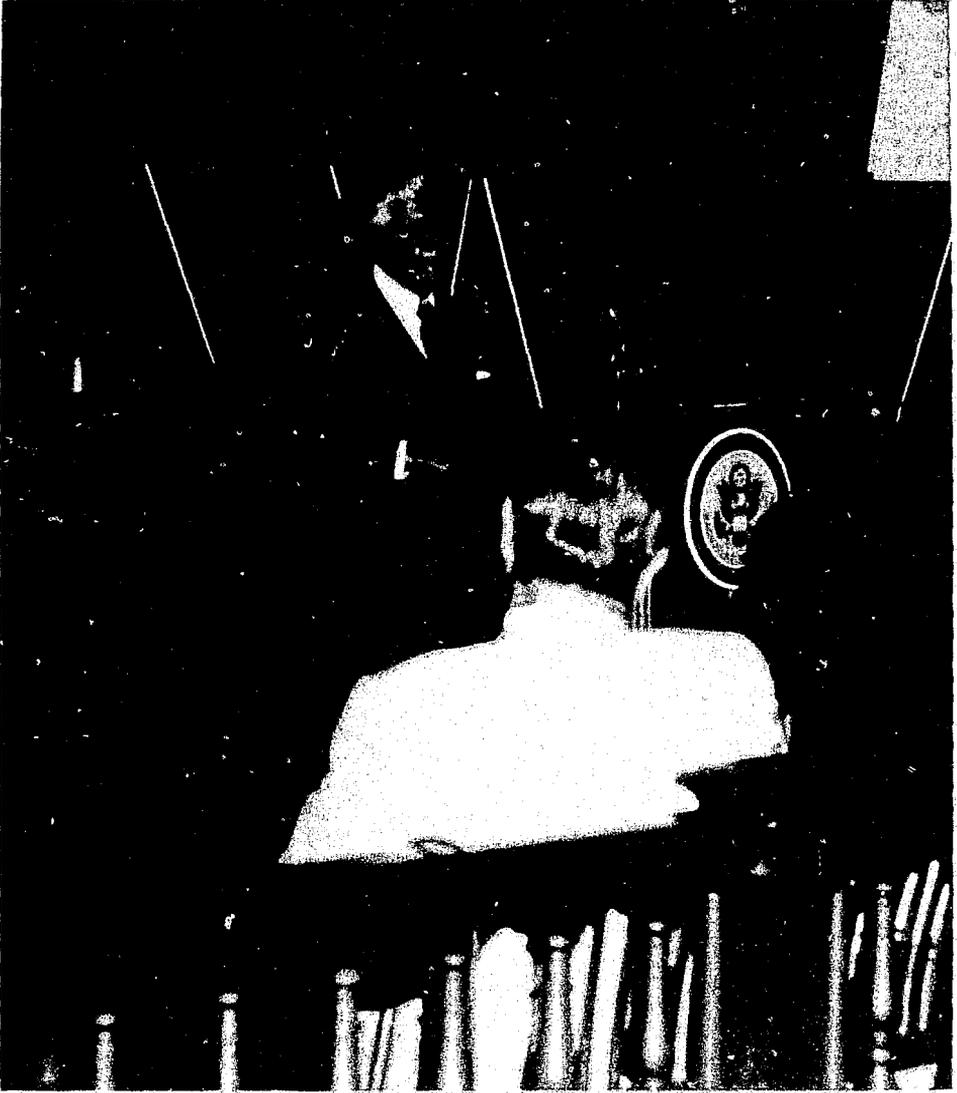
OVER THE LAST FEW YEARS, INCREASING AMOUNTS OF FUNDS HAVE BEEN PROVIDED BY ALL LEVELS OF GOVERNMENT TO ESTABLISH NEW AND INNOVATIVE PREVENTION PROGRAMS. WE NOW NEED TO GO BACK AND DO PROGRAM AND PARTICIPANT EVALUATION STUDIES IN ORDER TO BETTER UNDERSTAND WHAT WE ARE DOING AND THEN ALLOCATE RESOURCES TO THOSE PROVEN EFFECTIVE.

TO MY COLLEAGUES, GARY L. HENDERSON, PH.D., ASSOCIATE PROFESSOR, DEPARTMENT OF PHARMACOLOGY, U.C. DAVIS SCHOOL OF MEDICINE, AND J. WILLIAM LANGSTON, M.D., CHIEF, DEPARTMENT OF NEUROLOGY, SANTA CLARA VALLEY MEDICAL CENTER, ASSOCIATE PROFESSOR OF NEUROLOGY, STANFORD UNIVERSITY, MY THANKS FOR THEIR CONTRIBUTIONS TO THE DESIGNER DRUG TESTIMONY.

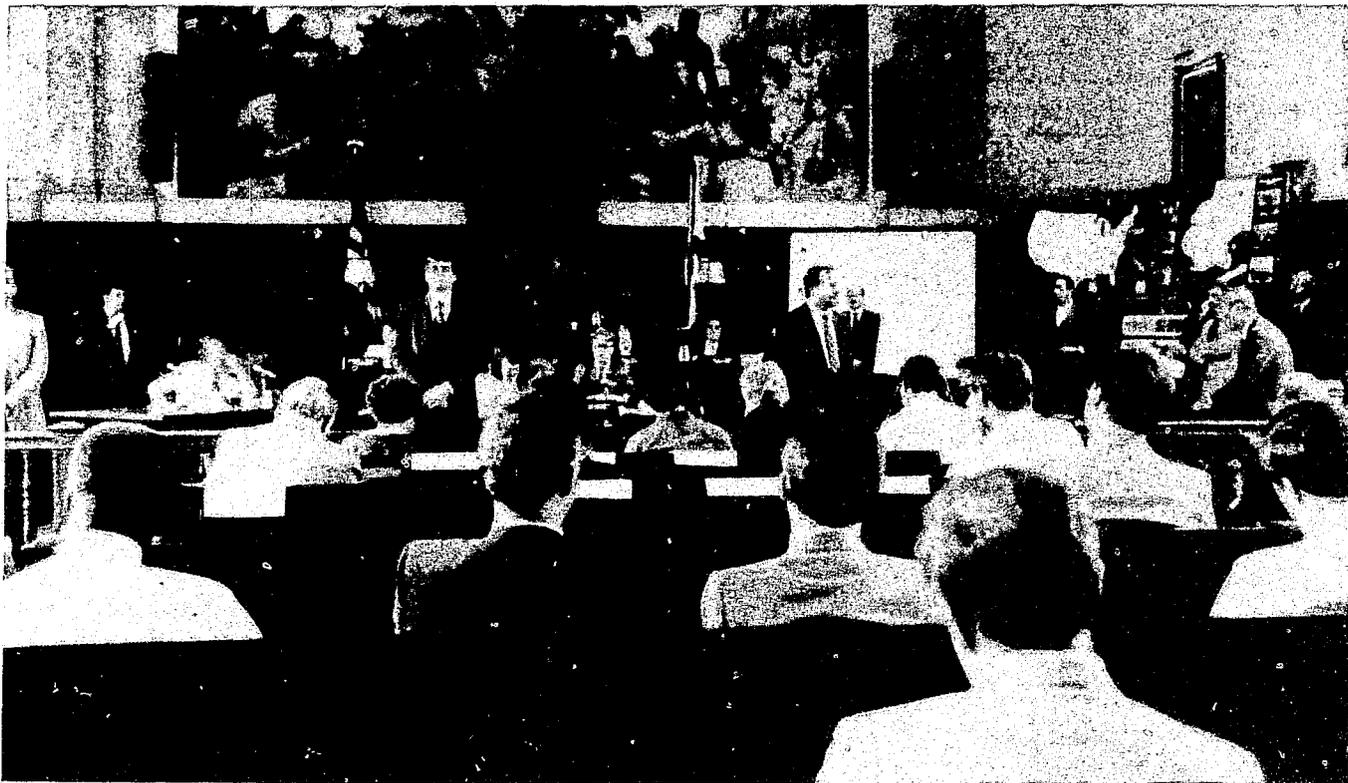
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Commission Chairman Judge Irving R. Kaufman briefs the press on the hearing.

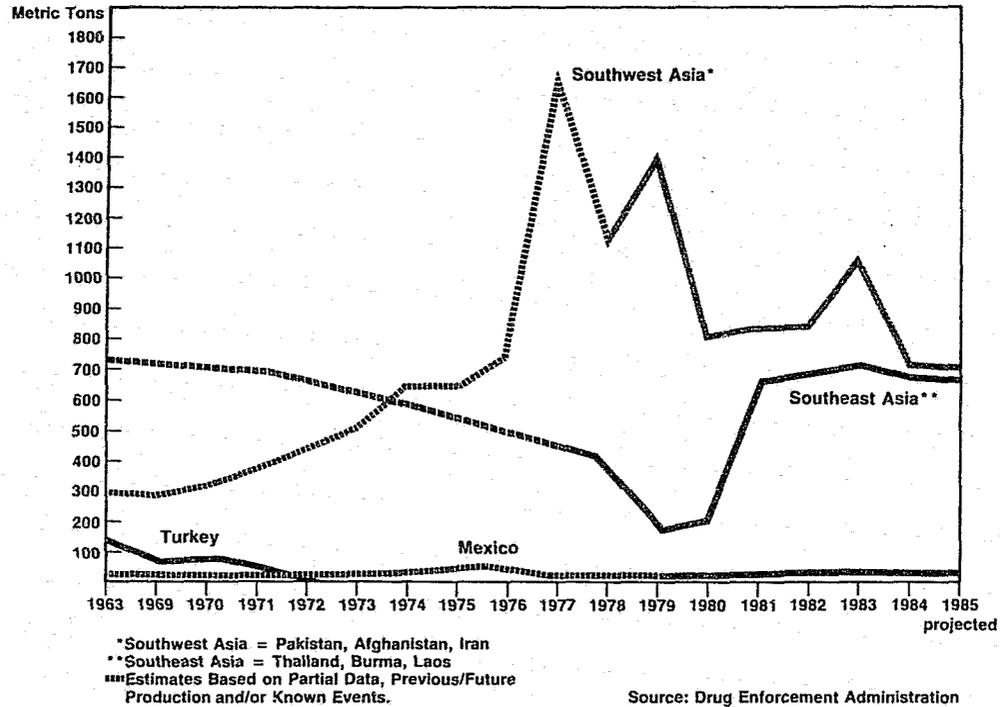


Hearing of the Commission at the Old Federal Courthouse, Miami.



Michael J. Tobin, head of DEA's Heroin Investigation Section and DEA Deputy Administrator (now Administrator) John C. Lawn provide an overview of the heroin problem.

# ESTIMATED OPIUM PRODUCTION: 1968-1985



Estimated opium production for 1968-1985. (Source: DEA)

# The Mexican Heroin Factor

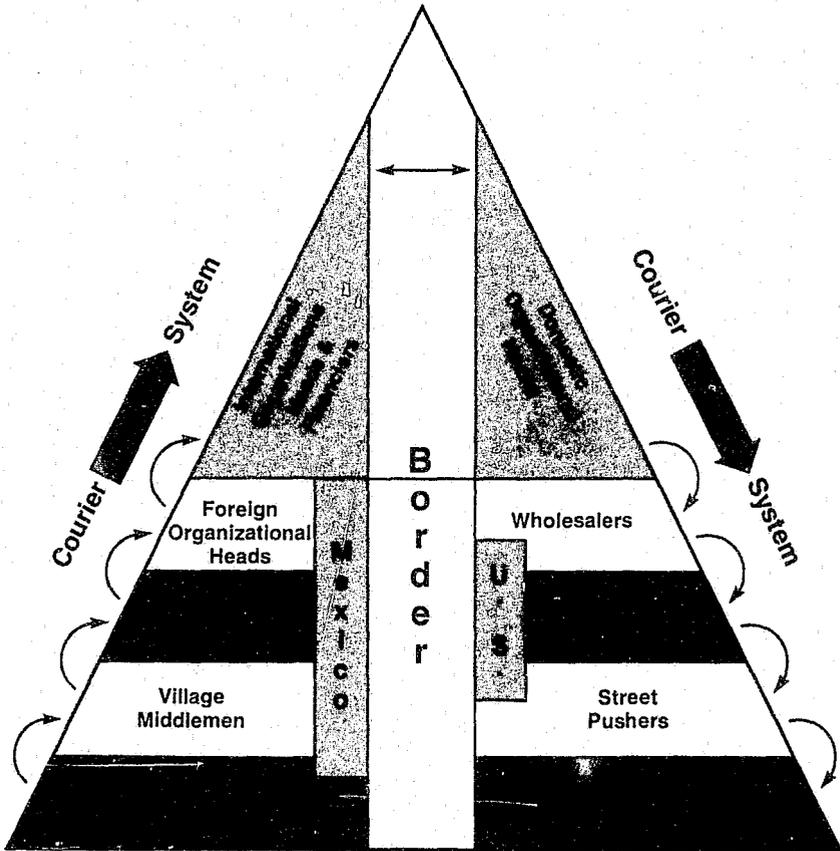


Chart depicting typical course of production and distribution of Mexican heroin.



Mexican Federal Police conclude an operation in the mountain poppy cultivation areas.

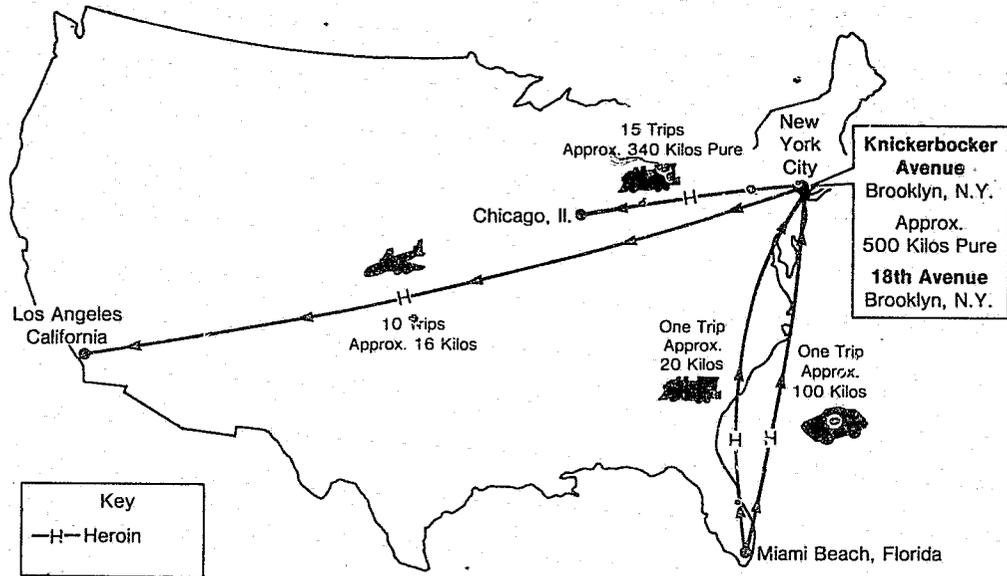


Through interpreters three representatives of Italian law enforcement agencies describe Sicilian heroin trafficking. From left to right behind table: Special Agent Carmine Russo, FBI Rome office; Major Antonio Ragusa and Dr. Umberto Improta of the Italian State Police; and Giovanni Monaco of the Guardia Di Finanza. Interpreter Constance Laforo is in the foreground.



Luigi Ronsisvalle describes his work as a hit man and as a courier of heroin for Sicilian heroin traffickers in Brooklyn.

# BROOKLYN, NEW YORK BASED HEROIN TRANSPORTATION NETWORK 1000 KILOS



Map shows extent of Brooklyn-based heroin organization employing Luigi Ronsisvalle.

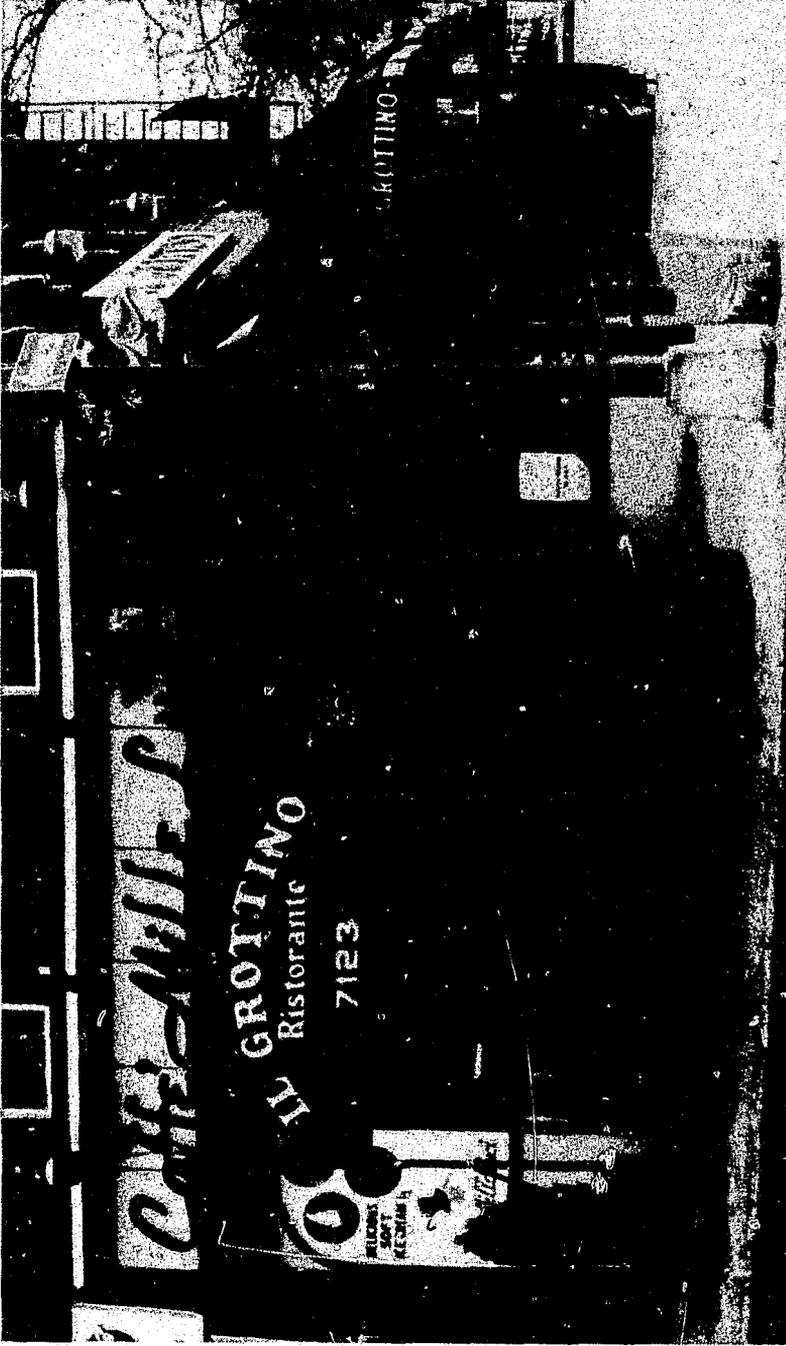


Photo of Caffe Mille Luci, Brooklyn, described by Luigi Ronsisvalle.



**(Left to right) DEA Special Agent Frank Panessa, and FBI Special Agents Richard Ross and Dennis P. Buckley describe the relationships between La Cosa Nostra and Sicilian based heroin rings.**

# INTERCONNECTED HEROIN INVESTIGATIONS

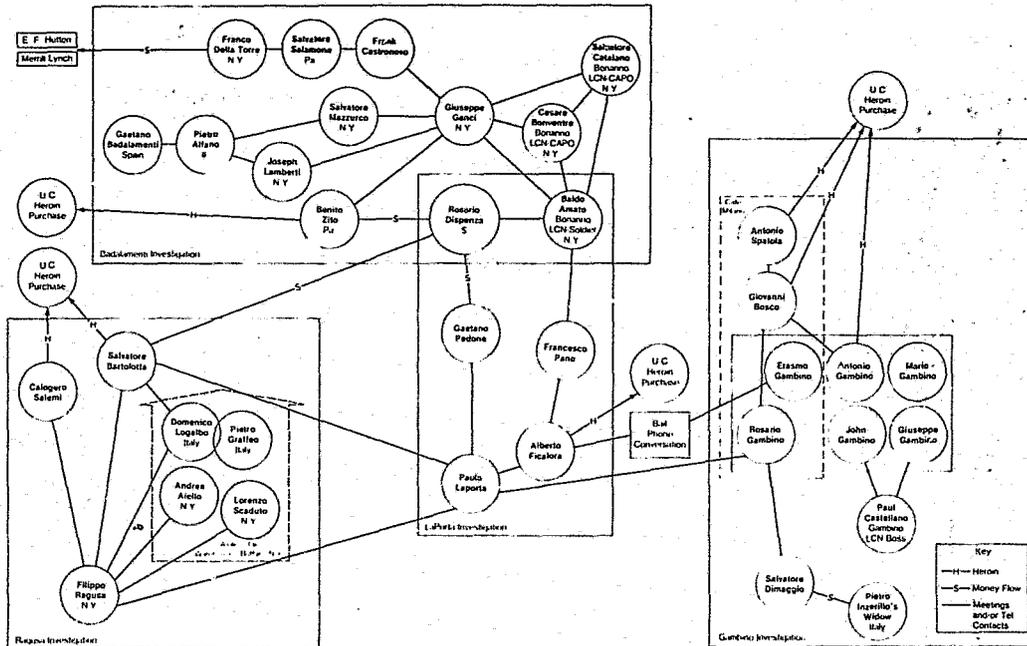


Chart depicting relationships between La Porta, Badlamanti, and Gambino investigations, as discussed in the testimony of agents Panessa, Ross and Buckley.

# BADALAMENTI INVESTIGATION

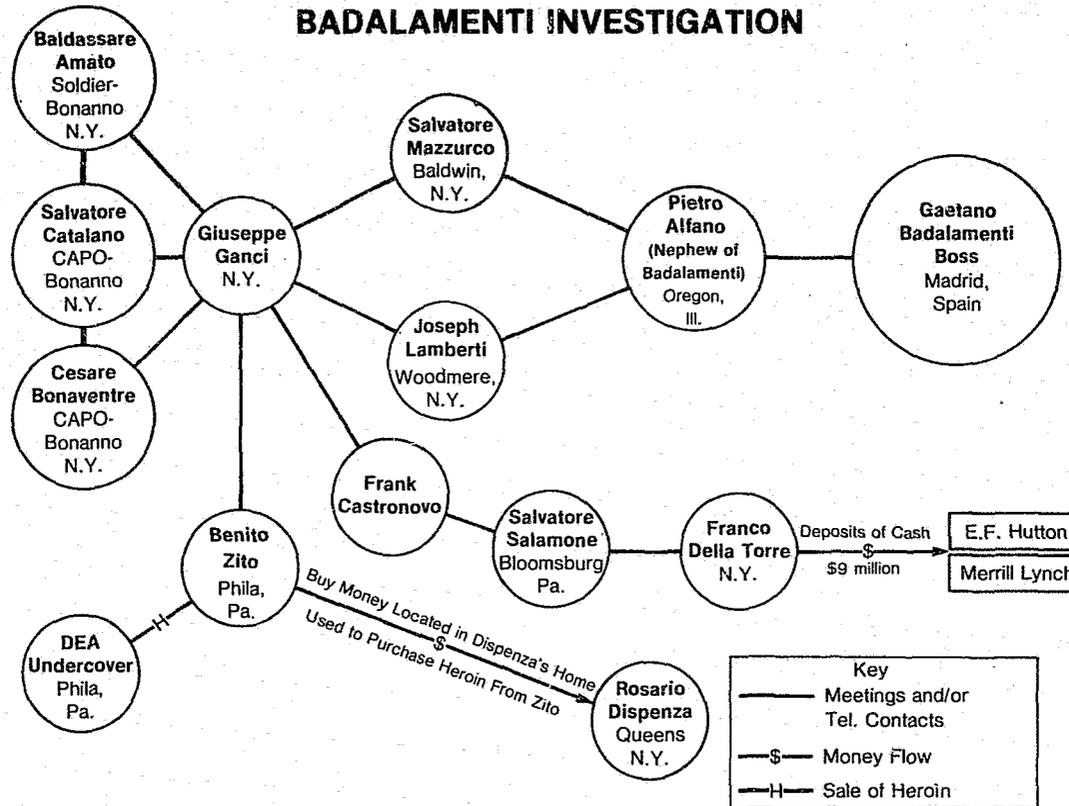


Chart depicts principals in Badalamenti heroin organization.

# LAPORTA INVESTIGATION

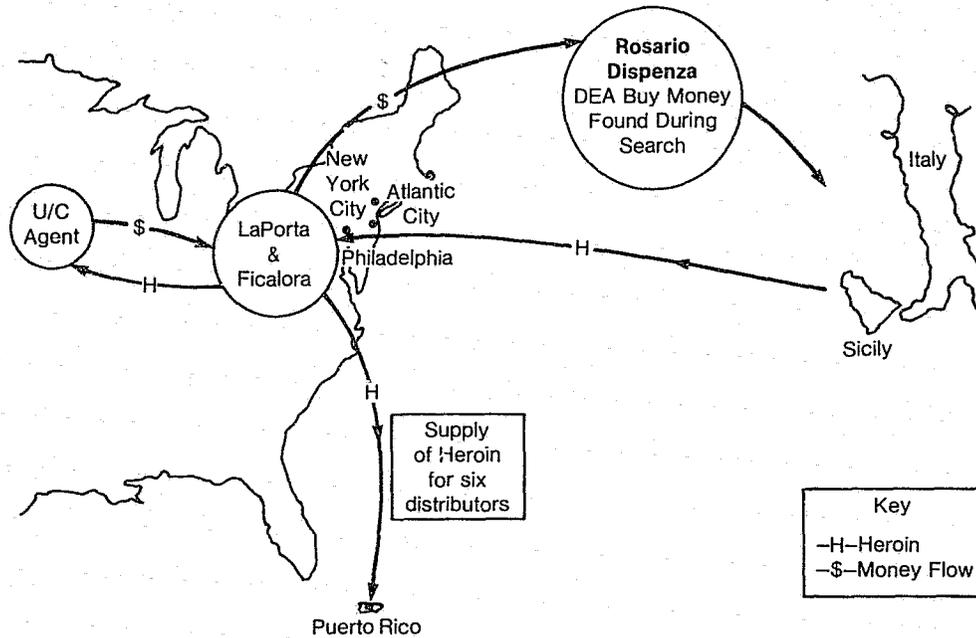


Chart depicts principals in La Porta organization.

# GAMBINO INVESTIGATION

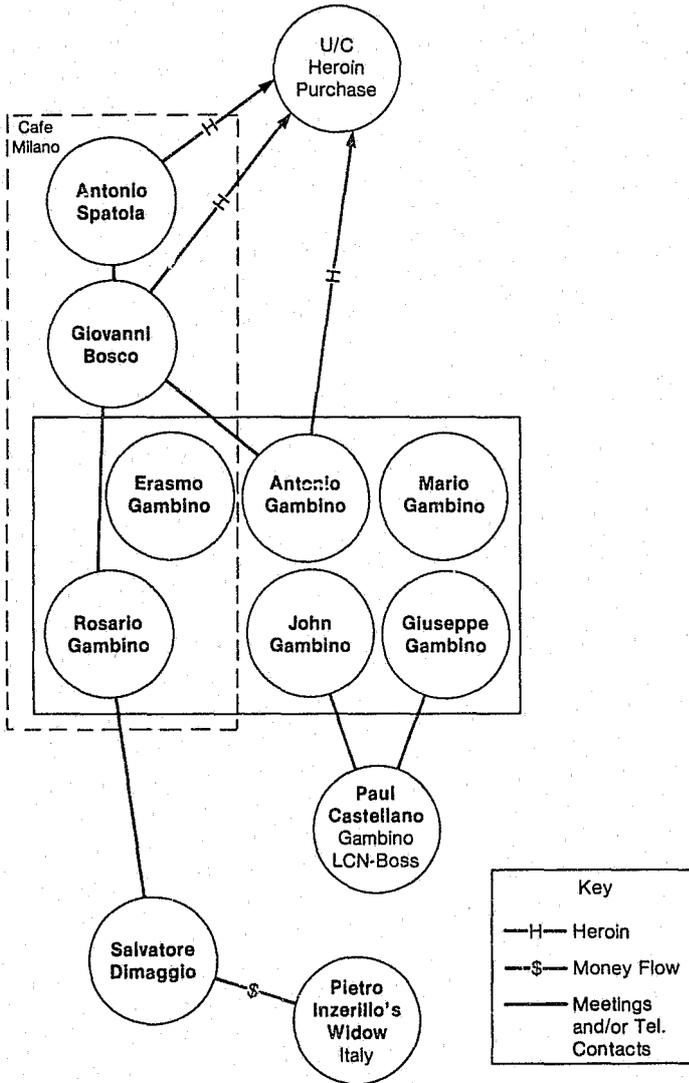


Chart depicts principals in Gambino heroin organization.

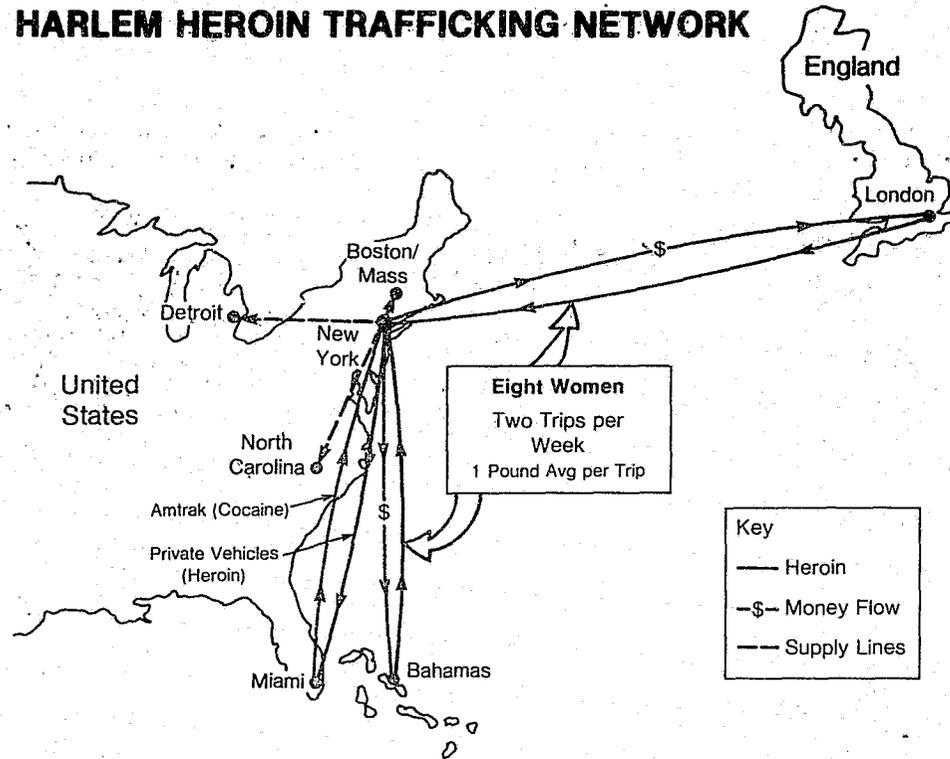


Commission Counsel Jonathan J. Rusch (left) and Executive Director James D. Harmon Jr. question a witness.



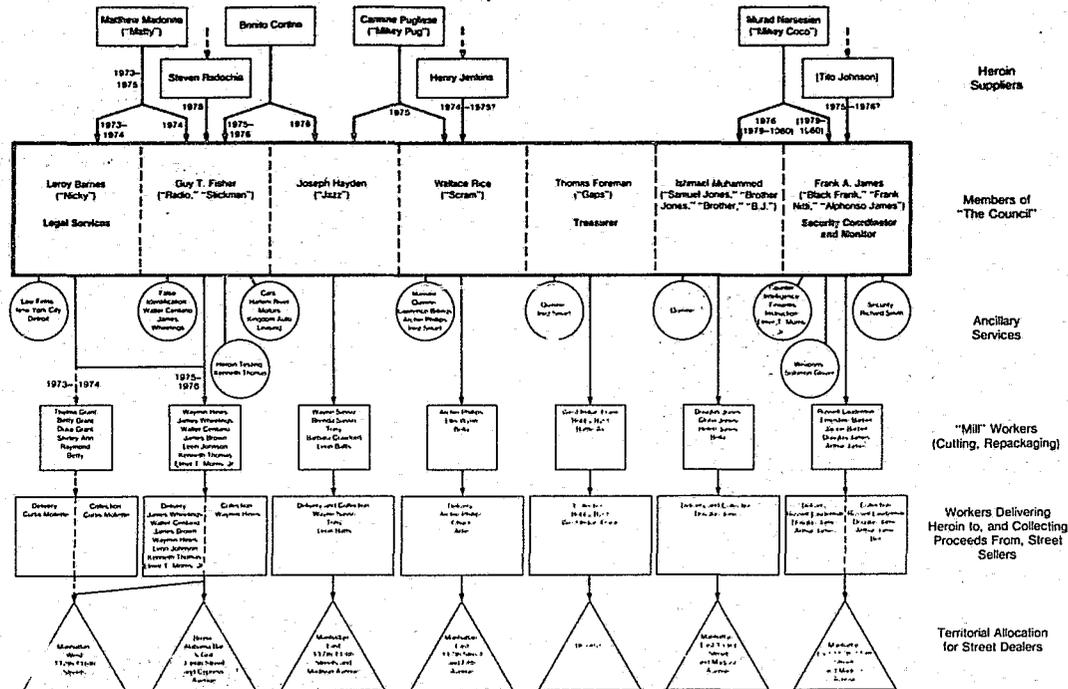
Leroy "Nicky" Barnes wears a hood to protect his new appearance as he describes his heroin trafficking organization.

# HARLEM HEROIN TRAFFICKING NETWORK

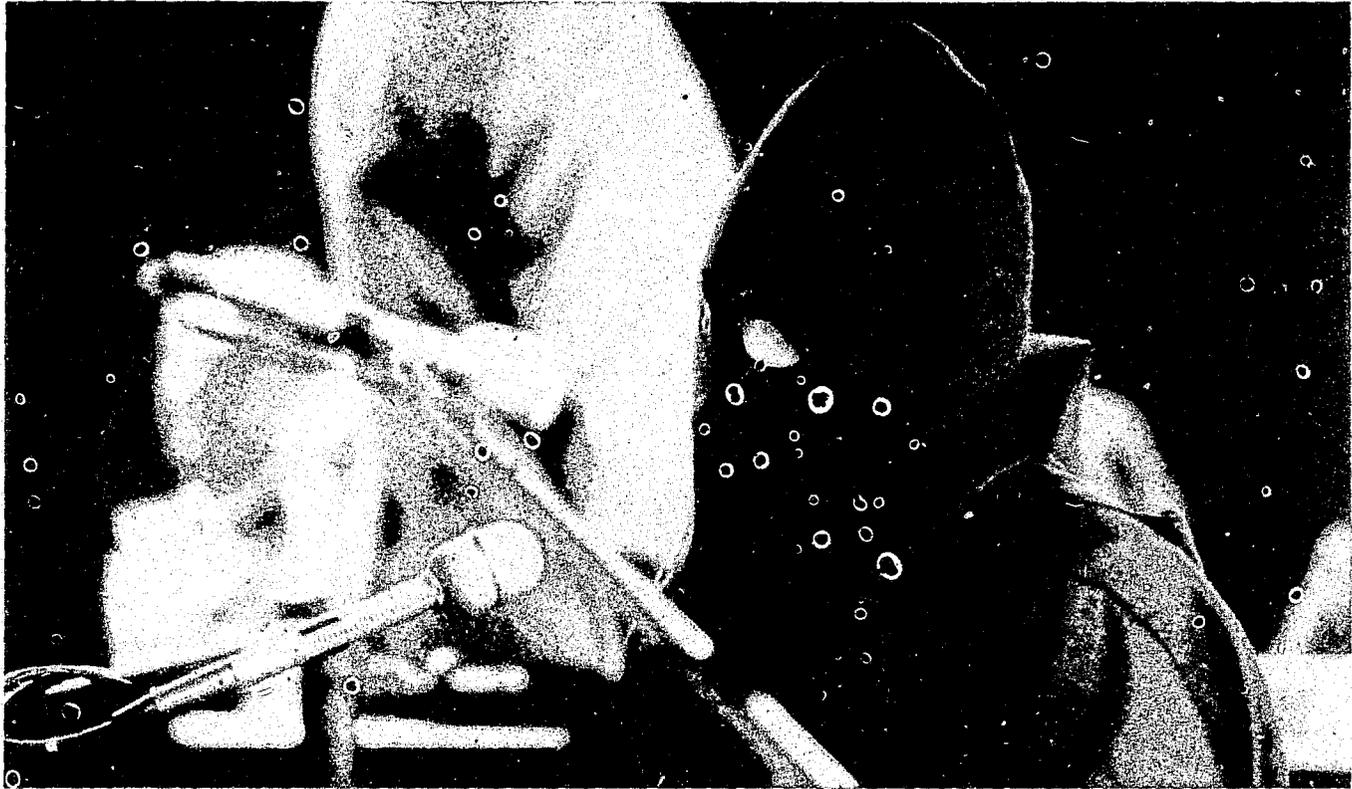


Map shows extent of Daniel "Pop" Washington's heroin network.

**"THE COUNCIL" — UPPER MANHATTAN/THE BRONX/BROOKLYN,  
NEW YORK CITY, 1973-1978**



Organization chart of "The Council," the heroin trafficking network co-founded and directed by Leroy "Nicky" Barnes.



Hooded to protect his identity, a witness describes his involvement in Daniel "Pop" Washington's heroin ring.

# HARLEM HEROIN FACTORY



**LUXURY FORTIFIED  
TOWNHOUSE**



**ARSENAL OF  
WEAPONS SEIZED**

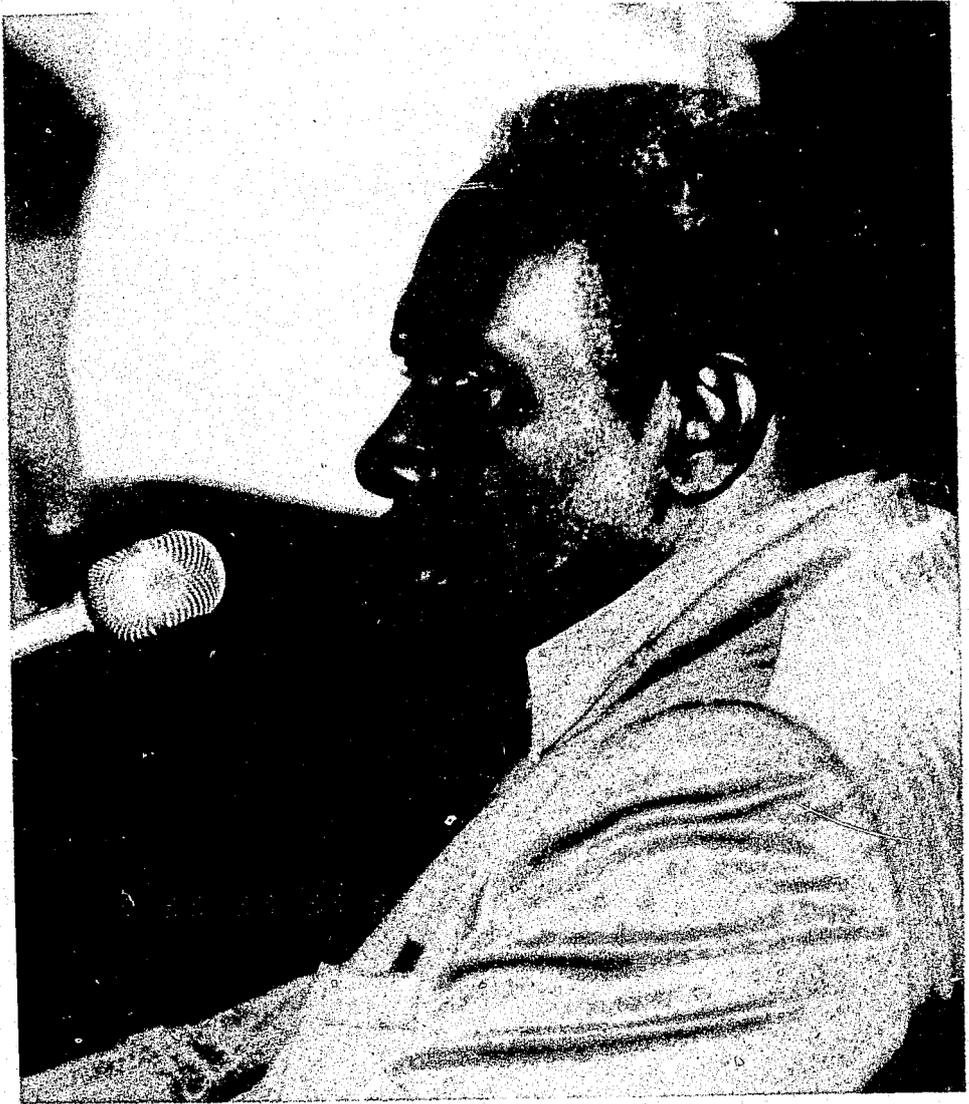


**6 MILLION  
DOLLARS IN HEROIN**



**PART OF  
THE "JUNK" MONEY  
SEIZED**

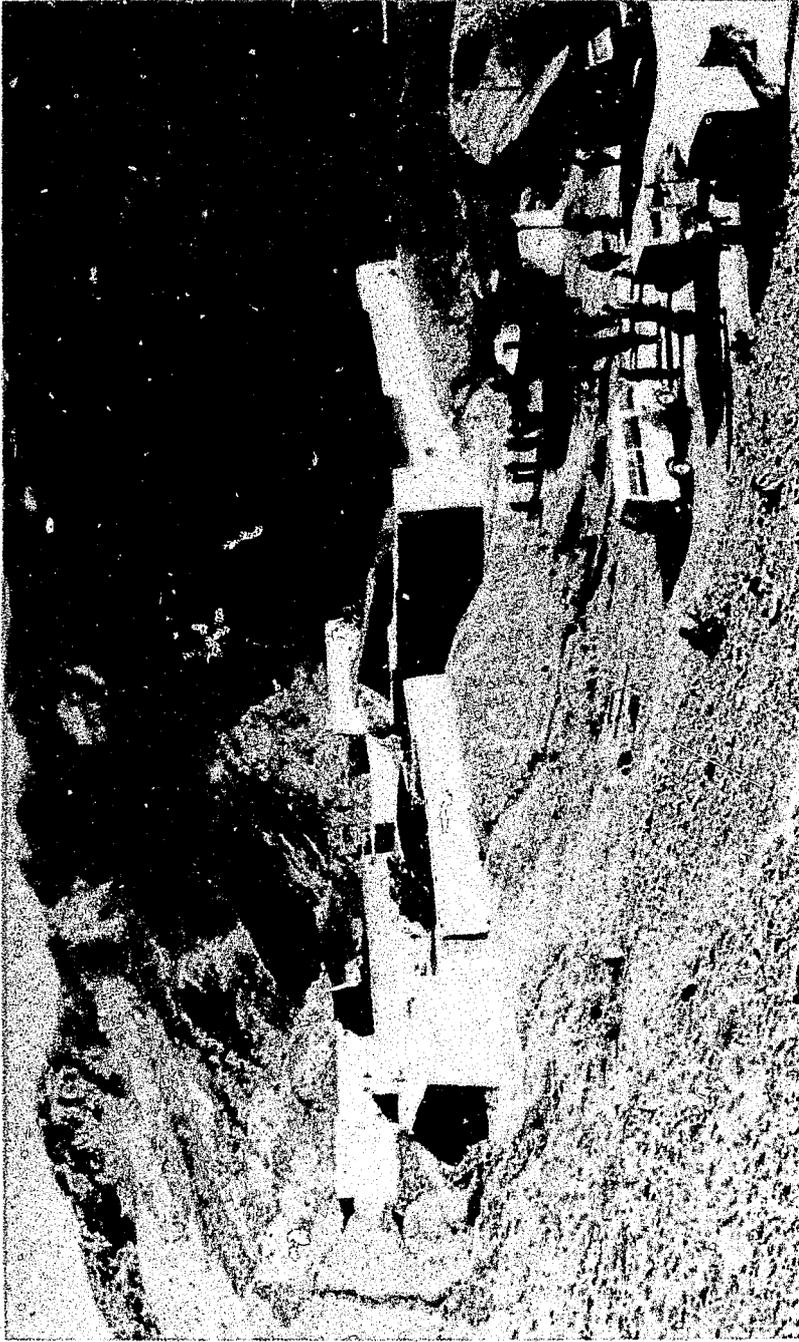
The headquarters, weapons, money and drugs of Daniel "Pop" Washington's heroin operation.



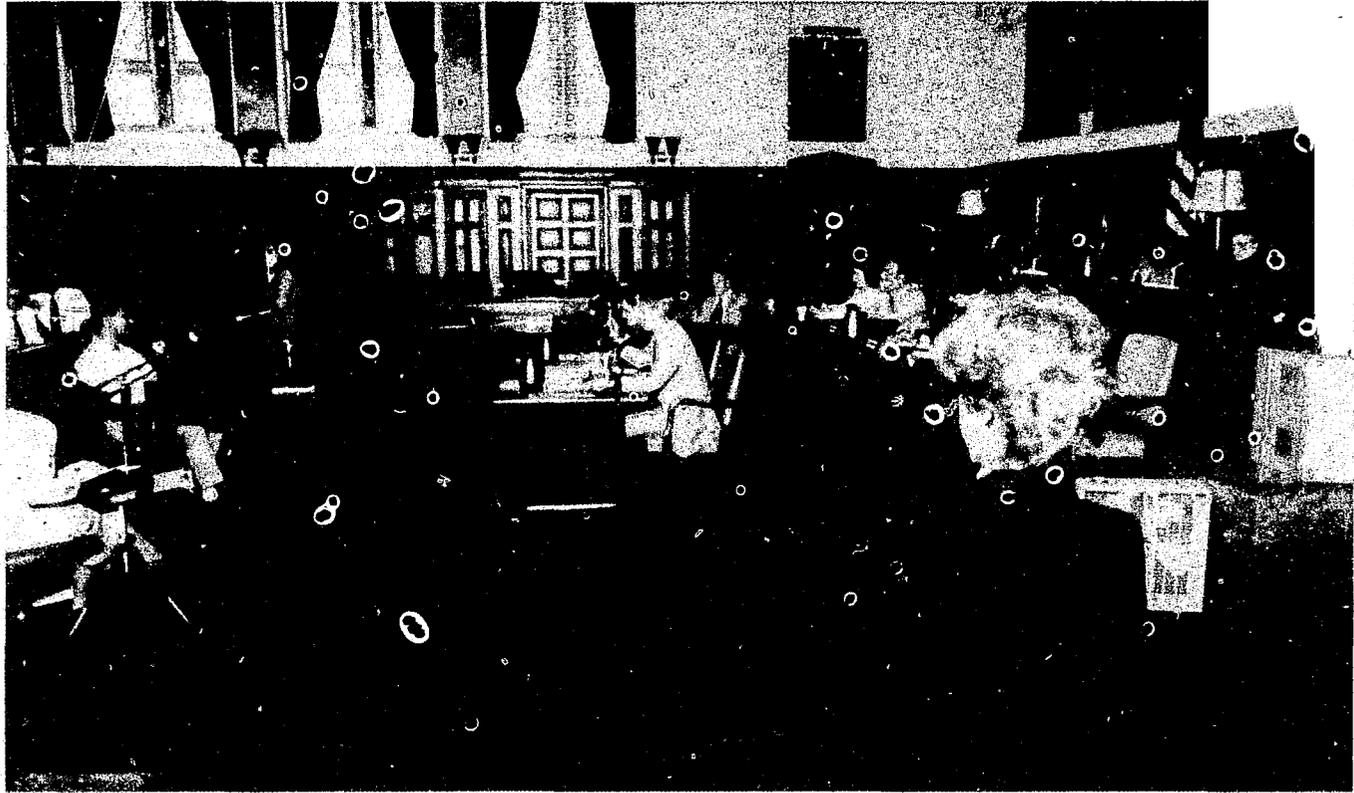
Daniel "Pop" Washington, head of a multimillion dollar heroin network based in Harlem, appears before the Commission.



Charles Gutensohn, DEA Special Agent in Charge in Pakistan, describes the growing threat of Pakistani heroin organizations.

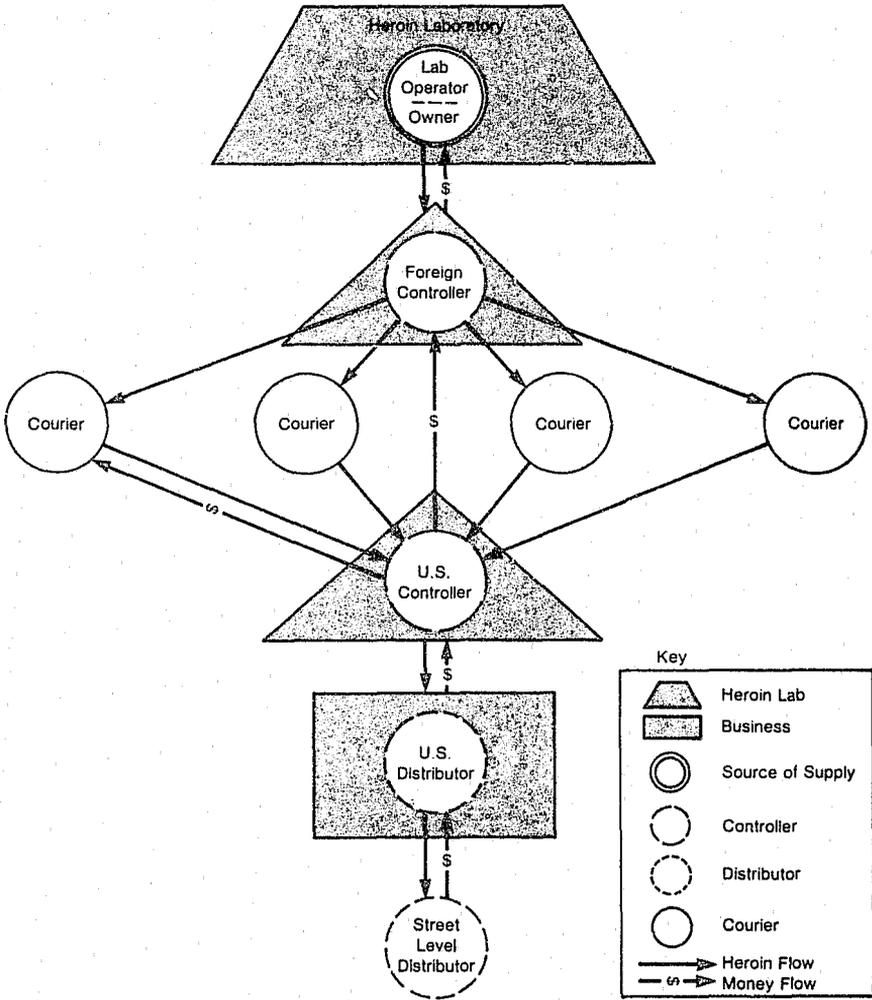


Fortified heroin lab in Khyber Pass area of Pakistan.



Mohammed Tehir Gondal (far left at witness table) describes his work as a courier for Pakistani heroin traffickers.

# PAKISTANI HEROIN TRAFFICKING ORGANIZATION



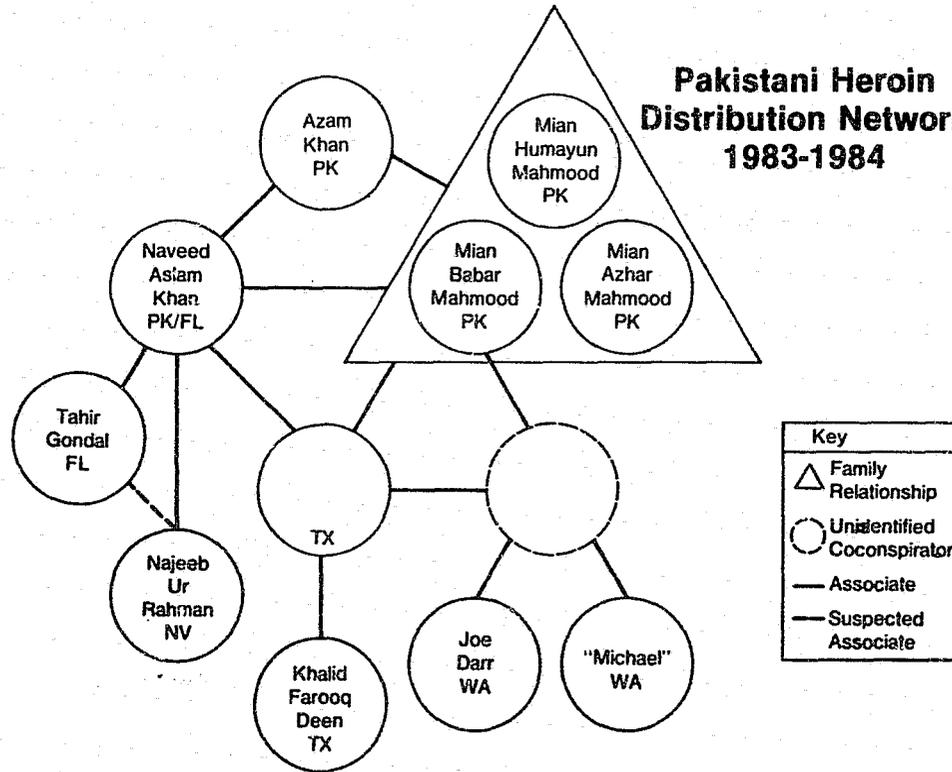
Source Drug Enforcement Administration

Chart depicting typical organization of Pakistani heroin trafficking networks. (Source: DEA)



Hooded to protect his identity, a witness describes his work as a courier for Palatani heroin traffickers.

## Pakistani Heroin Distribution Network 1983-1984



**Pakistani heroin distribution network, 1983-1984, as described by hooded witness.**



**Gary Murray, an intelligence analyst with the U.S. Customs Service, and Michael De Sanctis, a DEA Special Agent, describe the expansion of Nigerian heroin trafficking networks.**

**NIGERIAN HEROIN SEIZURES  
1982/1983/1984  
U.S. CUSTOMS SERVICE  
NEW YORK REGIONAL INTELLIGENCE**

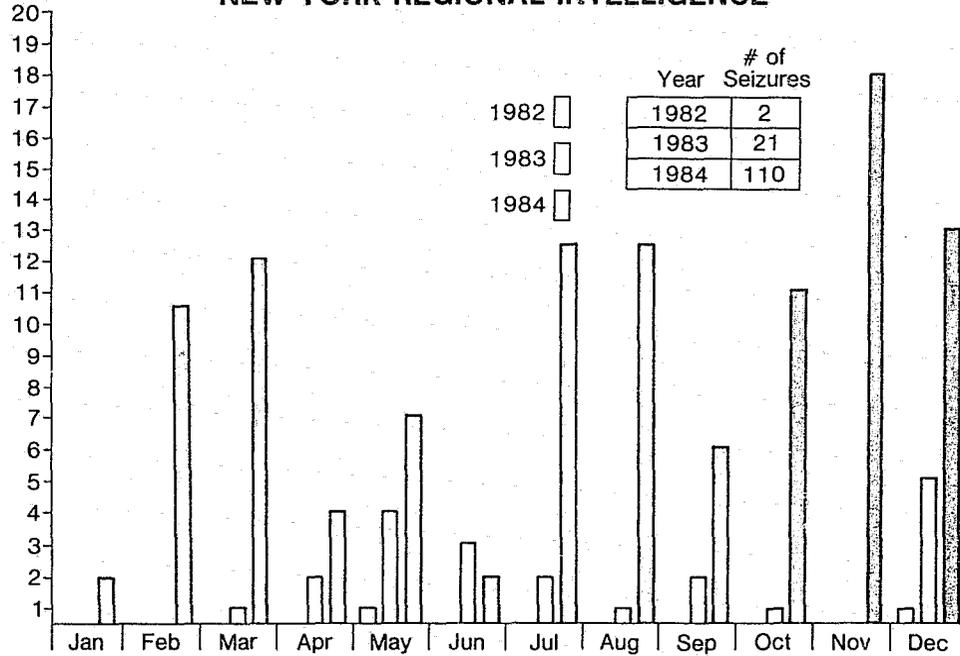


Chart comparing heroin seizures from Nigerians in 1982-1984. (Source: U.S. Customs Service)

# CONVEYANCE

## NEGERIAN HEROIN SEIZURES (133) MAY, 1982 TO DECEMBER 22, 1984

AIRLINE UTILIZED	NUMBER OF SEIZURES	PERCENTAGE
LUFTHANSA	29	21.8
NIGERIAN AIRWAY	28	21.0
PAN AMERICAN	19	14.3
SWISS AIR	13	9.8
KLM	13	9.8
BRITISH CALEDONIA	9	6.7
AIR FRANCE	7	5.3
BRITISH AIRWAYS	4	3.0
TWA	3	2.3
ALITALIA	2	1.5
AIR AFRIQUE	2	1.5
SAS	1	.8
SABINA	1	.8
JAL	1	.8
MAIL (AIR)	1	.8

INFORMATION COMPILED BY  
U.S. CUSTOMS SERVICE  
NEW YORK REGIONAL INTELLIGENCE BRANCH

Chart depicting conveyances used by Nigerians to transport heroin. (Source: U.S. Customs Service)

# PORT OF ENTRY

## NIGERIAN HEROIN SEIZURES (133) MAY, 1982 TO DECEMBER 22, 1984

PORT OF ENTRY	NUMBER OF SEIZURES	PERCENTAGE
NEW YORK (JFK)	84	63.1
CHICAGO	9	6.7
LOS ANGELES	9	6.7
MIAMI	8	6.0
ATLANTA	7	5.3
HOUSTON	3	2.3
WASHINGTON (DULLES)	2	1.5
BOSTON	2	1.5
DALLAS	2	1.5
ST. LOUIS	2	1.5
BALTIMORE	1	.8
SAN FRANCISCO	1	.8
PHILADELPHIA	1	.8
SEATTLE	1	.8
MONTREAL	1	.8

INFORMATION COMPILED BY  
U.S. CUSTOMS SERVICE  
NEW YORK REGIONAL INTELLIGENCE BRANCH

Chart depicting principal ports of entry used by Nigerian heroin smugglers.  
(Source: U.S. Customs Service)

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