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Author(s): Joseph R. Fuentes

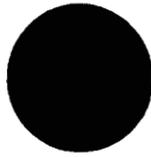
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**THE LIFE OF A CELL: MANAGERIAL PRACTICE AND
STRATEGY IN COLOMBIAN COCAINE DISTRIBUTION
IN THE UNITED STATES**

by

JOSEPH R. FUENTES

**A City University of New York doctoral dissertation research
project carried out in cooperation with the Drug Enforcement
Administration and funded by the National Institute of Justice.**

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in satisfaction of the dissertation requirement for the degree of Doctor of Philosophy.

4/28/98
Date

Diana R. Gordon
Professor Diana R. Gordon, Chair of the
Examining Committee

4/28/98
Date

J P Levine
Professor James P. Levine, Executive Officer

Robert Kelly
Professor Robert J. Kelly

Charles Winick
Professor Charles Winick

THE CITY UNIVERSITY OF NEW YORK

Abstract

THE LIFE OF A CELL: MANAGERIAL PRACTICE AND STRATEGY IN COLOMBIAN COCAINE DISTRIBUTION IN THE UNITED STATES

by

Joseph R. Fuentes

Advisor: Professor Diana R. Gordon

Colombian cocaine distribution cells, operating at the highest levels of the cocaine distribution system in the United States, present a formidable challenge to American law enforcement supply reduction efforts. Cells are the distribution arm for a major trafficking organization based in Colombia, are role-specialized, and staffed largely by Colombian illegal aliens bound by strict codes of behavior imposed by the threat of law enforcement. Cell managers are posted to the United States to oversee the flow of thousands of kilos through the larger urban distribution markets. Ethnic closure, secrecy, and a reputation for violence are characteristics which contribute to a lack of scholarly research in this criminal domain.

Cells use techniques common to legitimate commodity markets, offering revolving credit to buyers, quantity discounts, and a fair kilo price which represents the local market risks to transport, warehouse, and distribute an illicit product. Cells are the last link in the

Colombian control over multithousand kilo quantity shipments of cocaine destined for American wholesale and retail markets.

In cooperation with the Drug Enforcement Administration, this project utilized a variety of informational sources on Colombian cocaine distribution in the United States. Examined are the cell manager's prerogatives in structuring a domestic distribution cell, worker recruitment practices, the establishment of customer lines, kilo price-setting mechanisms, enforcement of customer agreements and internal discipline, utilitarian motives for violence, and organizational and behavioral responses to law enforcement pressures.

Findings of this research suggest a reformulation of some understandings about routine operations of illicit drug distribution and responses to threats posed by drug supply reduction policies. Cells operate with short chains of command that are noncompetitive and nonviolent in the local marketplace. Kilo prices are fairly uniform across organizations until they reach the terminal wholesale distribution market, where local negotiations for price differentials of 10-20% are based upon customer preferences and quantity discounts. Cells reduce law enforcement pressures by implementing routine changes to their telecommunications infrastructure. Effective U.S. drug enforcement encourages cartelization in Colombia as individual organizations collude to reduce the risks of importation and transportation.

Acknowledgments

I would like to thank the Federal Bureau of Investigation (FBI), Drug Enforcement Administration (DEA), New York Drug Enforcement Task Force (NYDETF), New York City Police Department (NYPD), New York State Police (NYSP), and the Miami High Intensity Drug Trafficking Area (HIDTA) task force for their assistance and strong endorsement of this project. In particular, I would like to individually recognize the following members of these fine organizations and task forces for their patience, good humor, and guidance as I struggled to gain my footing in understanding the dynamics of the international and domestic Colombian cocaine trade and for assisting me in preparing to interview the primary sample: Special Agent in Charge Jeremiah Doyle, FBI/Buffalo Division; Harold Douglas Wankel, DEA/Chief of Operations (Retired); Assistant Special Agent in Charge William Mockler, DEA/New York Division (Retired); Supervisory Special Agent (SSA) Jerry McArdle, DEA/New York; SSA Michael DeFrancisci, DEA/New York; SSA David Tinsley, DEA/Miami; Special Agent Carlton Starling, DEA/New York; Detective First Grade Jerry Speziale, NYPD/NYDETF (Retired); Detective Second Grade Steven Peitler, NYPD/NYDETF; Senior Investigator Edward Beach, NYSP/NYDETF; and Senior Investigator Fred Cabbell, NYSP/NYDETF.

In acknowledging these individuals, I must add special thanks to Mike DeFrancisci, Steve Peitler, and Dave Tinsley. They were the point men and strategists on the two cocaine trafficking investigations I have highlighted in this dissertation. Each approached

his work as an artist would a fresh canvas. Despite their frantic schedules, they remained available for my wearisome inquiries and showed as much faith and interest in this project as I did. Their careers crossed paths at one time or another with Bill Mockler, a brilliant tactician who has enjoyed one of the most celebrated careers at the DEA and was widely regarded as the DEA's top man on matters of Colombian drug trafficking. I was referred to Bill Mockler by DEA Headquarters at the outset of this project. In a local establishment on the lower West Side of Manhattan, Bill pulled a cocktail napkin from under a club soda to sketch out a strategic plan for this research, forewarned me of dangerous curves and precipitous impasses, and assembled a highly talented and motivated staff to assist me. I wish him well in his retirement.

The research in this project was supported by a grant from the National Institute of Justice's Graduate Research Fellowship Program. I am grateful to NIJ Director Jeremy Travis for his confidence in the funding of this research and to NIJ Program Director, Kevin Jack Riley, whose acclaimed book, Snowjob: The War Against International Cocaine Trafficking, became a worn and much dog-eared reference in this project. Jack is now the Director of the Arrestee Drug Abuse Monitoring Program at NIJ. His burning interest and expertise on matters of the Colombian drug trade were highly contagious.

I attribute all positive outcomes in this research to my dissertation committee: my mentor, Diana Gordon, and readers, Robert Kelly and Charles Winick. In spite of their own busy schedules and commitments, they patiently waded through the bits and pieces of the proposal and dissertation that I sent them, were quick to shore me up when my energies waned, and were gracious in buffering their sound criticisms with encouragement

and remedies. The Executive Officer of the doctoral program, now Dean of Graduate Studies, James Levine, and his assistant, Christina Czechowicz, guided me through the tricky logistics of completing and presenting the proposal and dissertation and were always available as a source of comfort, confidence, and assurance. I am grateful for the support and encouragement from my fellow students, Jerry LaSalle and Donna Morgan Hartman, with whom I share this difficult rite of passage called a doctoral degree.

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The interview process produced approximately 70 audiotapes. I was capably assisted throughout the difficult and lengthy transcription process by Bridget "Bree" Meaney, who patiently reviewed and transcribed much of these materials and presented me with an accurate and tidy database from which to conduct my analysis.

I have saved the last of these remarks for my wife, Eileen. Although it seems as if I have spent the entire length of our marriage in night school, moving up from one educational goal to the next, she is still as freshly supportive and attentive as ever. Along the tiresome course to the completion of this dissertation, she has moved about me almost unnoticeably, quietly assuming the all too many family chores and responsibilities that I should have handled or shared, and putting off vacations and social engagements that would have slowed me. I dedicate everything that I have done here to her.

Table of Contents

Abstract	vii
Acknowledgments	ix
List of Figures	xvii

PART I. BACKGROUND OF THE STUDY

Chapter 1. Introduction	3
Chapter 2. Colombian Cocaine Distribution in the United States	14
Home Office	21
Distribution Cells	23
Chapter 3. Pertinent Colombian Cocaine Trafficking Investigations	29
Helmer Herrera-Buitrago Trafficking Organization (NYDETF/New York)	30
Home Office	31
Distribution Infrastructure in the United States	33
Jairo Ivan Urdinola Trafficking Organization (HIDTA/Miami)	43
Home Office	45
Distribution Infrastructure in the United States	47
Chapter 4. Research Methodology	49
Study Participants	49
Sample Size	54
Informed Consent	55
Research Setting and Instrument	56
Protection of Human Subjects	58

Confidentiality	58
Analysis of Existing Statistics	62

PART II. EMPIRICAL WORK

Chapter 5. Research Subjects	67
Primary Interview Respondents	69
Carlos Jimenez	69
Juan Casador	71
Raphael Lopez	72
Pablo Molina	74
Oscar Fernandez	74
Managerial Profiles in the Helmer Herrera-Buitrago Organization	75
Organization Leader (Cali, Colombia), Helmer Herrera-Buitrago	75
M7 Cell Manager (New York), Ramiro Herrera-Buitrago	80
M7 Lieutenant (New York), Alonso Martinez	84
M7 Cocaine Section Leader (New York), Carlos Guzman	87
M7 Collection Section Leader (New York), Alfredo Aragon	89
Money Transport Section Leader (New York/Miami), Jesus Morales ..	91
M7 Cell Bookkeeper (New York), Patricia Restrepo	95
Managerial Profiles in the Jairo Ivan Urdinola Trafficking Organization	97
Organization Leader (Cali, Colombia), Jairo Ivan Urdinola-Grajales ..	97
International Operations Manager (Colombia), Hernando Wagner ...	99
U.S. Cocaine Broker (Miami), Harold Ackerman	101
Cocaine Shipment Coordinator (Miami), Carlos Roberto Giron	104
Cell Group Manager (Chicago/New York), Alvaro Gutierrez	106
Money Transport Section Leader (U.S.), Guillermo Valenzuela	107

Chapter 6. Findings and Discussion	109
Management Practices of the Cell Manager	109
Organizational Skills	112
Cell Size and Structure	120
Product Inventory	125
Product Accountability	131
Kilo Price Setting Influences	137
Relational Skills	159
Relations to Workers	159
Relations to Customers	171
The Importance of Reputation	190
Managerial Responses to Violations of Normative Behaviors.....	196
Chapter 7. The Antagonists: Law Enforcement and the Cell Manager	208

PART III. THEORETICAL IMPLICATIONS

Chapter 8. Bringing Theory to Drug Industry Studies.	253
Organizational Structure and Function	254
Growth and Decline Processes	258
Change, Adaptation, and Survival	261
Size and Differentiation	266
Competition and Isomorphism	271
Organized Crime	275
National Drug Control Policy	283
Chapter 9. Summary and Conclusions	290

Appendices

A. Interview Protocol 293
B. Consent to Interview (English) 307
C. Consent to Interview (Spanish) 309

Bibliography 311

Federal Case Materials 318

List of Figures

	Page
Figure 1. Levels of the cocaine industry in the United States.	15
Figure 2. The typical path of a multikilo shipment of cocaine from Colombian sources to U.S. end users.	20
Figure 3. International structure of a Colombian cocaine trafficking organization in New York City.	24
Figure 4. Occupational infrastructure of Ramiro Herrera's New York City "M7" cocaine cell.	39
Figure 5. Typical infrastructure of a Colombian cocaine trafficking organization operating in a U.S. wholesale distribution market.	118

PART I

BACKGROUND OF THE STUDY

Chapter 1

Introduction

The search for a solution to the cocaine problem in this country has produced waxing and waning drug policy initiatives that have not significantly reduced the massive flow of cocaine between Colombia and the United States. In the United States, the scourge of cocaine has devastated communities and affected the quality of our lives, the health care system, and crime rates. Recent and encouraging trends disclosing a reduction in overall use have been overshadowed by increases among heavy users and juveniles (Riley, 1996).

Colombia has not fared better. The Drug Enforcement Administration estimates that the Colombian cartels still produced 780 metric tons of cocaine in 1995 (DEA, 1996, August).¹ Beleaguered by some of the highest drug addiction and homicide rates in this hemisphere and threatened and coerced by deadly ultimatums from trafficking organizations, Colombian law enforcement wearily hangs on in its offensive against the cartels.² The finest Colombian lawyers have been bought out by the Cali cartels and have changed the face of jurisprudence in that country, bringing about changes in the criminal

¹ Of this quantity, approximately 450 to 500 tons were sent to the United States for distribution in 1995. Sixty percent of that volume, approximately 270 tons, came across the Mexican border, and the remainder was shipped through Caribbean access ports. The Mexicans kept 95 to 135 tons of the cocaine they handled for themselves as compensation for the services of transportation and storage.

² The DEA reported statistics provided by the Colombian National Police that 25,525 Colombians were murdered in 1995. That number represents a rate of 70 per 100,000 inhabitants, compared to the U.S. rate of nine.

code which reduce penalties for drug trafficking and prohibit extradition (Sheridan, 1995). Political aspirations to high office have too often been shaped by assassination and intimidation, tools which have led the Colombian political establishment to be susceptible to cartel pressures on issues crucial to the continued prosperity of cocaine trafficking, such as extradition. The DEA estimates that as much as one-half of all drug profits reaching Colombia are being used to sustain corruption within the political apparatus, a serious threat to national security (DEA, 1995). In view of estimates suggesting that the working lives of as many as 5,000,000 Colombians may be anchored to the drug trade (Florez & Boyce, 1990), the process of liberating Colombia from the grip of the cartels (if it can be done at all) will likely have serious socioeconomic consequences.

The early 1990's witnessed a rapid succession of arrests and deaths of the old guard of the prominent cocaine cartels.³ The Colombian government built upon these events through aggressive law enforcement initiatives against both the Medellin and Cali cartel leadership. This brought about a core fragmentation of those coalitions and raised the possibility and concern that the less conspicuous and more confrontational Colombian trafficker alliances, such as those operating in Colombia's Northern Valle del Cauca region, would vie for control of vulnerable Medellin and Cali interests in the United States (Riley, 1996).

³ Rodriguez Gacha, also known as "The Mexican," and Pablo Escobar, both of the Medellin cartel, along with Jose "Chepe" Santacruz Londono of the Cali cartel, were killed in head-on confrontations with police forces in Mexico and Colombia. Their surviving contemporaries, the Ochoa family from Medellin and Miguel and Gilberto Rodriguez-Orijuela, Helmer "Pacho" Herrera-Buitrago, and Jairo Ivan Urdinola from Cali were all arrested in Colombia and are imprisoned.

Almost 20 years after cocaine has achieved mainstream use in the United States, the effort to disrupt production and consumption is undercut by an international drug policy founded upon mutually exclusive national interests which cannot overcome the arguments on both sides shifting blame between demand and supply. Diverse supply and demand prescriptions to combat the menace of cocaine and other drugs in the United States include treatment, education, rehabilitation, and interdiction and source country assistance, as well as increased enforcement against lower level distribution networks and street gangs. Antagonists in the war on drugs advance these various operational strategies in the seemingly endless debate over legalization, decriminalization, or prohibition.

It seems sensible that strategic choices in the battle to suppress or cope with drugs should be supported by an industry analysis of the drug trafficking organizations themselves (Williams, 1995). By examining the managerial prerogatives used in structuring a drug distribution cell, recruiting workers, establishing customer lines, setting drug prices, and dealing with matters of internal discipline and enforcement pressures, this project seeks to contribute to a range of strategic choices for policy makers and law enforcement personnel who must confront the issues of drug interdiction and repression of the international organizations responsible for the importation and distribution of cocaine. However, it represents only a beginning in drug organization research. Other studies of drug violence, pricing mechanisms, and managerial practices are needed and must be concentrated at the highest levels of the drug trade in this country.

The principal thrust of this project is empirical, but is informed by perspectives from organization theory, such as population ecology and adaptation. Respectively, these

perspectives recognize that either environmental or managerial-driven learning processes underscore the organization's ability to achieve longevity in the trade and to withstand the fluctuating demands of the marketplace. This project found that Colombian cocaine cells conform to the adaptation perspective, in that cells tactically and strategically make changes to internal structure and communications. Change or adaptation is, therefore, the critical dynamic component of cell activity which promotes longevity and productivity .

This project also revealed significant differences between legal and illegal organizations. The striking character of criminal organizations is an operational strategy which relies upon the capacity and readiness for violence. Absent a legal recourse for corporate disputes over distribution rights, delinquent customers, and worker misbehavior, organizations which participate in illicit commerce seek relief from intra- and interorganizational conflicts through the use of violence. Violence is rarely applied in the Colombian cocaine trade, however, because the antagonists share the reasonable belief that such a course of action disrupts the integrity of the distribution process and draws attention to the market-at-large. Violence is, therefore, a policy of last resort.

Another prominent difference between licit and illicit enterprises is the role of law enforcement as the sole regulator of the commodity market. It is a consequence of upper level drug enforcement that cocaine profits are maintained at high levels because the risk of effective law enforcement creates kilo price premiums at each component transaction, from the commodity source to the end user.

Effective drug enforcement also inhibits the growth of both a drug market and its organizational participants by driving their activities underground. Illicit organizations

respond to this external threat by limiting knowledge of the enterprise, both within and outside the organization, and restricting the size of the organizational components, such as cells, which are most at risk of interacting with drug enforcement.

For more than 20 years, two dominant coalitions of Colombian trafficking organizations, bound together in collusive and protective relationships popularly referred to as cartels, have practically monopolized the supply of cocaine into the United States.⁴ Despite continued interdiction pressures (98 tons were seized in 1995, down somewhat from the 120 tons seized in 1994), average cocaine kilo prices in virtually all major metropolitan areas stubbornly persist at or near the low end of the range, along with high purity levels (DEA, 1996, August). These are troublesome statistics to those who tout the effectiveness of supply-side enforcement strategies.

A popular drug since the 1980's, cocaine continues to shoulder significant blame for a broad spectrum of criminal activity. In the mid-1980's, crack cocaine emerged as a relatively inexpensive, easily ingested, addictive crystalline derivative of powdered

⁴ The author will not resist convention in using the term "drug cartel", although a cartel is more suggestive of a close, corporate bond among its participants, who may engage in a concerted effort to create monopolies by limiting the size of a market. In the case of the Colombian drug cartels, the opposite situation prevails. As it applies to the Colombian drug trade, a cartel defines a geographically-closed area, in which are grouped a loose federation or coalition of major drug trafficking organizations that have formed alliances for the self-serving purpose of reducing the risky nature of the business in which they participate. For instance, they close ranks against kidnappings from in-country insurgent groups, share international trafficking routes, and take interests in major drug shipments in an effort to distribute the risk of loss among many participants. As early participants of the drug trade, their federated activities have actually permitted a considerable expansion of the market and reduced barriers to new market entrants. Major Mexican drug trafficking organizations have bound together under a name more suitable to the role of its participants, calling themselves the Mexican Federation.

cocaine. With its appeal among users in the lower socioeconomic groups and its urban foothold, crack cocaine increased illegitimate economic opportunities in socially disorganized communities already stricken with poverty and unemployment and precipitated an informal declaration of war by the U.S. government (Fagan & Chin, 1990; Gordon, 1994; Hartman & Golub, 1996; Reinerman & Levine, 1997). Looking beyond the political dimensions of this issue, statistics generally agree that cocaine and crack users are three times more likely than other drug users to engage in criminal activity for the purpose of sustaining consumption (Bureau of Justice Statistics, 1992). Moreover, during 1988, data gathered by the New York City Police Department disclosed a close link between cocaine and violence, finding that 61% of all city homicides involved crack cocaine (Goldstein, Brownstein, & Ryan, 1992).

Because Colombia is the principal source country, Colombian cocaine traffickers have dominated the stock and trade of bulk cocaine smuggling and brokering in the United States since the 1970's. In the decade that followed, Colombian smuggling networks seized market control and territory from dominant east coast Cuban cocaine wholesalers in a widely publicized and violent turf battle (Eddy, Sabogal, & Walden, 1988; Gugliotta & Leen, 1989). This led to open drug warfare in several American cities. In 1981, over 100 murders across the country involved upper level drug market rivalries (Florez & Boyce, 1990). Drug-related homicides ran amok in the southeastern urban locales. The Miami Police Department reported the involvement of cocaine in at least one-third of all city murders during 1984 (Goldstein, 1985). The outcome of that fierce struggle replaced a Cuban-run, entrepreneurial cottage industry with an integrated and centralized,

Colombian-controlled, national cocaine distribution system. This system exhibited a propensity and reputation to maintain territorial integrity and preserve market stability through an internal procedural system regulated by the rational deployment of violence.

In spite of significant border interdictions and rising domestic law enforcement pressures, the Colombian level of the distribution system has persisted, evolving into a stable, relatively nonviolent and, by far, most profitable layer of the illicit drug market in this country. Colombian trafficking groups and their distribution cells sprouted along the east and west coast, as well as on the southwestern border. By 1990, the Federal Bureau of Investigation had already identified over 250 Colombian cocaine trafficking organizations operating in the United States, a seemingly more pervasive presence than that of the homespun Italian Mafia (Florez & Boyce, 1990).

Avenues to drug research and ethnographic studies in this nearly exclusive Colombian domain are blocked by ethnically-closed membership and secrecy. To date, the most revealing analysis of this level has been econometric. By substituting statistical modeling for ethnography, econometric analysis has enumerated the logic behind the hidden processes operating in this realm. Through the construction of paradigms, econometric analysis can be used to predict the output of these obscure organizations (Cave & Reuter, 1988).

Much of the contemporary research on the dynamics of upper level drug markets has been devoted to an examination of the distribution patterns and pricing mechanisms in the heroin and marijuana markets, markets viewed as largely diffuse and unintegrated (Reuter, 1983). Historically, heroin and marijuana have not lent themselves to distribution

in complex structures. When you model the distribution of heroin and marijuana, they more closely resemble cottage industries, occupied by dilettante smugglers who move their drugs in small and relatively portable amounts along short distribution chains to an intimate clientele, with risky transactions between wholesalers and retailers often occurring at arm's length (Adler, 1985).

This paper reports findings from a doctoral dissertation project completed at the City University of New York, John Jay College of Criminal Justice. The research utilized a variety of informational assets operated and controlled by the DEA. The core data for this project were drawn from five open-ended interviews conducted in Miami in early 1997. Each interview was eight to sixteen hours in length. The respondents were five Colombians who formerly held leadership positions within cocaine distribution cells operating in the United States during the early 1990's. Out of concern for their personal safety, their true names and theaters of operation were withheld from the author. Herein, they are referred to as Raphael Lopez, Juan Casador, Pablo Molina, Carlos Jimenez, and Oscar Fernandez. With the generous support and approval of the DEA and pertinent United States Attorney's Offices, a thorough examination was also made of discoverable documents relating to the federal investigation and prosecution of the Helmer Herrera-Buitrago and Jairo Ivan Urdinola-Grajales cocaine trafficking organizations. Both Herrera and Urdinola were seated members of the Cali cocaine cartel in Colombia and operated seasoned distribution networks in the United States through which tens of thousands of kilos of cocaine supplied their near monopoly markets in New York City, Newark, Miami, Houston, and Los Angeles since the 1980's. Their unbounded trafficking activities were

largely responsible for the rise to prominence of the Cali cartel in the United States in the late 1980's.

To obtain the drug enforcement perspective, interviews with New York and Miami DEA Special Agents and New York City Police Department and New York State Police task force personnel were also conducted. These drug enforcement personnel were involved in at least one of the two aforementioned investigations. Their viewpoints augmented the data from the Miami interviews and archival investigative records and shed further insight on the structure and practices of these trafficking organizations.

Part I opens with a contemporary view of Colombian cocaine distribution in the United States. Chapter 2 briefly describes the four levels of cocaine distribution in the United States, starting with the lower retail and consumer markets and concluding with the Colombian distribution organizations that are the crux of this project. Unmasking these trafficking organizations reveals a small leadership core, or "home office," in Colombia. The home office oversees one or more local distribution terminals referred to as "cells" in the United States. Cells operate in the larger, urban, wholesale distribution centers and are the pipeline to the entire American consumer market.

Chapter 3 goes to the heart of the DEA's significant efforts to stem the flow of cocaine into the United States from the Cali cartel in Colombia. In the early 1990's, considerable DEA energy was directed at suppressing the nationwide distribution activities of the Jairo Ivan Urdinola-Grajales and Helmer Herrera-Buitrago cocaine trafficking organizations. These two heralded investigations signaled a realignment in DEA philosophy on Colombian drug trafficking and shifted the agency's focus from the Medellin

to the Cali cartel. The two cases brought about federal indictments against most of the Cali cartel leadership. Multiple research sources are used from these investigations, including federal affidavits, grand jury proceedings, probation reports, transcripts of wiretapped telephone conversations, and some unclassified investigative files. All this information was made available by the DEA division offices in Miami and New York.

Chapter 4 is devoted to the methodological and ethical issues of this project. Sample size and selection criteria are addressed, as are concerns over anonymity, confidentiality, and disclosure of research information. Some aggregate demographic and biographical sample characteristics are also provided in Chapter 4

Part II describes the empirical work which generated the data for analysis. Chapter 5 offers the reader subject profiles on the five primary interview respondents, as well as drug career histories of the top U.S. managers of the Herrera and Urdinola organizations. This chapter relies upon transcripts from the primary interviews, and archival records from the two DEA investigations. Although absolute care is given to protecting the identities of the primary interview respondents, demographic and biographical characteristics are provided whenever possible.

Supported by narrative information gleaned from all sources (the Miami respondents, federal drug task force agents, and the Urdinola and Herrera investigations), Chapter 6 proceeds with the findings and discussion by exploring the matter of management practices and strategies in the operation of a Colombian distribution cell in the United States. Part II could not be concluded without an examination of the antagonist forces at work in the uppermost level of cocaine distribution in the United States. Chapter

7 examines the confrontational relationship between law enforcement and the cell manager and reports how law enforcement seizes the rare opportunity presented by the reckless or inexperienced cell manager.

Part III integrates the theoretical and empirical aspects of this project. Chapter 8 applies project findings about Colombian drug organizations and their urban breeding grounds to contemporary perspectives in organization theory and organized crime. Chapter 9 briefly summarizes the more salient aspects of the data and draws some conclusions from the findings.

At the outset, it is important to note that the analysis data did not disclose a blueprint for the management of Colombian distribution cells in the United States. As one might expect, size is related to complexity, bureaucratization, and production capacity. The data report that this hidden level of bulk drug distribution ordinarily follows a general set of fundamental operating procedures. These procedures act to restrain vigilant drug enforcement, which surrounds the cocaine trafficking activities of the cell.

Finally, the reader will soon note that the author heavily excerpted the Miami interviews and wiretapped conversations from the Herrera and Urdinola investigations. In examining managerial prerogatives and rooting out operating procedures, there is no better way to effectively communicate the unpredictable and volatile characteristics of these criminal organizations than through the richness of personal observation.

Chapter 2 Colombian Cocaine Distribution in the United States

The cocaine distribution system in the United States consists of hierarchies of suppliers and their clients, with each hierarchy divided by quantity transactions which are built upon noncontractual, but aggressively enforced, agreements between individuals distributing a common commodity in a shared market. At least four transactions constitute the path from Colombian importer to street user. The interpretative terms of street-level retailer, retail distributor, wholesaler, and broker will be used in this dissertation to denote these various levels and to define the type of transactional activity that occurs between them.

The structure of the cocaine distribution industry in the United States can be illustrated as the larger pyramid in Figure 1, distended at its base to represent the concentration of distributors at the lower levels. Quantity of exchange, price, purity, and sales revenues, as well as ethnicity, are serial characteristics which shape the market at each level. The frequency of transactions, or, transactional density, decreases as you ascend the pyramid. Descending the pyramid, transactional activity increases, along with the aggregate price of a kilo of cocaine and the processes of adulteration through cutting or cooking.

Because of visibility and accessibility, the focus of most enforcement efforts is the street-level distributor. This lowest level of the pyramid brings the drug user and distributor

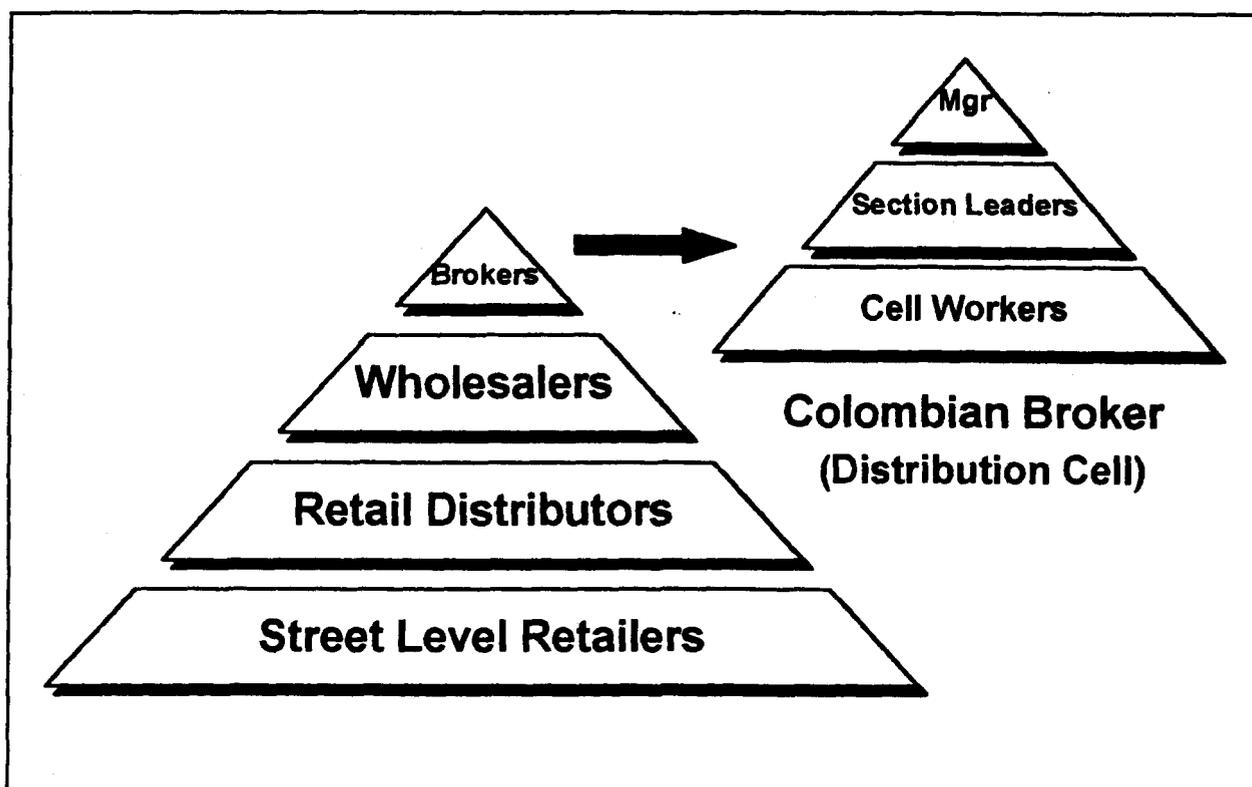


Figure 1. Levels of the cocaine industry in the United States.

into contact for the fourth and final transaction in the U.S. cocaine distribution system.

Transactional activity is dense at this level, as are pharmacological, economic, and systemic motives for drug-related violence within and among distribution groups.¹

Drug research also favors the street level. Voracious consumerism, entrepreneurial behavior, and the customary competitive, visible, and aggressive nature of street-level cocaine distribution are the trade characteristics which generate opportunities for careless behavior on the part of both dealers and their customers, resulting in their repeated arrests

¹ According to Goldstein (1985), pharmacologically based violence results from the metabolic effects of drug ingestion. Economic motives for violence involve criminal activity to sustain drug use. Systemic violence is market based and occurs in the course of the sale and distribution of drugs.

and imprisonment. Incarcerated street offenders become the grist mill of drug research projects focusing upon the lower levels of the market.

The retail level of cocaine distribution is the third transaction in the system. It is the level to which street-level dealers aspire. Retailers may purchase quantities of a kilo or more, then stretch their stock and reduce the purity through the addition of adulterants, such as milk sugar.

In the retail marketplace, there is free and open competition. Few entry barriers confront the prospective distributor. Entrepreneurship is given form and substance at this level. The inherent dangers of the retail market, however, are a consequence of its territoriality, visibility, unpredictability, and fluid nature. Retail distributorships often have short life spans and are prone to sudden elimination as a result of territorial violence and aggressive local drug enforcement.

Cocaine wholesalers carry out the second transaction in the system and formally break the Colombian grip on U.S. cocaine distribution. Because cocaine wholesaling tends to be dominated by urban, immigrant populations, the tens of thousands of wholesale transactions which initiate the aggregate flow of cocaine within the United States also witness the first transfer of control from Colombian sources to distributors of other ethnicities. Cocaine wholesaling occurs within an ethnic milieu that effectively cloaks this criminal activity. In New York City, for instance, Dominican wholesale groups in Upper Manhattan have a virtual lock on distribution within this level of the market (Kleinknecht, 1996). Wholesaling in other major urban drug markets also takes on the ethnic complexion of those venues. In the southwest United States, for example, Mexican trafficking groups

dominate the wholesale drug trade for cocaine, marijuana, and methamphetamine. In some Midwest cities, such as Kansas City, Jamaican drug gangs maintain a stranglehold on the wholesale drug market.

Consigned dozens to hundreds of kilos from Colombian suppliers, wholesale cocaine distributors compensate for the increased risks of distributing to clients at the lower levels of the trade, e.g., ripoffs, delinquent financial obligations, and police informants, by imposing brutal sanctions for those offenses. Unlike their furtive and businesslike Colombian suppliers, territorial disputes in Dominican groups often lack the influence of an external mediating authority. Disagreements are often settled through wild street battles, drug and money ripoffs, and kidnapings. Wholesale groups may lack the obscurity, business sophistication, and bridled temperament of the contemporary Colombian organizations; however, opportunities for success and growth are restricted only by the entrepreneurial ability of the wholesalers themselves.

Occupying the summit of the distribution pyramid is the scarcely populated domain of the Colombian cell managers, their section leaders, and workers. It is appropriate to describe the distribution function carried out by the Colombians in the United States as bulk cocaine brokering. Operating as transfer points in the flow of cocaine from Colombia to the American wholesalers, cocaine brokers link the international trafficking organizations with the cocaine market in the United States.

In their unique role as brokers, Colombian distributors are the corporate elite of the U.S. cocaine industry. Transacting in quantities of hundreds and thousands of kilos, they nonetheless seek obscurity in their business practices, avoiding the flamboyance and

public attendance to status attributed to other American traditional organized criminal groups and ethnic mafias. By conducting their business in Hispanic enclaves against the urban backdrop of America's largest cities, their shadowy trafficking activities are evident only to the trained eye.

Cocaine brokers in the Colombian domain conduct their distribution function through the operation of cells. Size and production capacity, that is, the output required to satisfy the needs of the customer line, relate to increased levels of authority and differentiated task roles within the cell and the establishment of rank through the need for subordinate levels of authority. Most larger cells will have a manager, a subordinate layer of section leaders with individual cocaine distribution, money laundering, and logistical assignments, and a large labor pool of workers, most of Colombian extraction, to carry out these activities. Every cell, regardless of size, generally follows this design. When a cell accommodates a smaller customer base, a manager may communicate directly to those workers responsible for the same distribution and collection functions.

As seen in Figure 1, this level of the cocaine distribution system exhibits a function which is far greater than its relative size on the pyramid. The Colombian level of the cocaine distribution industry is a dimension occupied by the power brokers of the U.S. drug trade, a playing field where drug enforcement agents stalk their targets with deliberation and patience. Using state-of-the-art electronic interception and surveillance techniques, mounting intensive and expensive racketeering prosecutions, interdicting drug amounts in the hundreds and thousands of kilos, and seizing monies in amounts of millions of

dollars, it is nearly the exclusive venue of federal drug enforcement and their multi-agency task forces.

Funded by the U.S. Department of Justice (DOJ) and Office of National Drug Control Policy (ONDCP), task forces composed of federal, state, and local agencies, such as Drug Enforcement Task Forces (DETFs), and High Intensity Drug Trafficking Areas (HIDTAs) lock horns with small, but tenacious, Colombian distribution cells. These cells are ethnically closed and tightly controlled, often with membership established along fraternal ties or kinship. Cell managers extend credit to customers for wholesale purchases of drugs in quantities of tens and hundreds of kilos. Millions of dollars are generated from very few transactions at this level, debts which the wholesale customers must satisfy according to strict terms of remittance.

In sharp contrast to their enormous influence upon the flow of cocaine in this country, surprisingly little research has been conducted on these hidden groups. Colombian cells lack the visibility, accessibility, and comparative safety which affords research opportunities at the lower levels of the cocaine distribution system. Moreover, the lower distribution levels are more populated, ethnically diverse, and prone to enforcement penetration. Lower level drug distribution activity also operates within the public domain, exhibiting a range of opportunities for qualitative, quantitative, and ethnographic study (Williams, 1989). Similar opportunities are rare at the higher levels of the drug distribution chain, and efforts to achieve a research sample of adequate ranking through prisoner studies have been frustrated by prison security procedures which prohibit access to the most serious drug offender population (Reuter & Haaga, 1987).

At the higher levels of the cocaine distribution system, the research literature progressively thins out, and opportunities for qualitative or ethnographic study become too precarious as the sample becomes increasingly inaccessible and volatile. At these heights in the cocaine distribution system, law enforcement and the Colombians operate without public display, tangling from time to time in dogged and lengthy investigations which unfortunately do little more than rattle the supply lines of a durable and resilient distribution market.

Figure 2 depicts the various components through which a kilo of cocaine is routed to a drug user in the United States.² Two-thirds or more of all the cocaine leaving

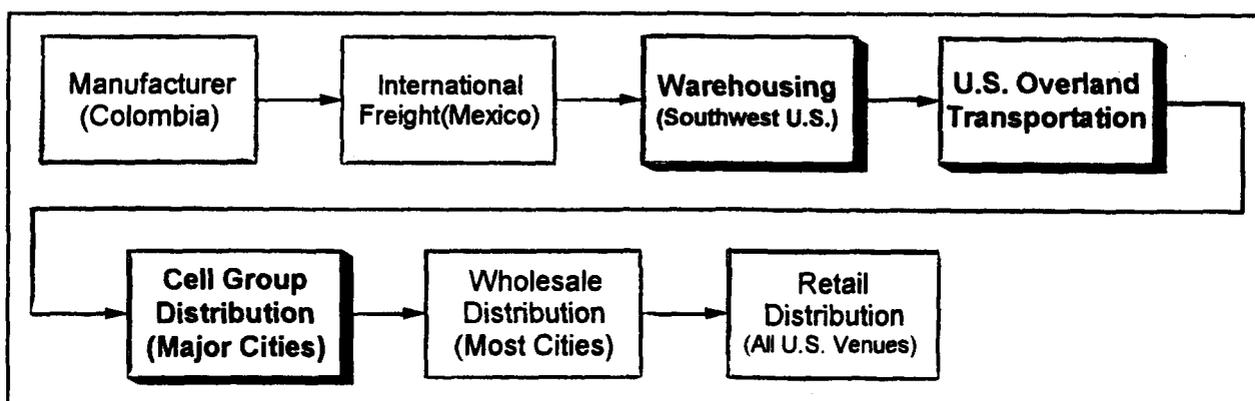


Figure 2. The typical path of a multikilo shipment of cocaine from Colombian sources to U.S. end users.

Colombia for the United States pass first into the hands of a variety of Mexican subcontractors, who store fresh shipments in northern Mexico and then pass them along

² This is not to say that the flow of cocaine to the United States is solely restricted to these international routes. Florida and the Caribbean, particularly Puerto Rico, the Bahamas, and the Dominican Republic, offer attractive possibilities as transshipment and warehousing sites. As of this writing, the route in Figure 2 remains dominant.

smuggling routes shielded by political and police corruption to Colombian cell representatives positioned at near-border sites inside the United States. Shipments are briefly warehoused in the southwest and then loaded onto commercial or passenger vehicles for the final trip to the wholesale distribution market. Overland transportation may be a subcontracted component or integrated as another functional task role of the cell. In either case, once a cocaine shipment has crossed into the United States, each subsequent transaction en route to the wholesaler imposes an accountability which binds the possessor to assume the debt for the shipment and, should it be interdicted, to adequately explain its loss. While the cell manager oversees the movement of each and every shipment reaching the U.S., he is not accountable for its loss while it is in the possession of responsible subcontractors along the way. The shaded boxes in Figure 2 highlight the overland U.S. component of the importation and distribution path typically under the control of the cell manager.

The Home Office

There are two distinct operational entities in Colombian cocaine distribution organizations operating in the United States: the Colombia-based home office, the leadership core of which coordinates both inbound supply and outbound revenues from U.S. markets, and a distribution cell (DEA, 1993). Cells carry out a distribution and collection function for the home office and are the embodiment of management strategy within the organization.

In the United States, the distribution operations of Colombian cocaine trafficking organizations are concentrated in the larger, urban drug markets, localities which already support substantial Colombian immigrant populations. Cocaine brokering takes place principally in the cities of Miami, New York, Chicago, Houston, and Los Angeles (DEA, 1993). Even though distribution activities of a cell appear to be confined to these local markets, organizational supply lines and supportive components are national and international in scope.

A Colombian cocaine cartel may lack a rigid bureaucracy, but its federated members individually command highly structured organizations. The operations of these organizations are global, with an international structure shaped much like an hourglass. A channel which represents the crossover between the Colombian and American components of the organization operates not just as a communications link between Colombia and the United States, but also as a pathway for organizational philosophy and policy implementation. In most sophisticated cocaine organizations, a highly competent and trusted individual is dispatched from Colombia to keep this channel open and to coordinate the organization's cocaine distribution and money-laundering functions through the maintenance of a distribution cell.

In this dissertation, the organizational representative is referred to as the cell manager. For protection, the cell manager is often stationed in a location well beyond the grasp of the Colombian authorities and comfortably outside the zone of local enforcement pressures applied against the cell's distribution venue. When cocaine shipments reach the distribution cell, the cell manager divides tactical authority along a lateral front of section

leaders who assign cell workers to make drug deliveries and to pick up credit payments. In addition to guarding against problematic situations, such as delinquent customers, domestic law enforcement pressures, and worker misbehavior, the cell manager may also be authorized by the home office to adjust kilo prices for preferential customers.

Figure 3 illustrates the structure of a sophisticated, Colombian cocaine trafficking organization which dumped thousands of kilos of cocaine into the New York City market during the early nineties. At first glance, the trail of cocaine supply and money laundering appears obscured by the interactions of numerous intermediaries stationed along supply and money routes between Colombia and the United States. The illustration hides a simpler organizational structure which describes the role of Berto, the New York-based organizational leader, as receiving his cocaine supply from Colombian sources identified as Waldo, Tato, and Medio. This supply was then forwarded to Alvaro, Luis, and Jose for national distribution. Berto's organization operated distribution cells in New York, San Francisco, Washington, D.C., Chicago, and Houston through a network of locally based distributors. The hourglass structure is evident within this organization, as is the channel for communication and supply conducted through Berto, the cell manager.

Distribution Cells

Cells function under the control of the cell manager and routinely avoid business interrelationships with the cells of other organizations operating in the same marketplace.

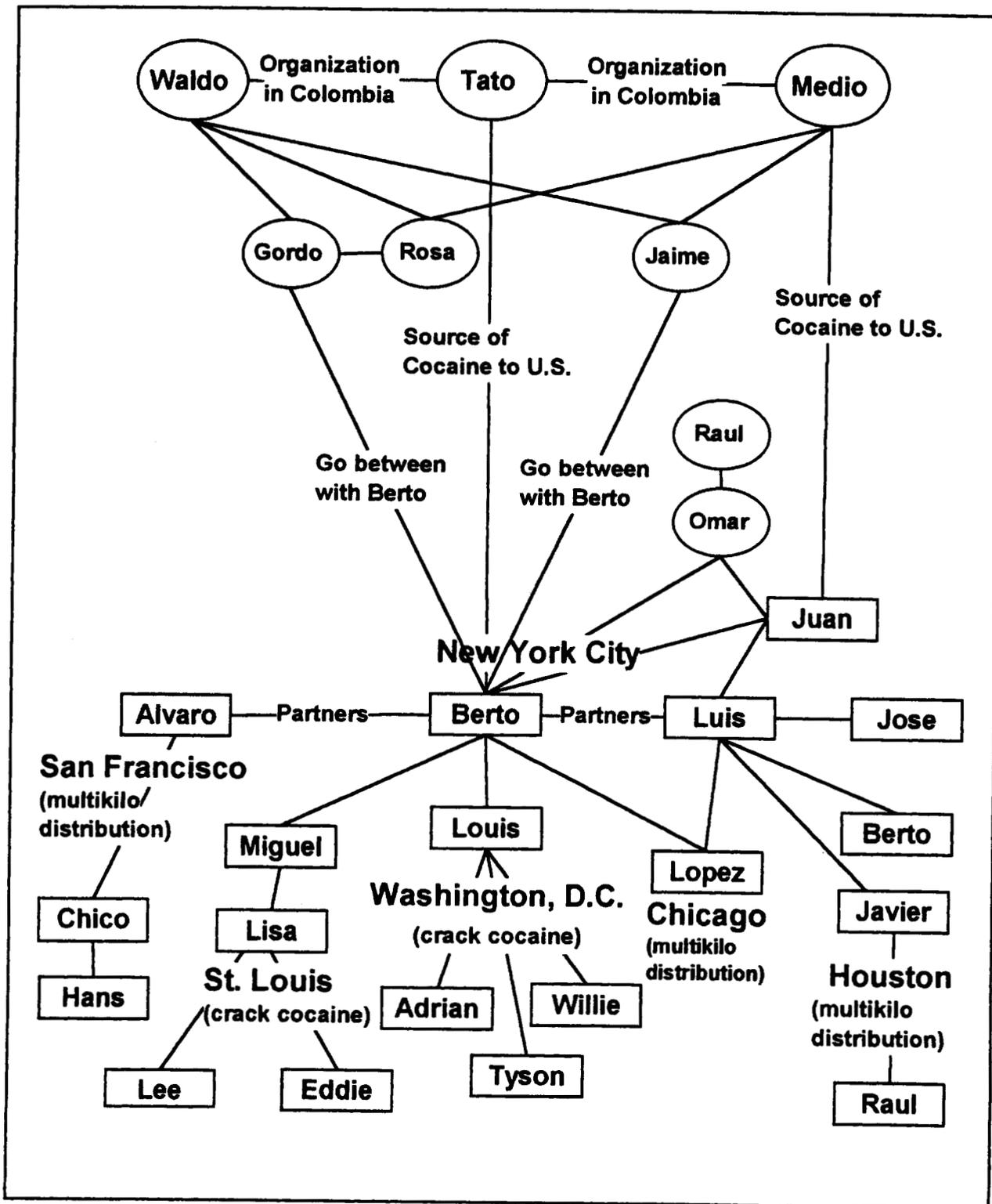


Figure 3. International structure of a Colombian cocaine trafficking organization in New York City (Source: NYDETF)

The DEA has identified cells affiliated with the Medellin cartel as reflecting a less-disciplined organizational model with consensus decision making located at the top, while the integrated, Cali-controlled cells practice hierarchical decision making (DEA, 1994).

Adler's (1985) hedonistic and entrepreneurial Southwest County smugglers operated at a time when bulk cocaine transactions were conducted at arm's length along short distribution chains. By contrast, today's Colombian cells operate with sophistication, seclusion, and technical routine.

Colombian cells are not the vast, corporate entities one might expect would be required to handle the distribution of tens of thousands of kilos of cocaine. Relatively small numbers of cells in each venue constitute an oligarchic system which handles most of the upper level distribution of cocaine in this country.

Cells function as product-based organizations, that is, the scope of occupational differentiation within the cell is limited to the effective transportation and distribution of bulk shipments of cocaine and the collection of monies generated from wholesale transactions. The range of knowledge within the cell is measured by the number of occupational specialties. The manager of a cell divides the cell's functions into sections which carry out the essential goals of distribution and collection. In differentiated cells, occupational roles, such as cocaine delivery, money collections, bookkeeping, and stash house sitters all operate collaterally, without rank or status, and fall under the immediate supervision of the cell section leaders, who are assigned narrowly defined responsibilities related to either distribution, collection, or logistics. Overseeing the activities of all the sections, the cell manager is, in turn, accountable to the home office for the cell's productivity and survival.

Upon receipt of a cocaine shipment, the cell manager sets into motion a highly routinized procedure that assures a quick and safe transfer of the product to the wholesale clients and the prearranged collection and delivery of payments back to organizational superiors in Colombia.

Because of their generally small size and perilous environment, cells need not acquire the vertical differentiation and structural complexity which promote the establishment of bureaucracies in larger, legitimate organizations (Blau, 1970; Caplow, 1957). The institution of long chains of command diminishes the span of control between the cell manager and his various sections and erodes the bonds which allow him to scrutinize worker behavior and deter treachery and lower forms of disobedience, such as personal drug use or dangerous relationships with individuals outside the cell.

Cells are typically differentiated horizontally, rather than vertically, along a lateral front of occupational specialties which simplify the tasks of distributing cocaine in multihundred kilo quantities and the collection of millions of dollars in sales revenues. Cell section leaders isolate the cell manager from the street criminal activity of the cell, exert centralized authority over the section, and foster close relationships with their workers. Cell division of labor is a function of occupational specialty, rather than a coordination of authority. If the lateral front of the cell is permitted to expand, for example, as a result of additional task roles, pressures upon the section leaders would increase considerably, because section leaders cannot further divide their authority to a subordinate level.

Underscoring the success and efficiency of Colombian cells are their remarkable integrity and credibility as units of production. Operating largely without external

regulation, other than that imposed by the pressures of law enforcement, cells are bound internally through normative codes of behavior, cultural or familial bonds, and intimidation. The entire membership of a cell may hail from the same town in Colombia, be drawn from an extended family or have graduated from the same high school class. Alienated from country and family, and operating in a hostile work environment, strong interdependent social and economic forces are generated within the cell. Cell membership becomes a mechanism to transform social attachments from Colombia into criminal activity in the United States.

Cells appear to share a technical competence which establishes fairly uniform populations within distribution markets. With strong supervision, routinized tasks producing little variance in performance and generating strong reproducibility, as well as strict accountability, cells satisfy the conditions which produce strong inertial forces and enhance survivability (Hannan and Freeman, 1984; Singh *et al.*, 1986). Yet, cells operate outside of the legitimate settings which anchor discussions of the ecological perspective in organization theory. Because law enforcement is the selection mechanism in the dynamic setting of cocaine brokering, cells routinize adaptive changes as a means of warding off fatal confrontations. Adaptation is also simplified by minimizing the size of the cell, which lessens the need for bureaucracy and rigidity and allows for change without disruption to productivity goals. Even in the face of intense and concentrated enforcement pressure, a cell can be quickly dismantled, or its activities displaced, until the pressure dissipates.

Caulkins (1992) points out that retail drug markets also have the unique ability to

adapt to, rather than be eliminated by, enforcement. Unfortunately for supply-side strategists, adaptation is not a characteristic confined to the lower levels of the drug trade. The stubborn entrenchment of Colombian cells in many of the larger American cities, in the face of increasingly effective enforcement, suggests that this protective mechanism is also at work at the upper levels of the American cocaine trade, as well. It is often beyond the ability of local and state drug enforcement to eliminate the full scope of a cell's activity because most cells operate nationally and internationally to carry out their transportation and distribution functions, while most agency drug enforcement venue authority is geographically limited. When the cell manager feels that the activities of a cell have been disclosed to law enforcement, he simply shuts down or displaces these compromised components, be they cell sections or individual workers, as an adaptive response designed to relieve the pressure. This response, which represents a physical displacement, is almost always accompanied by modal displacement, that is, changes to the cell's technical elements, such as the acquisition of new communications devices and codes, vehicles, and stash houses. In instances where a cell manager interprets an incident as minimally impacting the cell's activities, modal displacement may be the only course of action necessary.

There are no primers for the design or operation of Colombian cocaine distribution cells. Knowledge of this upper level drug activity is hard-earned and comes by way of enforcement. Two intense, lengthy, and highly successful DEA investigations bared the internal operating mechanisms of cells and are detailed in the following chapter. These investigations also represented the DEA's strategic initiative against the Cali cartel.

Chapter 3 *Pertinent Cocaine Trafficking Investigations*

This chapter reports an examination of archival records of the Drug Enforcement Administration in New York and Miami relating to the investigation and prosecution of the Helmer Herrera-Buitrago and Jairo Ivan Urdinola-Grajales cocaine trafficking organizations by the New York Drug Enforcement Task Force (NYDETF) and the High Intensity Drug Trafficking Area (HIDTA) Task Force in Miami, respectively.

The material appearing in this chapter concerning the Jairo Ivan Urdinola-Grajales investigation and Helmer Herrera-Buitrago cocaine trafficking investigations was drawn from affidavits, federal grand jury indictments, search warrants, and transcripts of wiretapped telephone conversations pertinent to the impending prosecutions of individuals associated with the Urdinola and Herrera organizations in the United States and Colombia. These prosecutions completed the grand jury phase, but did not proceed to trial, owing to guilty pleas from every arrested defendant in these two investigations. All defendants were sentenced in either the United States District Court for the Southern District of Florida, Northern District of Illinois, or Eastern District of New York on conspiracy charges relating to their extensive cocaine trafficking offenses.

Federal procedure requires the submission of a presentencing report (PSR) for a judicial assessment of the appropriate penalty. PSR's for arrested Herrera organization members were available to the author for review, but not for duplication.

Helmer Herrera-Buitrago Cocaine Trafficking Organization

In December 1991, the DEA's New York Drug Enforcement Task Force (NYDETF) wrapped up its two-year long investigation of two vast, New York-based distribution cells operated by Helmer Herrera-Buitrago. Helmer Herrera was a leader of one of the six major cocaine trafficking groups operating out of Cali, Colombia. Herrera was one of the young lions of the Cali cartel; the old guard, the founding fathers, were Gilberto and Miguel Angel Rodriguez-Orejuela and Jose "Chepe" Santacruz-Londono. At the height of its operations in the United States, the Herrera organization was responsible for supplying as much as 60% of the cocaine reaching New York City.

Helmer Herrera's trafficking activities first caught the eye of the DEA in 1975 in Queens, New York City, where he was arrested for cocaine possession. This was followed by a second, similar drug offense in Queens in 1979, for which he received a four-year federal sentence (U.S. v. Herrera et al., aff'd, Oct. 18, 1990). Shortly after his release in 1983, Herrera recruited his brothers to continue his New York cocaine distribution activities. Herrera returned to Colombia and brokered a supply deal with the other ranking members of the Cali cartel. By 1988, Herrera was smuggling cocaine in amounts of 500 kilograms or more into the United States. Angered over U.S. successes in extraditing drug lords from Colombia, an anonymous DEA source reported in 1989 that Herrera was part of a plot to ship dynamite into the United States for bombings in New York, Miami, and Los Angeles (U.S. v. Herrera et al., aff'd, Oct. 18, 1990). The bombings were to be carried out in protest over persistent U.S. pressure upon Colombia to extradite drug traffickers to

stand trial in the United States. The threat was viewed as credible, but the dynamite was never found, and no bombings occurred.

The telecommunications and legal dilemmas that arose during the Herrera investigation prompted the DEA to adopt new techniques in targeting the activities of "kingpin" organizations. The Herrera organization in New York was eventually uprooted by the establishment and operation of a "superbank" at the DEA's New York Division, a war room designated to handle the complex array of wiretaps required to expose the magnitude of drug-related and money-laundering activities of a drug trafficking organization. By the time the dust had settled in mid-1992, 28 indicted members of the over 100 arrested had already pled guilty in Brooklyn Federal Court. Five thousand pounds of cocaine had been seized, along with \$20 million in U.S. currency and 31 properties valued at over \$4.5 million.

Home Office

Herrera's reputation and success in the cocaine trade was built upon sound business practices, the use of well-defined chains of command, and a clear preference for nonviolence in his corporate transactions. Herrera distributed cocaine in the United States in New York, Miami, Los Angeles, Houston, and Chicago, and in Europe in Spain and England. He insisted on tight control over his international distribution operations and largely staffed the organizational leadership, both in Colombia and abroad, with close kin. Two brothers, Ramiro and William Herrera, supervised the two New York cells. Two other

brothers, Alvaro and Manuel, assumed other various logistical and oversight roles in the home office. His brother-in-law, Carlos Guzman, was a ranking member of Ramiro Herrera's M7 cell in New York. A half-brother, identified as Gigi, also worked for Ramiro Herrera and was used by the organization on those relatively rare occasions when there was an imminent need to enforce customer agreements or handle internal worker problems through beatings, kidnappings, and interrogations.

Herrera filled the mid-level and lower ranks of his overseas distribution enterprise with workers from Cali; however, it was not unusual to find other Latin American groups, for example, Panamanians, Peruvians, Salvadorans, Mexicans, Hondurans, and Ecuadoreans, enlisted in the money-laundering sections. Job references for all prospective employees had to come from within the organization. The worker selection and placement process was managed by a sister of one of Helmer Herrera's housekeepers in Cali. Colombian workers were required to obtain United States visas. The visas were allowed to lapse once the worker safely entered the United States. Non-Colombian workers were issued fictitious documentation to establish their legal presence in the United States (U.S. v. Herrera et al., aff'd, Oct. 19, 1992).

Workers seeking their fortune in the Herrera organization headed for their New York cell assignments along an indirect smuggling route which brought them from Colombia to Matamorros, Mexico. They crossed the Rio Grande River at Brownsville, Texas, where they took temporary lodging at the Hotel Economico. At the hotel, they were met by a Herrera representative in charge of handling the final leg of their travel, who put them aboard buses, or planes headed east to Newark or LaGuardia Airports. Once they reached

New York, every new worker was forced to surrender his or her passport, a smart organizational move which significantly restricted the worker's ability to escape the grasp of the cell manager. According to NYDETF investigators, new workers were first sent to a house in the Forest Hills section of Queens, where they participated in a videotaped interview. On these videotapes, workers identified their sponsors and divulged a variety of biographical information which, for the full term of their employment, would bind their personal lives and the lives of their families in Colombia to the organization. An NYDETF investigator elaborated further about this process.

Once they got up here, it was like their indoctrination process. And they actually filled out...you could see them filling out on videotape their employment applications. They actually had an application. Who's your mother, who's your father, where do they live, what's the address, what's the telephone number? It's also for intimidation purposes, too. They know that if you screw up, they have it on record here. They know who to go back to, and who to hold responsible.

NYPD Detective Steven Peitler, NYDETF

Distribution Infrastructure in the United States

At the height of its operations, the Herrera organization was relying heavily upon wireless communications, closely coordinating the activities of its work force over 134 cellular telephones and 62 pagers. Most of these cell phones were obtained through businesses such as A Big R Country Realty and Quicksilver Realty in Queens, New York

(U.S. v. Herrera et al., aff'ds, July 26, 1990; Nov. 19, 1990). Both companies were founded to carry out this illicit and ancillary role and strongly supported the drug distribution activities of the Herrera organization and other local trafficking groups through the bulk supply of mobile telephones and pagers. These companies also facilitated the process of locating apartments and houses to be used as cocaine or money stash locations.

Mobile telephones were maintained in the possession of the leaders of the New York cell, such as the cell manager, Ramiro Herrera, cocaine distribution section leader, Alonso Martinez, and money transportation section leader, Jesus Morales. The remainder of the mobile telephones were distributed to cell workers sitting in the most active cocaine or money stash locations or to workers on cocaine or money delivery missions for the organization. Virtually the entire labor force was linked through a network of pagers and used pay phones for direct communication with their section leaders.

Every movement by the Herrera organization was influenced by fear of eavesdropping and other surveillance. Conversations concerning drugs, drug proceeds, cell workers, and stash houses were encrypted through the use of aliases, numerical designations, and coded language. Because the volume of telephone activity was so great, investigators were able to quickly decipher the words, phrases, and names used over and over to cloak incriminating drug- or money-related discussions. For instance, it became apparent that "John," "Jairo," and "El Diablo" were all references to Alonso Martinez. Ramiro Herrera was referred to as "M7," or, the Spanish language equivalent, "Mata Siete." Because of their rank and status in the New York cell, Alonso Martinez, M1 cell lieutenant Luis Porras, and Ramiro Herrera were the primary wiretap targets of the

NYDETF investigation. Helmer Herrera, who kept a tight reign on his New York operation from Cali, could be recognized on the phones by the names "Abuelo," "H7," and "Don Pacho."

Illicit commodities were given any number of pointless codenames, even though their particular usage and placement in conversations strongly inferred a reference to drugs or monies. Over the course of an hour, three or four conversations might variously refer to cocaine as "shoes," "shirts," or "checks." The names of distribution cities were also obscured. New York was "The Towers," Los Angeles was "La Tia," Miami was "La Playa," and Cali, Colombia, was "The Town." Investigators monitoring the wiretaps soon developed a talent for simultaneously listening, translating, and communicating conversation highlights in English to mobile surveillance teams on the street.

Unfortunately for Helmer Herrera, this reliance upon remote communications was to eventually expose the underbelly of his organization. Over the course of a year and a half, NYDETF broke most of Herrera's codes and penetrated his wireless communications network with 84 court-ordered wiretaps. This resulted in the interception of 71,403 conversations, approximately 40,000 of which were pertinent to drug trafficking activities.¹

¹ Even when court orders appear to do so, wiretapping agencies are not given free reign to tape any and all conversations. Court-authorized wiretaps must obey the principle of "minimization," a standing rule which allows the monitoring official a reasonable amount of time to determine if a telephone call is related to the criminal offense. Unrelated calls must be minimized, that is, the recorder must be turned off and the conversation only periodically tuned back in to determine if the conversation has become related. Related conversations can be recorded in their entirety. Conversations between an attorney and a client, once that relationship is established, are privileged and must be minimized. So must conversations between a husband and wife and clergy and layman, provided that they are not co-conspirators in the offense.

At one point in the investigation, the NYDETF was simultaneously bugging 21 cellular telephones, 5 pay telephones, and 25 pagers, the largest eavesdropping campaign ever waged by a drug enforcement agency against an international drug trafficking enterprise.

The two largest and most productive cells in the Herrera organization were located in New York City and Long Island. Given the code designations M1 and M7 and supervised by William Herrera and Ramiro Herrera, respectively, these cells shared bulk cocaine shipments, but operated separate customer networks within the greater New York City area. With a virtual lock on the New York wholesale cocaine market, the two cells supplied at least 29 major wholesale customers with cocaine. Most of these wholesalers were Dominicans operating out of the Washington Heights area of The Bronx. Common wholesale purchases ranged into the hundreds of kilos. Cocaine and money transactions between Herrera's workers and their Dominican clients were often carried out through "car switches," during which a Herrera vehicle loaded with cocaine was turned over to a wholesale customer. Hours or days later, the customer returned the car with a partial or full payment concealed in the trunk.

Uninspired and tedious work awaited the vast lot of workers who came to work in the M7 cell. Only the more experienced and trusted workers, particularly those who exhibited a certain entrepreneurial disposition, were encouraged to develop their own customer lines and allowed to purchase small, multikilo quantities from the cell for their own distribution. Because the Helmer Herrera organization adhered to a strict policy of

accountability, these workers also assumed responsibility for the financial obligations of the customers they recruited.

William Herrera-Buitrago was the top manager for the M1 cell. He spent much of his time in Colombia, leaving the day-to-day responsibility over the cell's operation to Luis Porras and his record keeper, Patricia Restrepo. All cocaine shipments from Colombia passed first through the M1 cell and Porras and then were divided to supply the M7 cell. M1 cocaine shipments arrived in New York via Mexico after being flown in from Colombia on cargo jets and then were transported across the United States concealed aboard commercial and passenger vehicles with hidden compartments.

Ramiro Herrera, manager of the M7 cell, kept in close contact with his lieutenant, Alonso Martinez, to whom he delegated authority over much of the cell's daily operation. Martinez was Luis Porras's counterpart in the M7 cell. Avoiding the areas where his cell operations took place, Ramiro Herrera remained close and attentive to his wife and two sons in the oceanfront house they had rented in an affluent Long Island suburb. Although he spoke several times a day by mobile telephone with Martinez and with his brother, Helmer Herrera, in Cali, Ramiro dedicated a good portion of his time to developing a lucrative portfolio of properties and other investments, including a sizeable interest in a popular Long Island discotheque. Like many other wealthy emigres, Ramiro took quickly to the richness and opportunity of life in America and considered remaining with his family after he retired from the cocaine trade.

Under a policy of strict product accountability, Helmer Herrera's cell managers were made to follow procedures which required meticulous record keeping of cocaine and

money transactions, as well as maintenance expenses, such as food, clothing, and medical expenditures for his workers. Worried over the storage of incriminating records in stash locations, Helmer Herrera also implemented a plan to link his Cali organization and foreign distribution operations with personal computers. This process was abruptly terminated when the cells were dismantled in December 1991 by the NYDETF.

The NYDETF also tapped the cell phone and facsimile machine used by Patricia Restrepo, who kept the account ledgers in New York for both the M1 and M7 cells. On a daily basis, Restrepo phoned or faxed the accounts secretary in Colombia, known only as La Mona, passing along detailed information on cocaine transactions, customer payment balances, and other cell operating expenses. Restrepo kept detailed records on all the current and former employees of the M1 and M7 cells and noted with an "R" for retired all those workers who had voluntarily left the organization and returned to Colombia (U.S. v. Herrera et al., PreSent.Rpt., Oct 20, 1990).

As shown in Figure 4, the M7 cell was role-specialized. The cell was broken down into several sections, each one of which carried out either a cocaine distribution or money-laundering function. Each section also operated its own clandestine network of stash houses. According to seized records and post-arrest interviews, between 1989 and 1991, the M7 cell utilized over 140 stash houses, or caletas, in the New York City area. One or more workers, referred to as "sitters," or "vigilancia," occupied these houses. Mixing commodities was strictly prohibited, and drugs and monies never occupied the same space. This practice of separating commodities is common to the Colombian cocaine trade and is dictated as much by prevailing risk as by common sense.

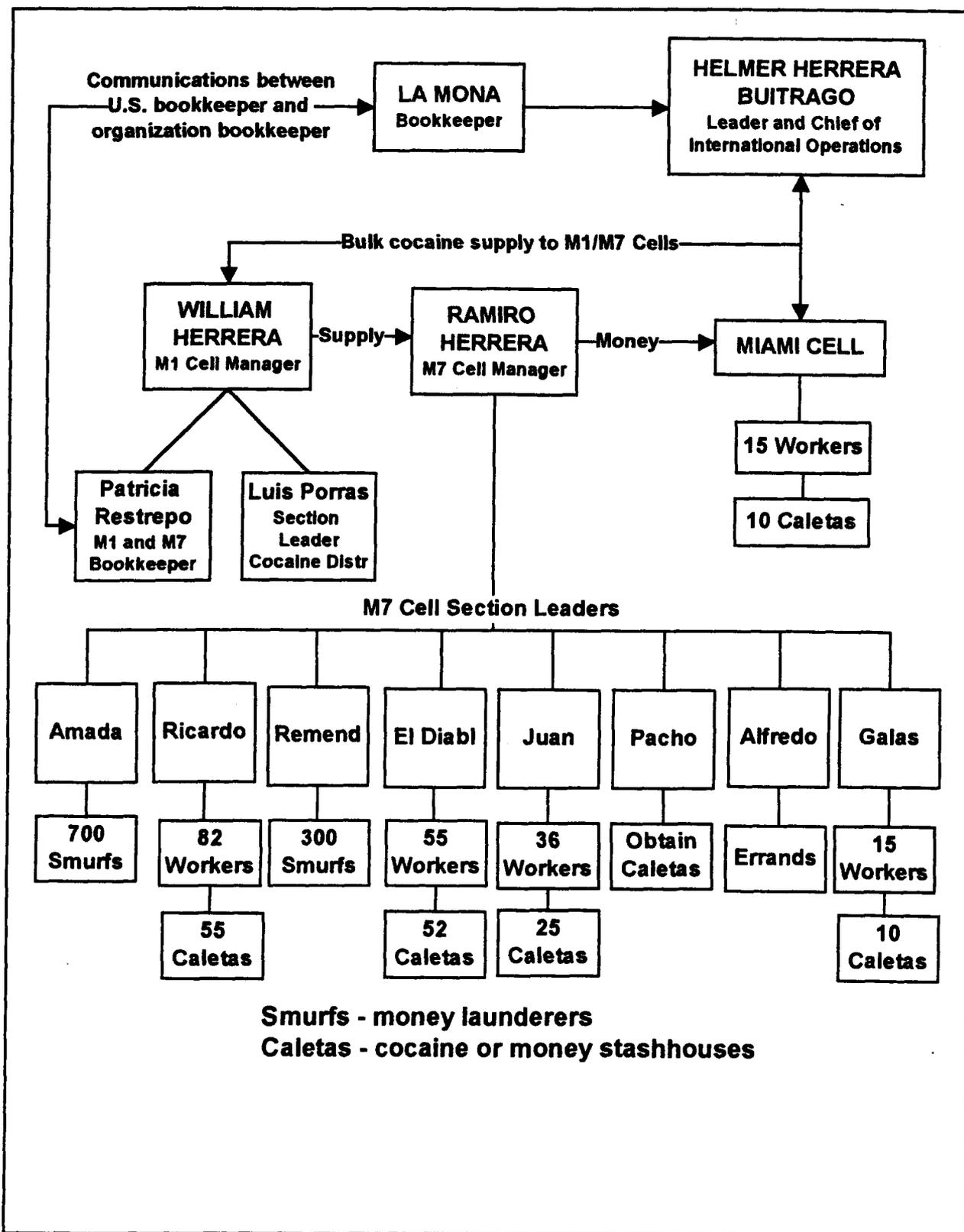


Figure 4. Occupational infrastructure of Ramiro Herrera's New York City M7 cocaine distribution cell. (Source: NYDETF Helmer Herrera-Buitrago cocaine trafficking investigation)

At many of these urban and suburban stash sites, multihundred kilo cocaine shipments, or monies in amounts of millions of dollars, were stockpiled for no more than 24 hours at any one site. Drug proceeds would pass through two locations, where they would be counted as many as four times. At the first location, verification was made that the payment was correct. After packaging, the monies were moved to a second location, where it would be recounted, separated into common denominations, repackaged, and forwarded by M7 money transporters to international money launderers headed to Ecuador and Colombia.

When the cocaine was flowing, several hundred workers at a time would be distributing, renting and occupying stash locations, collecting payments, and money-laundering. The occupational diversity of the M7 cell and its growing membership, conditions under which they had to maintain a totally covert existence, amazed even the most seasoned NYDETF investigators.

There were no less than eight sections within the M7 cell, four of which distributed cocaine and collected monies, two that carried out money-laundering, one which obtained luxury apartments in Manhattan, and one which ran odd errands for the cell. The various errands included renting stash locations, handling rents and utilities, purchasing vehicles for distribution and collection, obtaining legal registrations and insurance policies for those vehicles, and renting garage space to park dozens of vehicles, the use of which was rotated to avoid law enforcement scrutiny. According to DEA Supervisory Special Agent Michael DeFrancisci, case agent on the NYDETF Herrera investigation, the M7 cell maintained two garages for the purpose of housing vehicles. SSA DeFrancisci also

identified the vehicle of choice for the M7 cell as the Chevrolet Cavalier, selected for its compact size, nondescript appearance, and storage space.

Considering the necessity for obscurity, the M7 cell still employed almost 1200 workers during its operational lifetime in the United States. Hundreds of workers were put on the streets as "smurfs" in the money-laundering sections, a name given to the faceless army of workers who spent their days converting cash into money orders. This money-laundering technique offered a practical way to reduce the bulk of currency shipments, while avoiding federal reporting requirements.

Most of the non-Colombian workers in the Herrera organization were employed as smurfs. Using blank money orders to reduce the volume of cash to be shipped, smurfs flew from New York to Miami, their luggage filled with cash and money orders. Repackaged in luggage or appliances in Miami, where Ramiro maintained a small cadre of cell workers specifically assigned to carry out that task, couriers brought the money caches to Ecuador, after which they were forwarded to Colombia. Once these orders reached Colombia, names were added, and they were redeemed at banks, the massive surpluses of which disclosed their association to the international cocaine industry. Sometimes, money orders were cashed in Ecuador and sold at just under the face value of the order.

Carlos Guzman, a brother-in-law of Helmer Herrera, answered directly to Alonso Martinez and was in charge of the section which carried out cocaine distribution to the cell's Dominican customers in Upper Manhattan (U.S. v. Herrera et al., PreSent.Rept., Oct. 19, 1992). Guzman was assisted by Chuco, who set up the section's stash house network, paid worker salaries, and covered other section expenses, to include the purchases of

cars, food, and furniture. In turn, Chuco's assistant, Carlos Arturo Caceres, maintained contact with customers, feeding them cocaine and collecting their credit payments. Caceres received monies from Chuco to maintain the well-being of workers and pay the stash house rents (U.S. v. Herrera et al., PreSent.Rpt., Oct. 14, 1990).

Patricia Restrepo's detailed record keeping gave the NYDETF valuable insights into the magnitude of the M1 cell's drug sales and worker salaries. Because she distrusted the computer, Restrepo also used handwritten ledgers to record the receipt of payments from individual M7 customers. Over the course of a year and a half, customers paid the M1 and M7 cells sums which ranged from \$28,000,000 down to \$70,000.

Restrepo also recorded the many logistical expenses required to maintain the cell. Utilities, rents, fuel, and salaries were counted among the line items in Restrepo's ledgers. Worker monthly salaries during 1990 and 1991 ranged from \$20,000 for a cell manager, \$10,000-\$15,000 for a section leader, \$5,000-\$6,000 for an accounts secretary, \$2,500 for a transporter, to \$2,000 for a stash house sitter.

On November 26, 1991, Ramiro Herrera-Buitrago was arrested by the NYDETF. Ramiro, along with his brother, Manuel Herrera-Buitrago, who remained in Colombia, were indicted on December 9, 1991, by a federal grand jury in the Eastern District of New York under the charge of conspiracy to distribute cocaine (U.S. v. Herrera et al., PreSent.Rpt., Oct. 19, 1990). Ramiro is now serving a 30-year federal term of imprisonment. On November 2, 1992, organization leader Helmer Herrera-Buitrago and his brothers, William and Alvaro, were also charged in the Eastern District and remain the subjects of active extradition warrants presented to the Government of Colombia.

Twenty other indicted Herrera workers in the New York operation were sentenced on November 6, 1992. Their sentences corresponded to their status within the Herrera organization. For instance, as head of the New York operation, Ramiro Herrera received 30 years and a one million dollar fine. His immediate subordinates, Luis Porras and Alonso Martinez, as leaders of the M1 and M7 cells, respectively, received 27 years and a half million dollar fine. Alfredo Aragon, logistics section leader of the M7 cell, received 19 years and a half million dollar fine. Carlos Guzman, a cocaine section leader in the M7 cell, received 16 years and a half million dollar fine. Patricia Restrepo, the bookkeeper of the New York operation, got 13 years and a one hundred thousand dollars fine. The remaining rank and file received terms ranging from 13 years down to two years, a figure determined by their status and activity within the cell.

Jairo Ivan Urdinola-Grajales Cocaine Organization

In 1992, after seizing 13,000 kilos of cocaine, \$15,000,000 in United States currency, and indicting or arresting 65 individuals in the United States and Colombia, a DEA/HIDTA ² task force in Miami concluded Operation Wizard II, an investigation which

² Operating under the authority of the Office of National Drug Control Policy (ONDCP) and with large DEA membership, the High Intensity Drug Trafficking Area (HIDTA) task forces are located in the larger, urban drug markets across the United States. Represented by all levels of law enforcement, federal, state, county, and local, and backed up by designated Assistant United States Attorneys (AUSAs), these task forces were established to combat the cocaine and heroin epidemic in this country using a multi-agency approach. For instance, the Miami HIDTA that prominently investigated the Urdinola organization was comprised of the DEA, United States

targeted Cali cartel kingpins Jairo Ivan Urdinola-Grajales and Miguel Angel Rodriguez-Orejuela, along with their highest ranking managers in the United States. Urdinola headed one of the most violent cocaine trafficking organizations in Colombia and directed numerous cocaine distribution and money-laundering cells within the United States from 1988 to 1992.

The Cali cartel and other famed criminal coalitions, such as the Medellin cartel, were loosely bound and collusive relationships between the leaders of the major cocaine trafficking groups. Each of these cartels hailed from a particular province in Colombia. The organizations of the Cali cartel, although quite capable of independent action in the global drug trade, were initially forced into alliance by the outside threat of family kidnappings, episodic violence from rival cocaine coalitions, and Colombian insurgent groups. In the 1980's, this alliance evolved smoothly into joint commercial ventures to alleviate mounting international enforcement efforts against the export of cocaine to foreign markets. Partners in these collusive relationships shared shipping routes and intelligence information and divided bulk drug shipments to distribute the risk of loss.

Customs, FBI, United States Marshal's Service, United States Secret Service, United States Internal Revenue Service, United States Immigration, Florida Highway Patrol, Hialeah Police, Miami Beach Police, North Miami Beach Police, Coral Gables Police, and the United States Attorney's Office for the Southern District of Florida. These task forces have been highly successful in dismantling and prosecuting international drug trafficking organizations.

Home Office

From the sixth floor of his modern office building in Cali, Urdinola, along with his brother and second in command, Julio Fabio Urdinola-Grajales, gave ultimate direction to a cocaine, heroin, and money-laundering empire that spanned six U.S. cities, Colombia, Mexico, and Guatemala. Urdinola also approved the selection of managerial personnel, set managerial roles and division of drug profits, and was the ultimate authority for the resolution of major issues, concerns, and disputes encountered by the Urdinola network's managerial personnel (U.S. v. Jimenez et al., Gr.Jury Indict., 1992). Urdinola employed as many as 800 workers in his organization, the majority of which staffed his U.S. distribution operations. All of Urdinola's employees came to work for the organization through kinship ties or sponsorship from within the organization, and all had the requisite, family links to Cali, Colombia.

Urdinola's hair-trigger temperament and affinity for violence as a management tool had marked him as the most notorious member of the relatively subdued Cali cartel. Although the Colombian National Police linked Urdinola to only nine murders in Colombia, other evidence of his savagery upon the body politic put the count closer to 5,000. During the HIDTA/Miami investigation, wire interceptions of lengthy conversations among Miami cell workers added substance to hearsay that "Don Ivan" Urdinola had sanctioned the executions of police officers, judges, and politicians in Colombia. The mere perception that someone held a position counterproductive to Urdinola's business interests was sufficient cause for murder. These stories left Urdinola's workers with an odd mix of fear and

adoration and undoubtedly discouraged misbehavior among the organizational rank and file. Less theatrical than practical, given his proclivities for violence, Urdinola often ordered his U.S. managers to Colombia to discuss problematic, business issues. Seated at a glass-topped table in his conference room, Urdinola openly flashed a semiautomatic weapon tucked in his waistband as an ominous backdrop to any meeting.

Urdinola appointed Hernando Angel Wagner, a former leader of Urdinola's Chicago distribution cell, as the international operations manager in the Colombia home office. Wagner was given great authority and accountability over all U.S. cocaine distribution and proceeds collection (U.S. v. Jimenez et al., Gr. Jury. Indict., 1992). Wagner communicated with only the highest ranking U.S. managers. The task of keeping tabs on outstanding debts and cocaine transactions overseas actually fell to Maria Vallejo, Urdinola's bookkeeper, who worked out of Wagner's office. Vallejo balanced the books with U.S. managers and cell accountants on a day-to-day basis.

Urdinola maintained a close business relationship with fellow Cali cartel member Miguel Angel Rodriguez-Orejuela and regularly purchased large portions of Rodriguez's multi-ton cocaine shipments. These shipments were concealed within loads of frozen vegetables and placed aboard maritime shipping containers bound for Miami. Cocaine trafficking routes through Guatemala were owned and operated by Rodriguez, and Urdinola paid a tribute for their use. This direct supply line offered a distinct price advantage to Urdinola's South Florida customers. Orejuela and Urdinola cocaine sold for \$10,500-\$12,500 in Miami, at least \$5,000 under the kilo price quote for New York City.

Distribution Infrastructure in the United States

Urdinola's cocaine was smuggled amid containerized cargo into South Florida along Orejuela's maritime shipping route, which began in Central America and ended in the Port of Miami or Port Everglades in Ft. Lauderdale. Once it landed in Florida, it was the responsibility of Miguel Orejuela's top U.S. representative, Harold Ackerman, to warehouse, divide, and distribute the shipment as quickly and as safely as possible. Ackerman was aided in this regard by an employee of both the Orejuela and Urdinola organizations, Carlos Giron. Giron managed many of the warehouses to which the shipments would first be brought.

After being cleared by Giron, cocaine shipments were finally relinquished to the control of workers for Ivan Urdinola's organization. Urdinola used a variety of overland transportation modalities to reach his U.S. distribution markets in New York City, Newark, Chicago, Houston, and Los Angeles, including passenger cars with concealed compartments and refrigerated tractor trailers hauling legitimate cargoes of perishable produce.

Urdinola's workers also smuggled money out of the United States by stuffing it into the lining of luggage belonging to elderly airline passengers. Cell operatives also laundered drug monies through a well-known Miami car dealership by making cash

purchases of luxury and recreational vehicles and then shipping them to Colombia(Leen, 1994,1995).³

When he was arrested by HIDTA in Miami on April 28, 1992, a search of Ackerman's North Miami Beach residence located financial ledgers which recorded the collection of \$57,000,000 in drug proceeds between September and December 1991. Approximately \$28,000,000 of this amount found its way into the private coffers of Miguel Orejuela. The remainder represented the operating expenses of the organization and included the upkeep of numerous properties Ackerman had acquired to present a legitimate front to the organization's cocaine distribution and money laundering activities. Substantial sums of drug proceeds were diverted to workers' salaries and payments to "green shirts," corrupted military and police officials in Central and South America who were Orejuela's patrons in the transshipment of cocaine loads and the backwash of drug monies.

³ On March 11, 1994, the DEA arrested nine salesmen at Anthony Abraham Chevrolet in Miami on charges of laundering \$800,000 of Urdinola's drug monies through the sticker-price purchases of 60 Chevrolet Blazers, Suburbans, and other vehicles during 1990 and 1991. The monies were used to purchase hundreds of \$200 American Express money orders, with each purchase under \$10,000 to avoid federal reporting requirements.

Chapter 4 *Research Methodology*

Study Participants

It should be established at the outset that this project did not engage in probability testing or any other rigorous methodological exercise that would raise concerns of representativeness or sample size. Because no suitable sampling frame exists at the level of Colombian cocaine distribution, this study utilized a sample of former cell managers and cell section leaders provided by the Drug Enforcement Administration. Access to the sample was controlled by the DEA. The sample included cell managers and section leaders whose organizational responsibilities ranged from cocaine distribution to money laundering. By restricting the sample to former cell managers and their immediate subordinates, a gateway was opened to the highest levels of the cocaine distribution system in this country. The sample possessed unique knowledge and personal experience concerning the operating strategies at those levels.

If the population of active, Colombian cell managers in the United States is small, then a comparably smaller population of those who have been apprehended will yield an even smaller sample of those who have given the DEA their approval to participate in this project. In this dissertation, small sample size is offset by each participant's personal experiences and broad knowledge of the drug market.

While arrests of most cell workers are fortuitous, those interviewed for this dissertation were targeted by law enforcement because of their reputation and status within a cocaine trafficking organization operating in the United States. This project was less concerned with the precipitous circumstances that ended their careers than with the managerial accomplishments that propelled them towards the events where the risks eventually overcame them.

Because of the volatile nature of the wholesale cocaine distribution market and the capacity for violent retribution against those who violate internal codes of secrecy, this dissertation adhered to strict guidelines and procedures concerning the anonymity of subjects, confidentiality of information, and privacy of records. In establishing these procedures, guidance was sought from the American Sociological Association (ASA), National Institute of Justice (NIJ), and the City University of New York, John Jay College Committee for the Protection of Human Subjects.

Interviews of the primary sample followed a series of interviews with detectives and special agents assigned to urban DEA task forces in New York and Miami. These professional interviews were conducted to obtain the perspective of law enforcement on the criminal organizations responsible for the Colombian distribution of cocaine in the United States. New York City and Miami were chosen as the sites for this research because they are the largest host markets for the Colombian distribution of cocaine in this country and the most aggressively and successfully enforced. Like the primary sample, selection of the professional respondents was also purposive and was restricted to those agents and task force detectives whose full-time occupational pursuits involved the

investigation and prosecution of Colombian cell managers. The selected agents and detectives were also assigned to at least one of the two cocaine trafficking investigations highlighted in Chapter 3. They have also monitored dozens of court-authorized federal wiretaps targeting Colombian distribution cells and conducted hundreds of mobile surveillances of their cocaine trafficking activities. Their collective drug enforcement experiences have imparted a vast and unique knowledge of the operative structures of the Colombian distribution cell to this project. The professional interviews both educated the author in preparation for the interviews of the primary sample and provided instruction in the language and culture of cell managers. This was important, in that the use of familiar words in long, open-ended questions might ease the tension and discomfort of the primary respondent with the interview process (Sudman & Bradburn, 1982). The professional interviews also afforded the author the opportunity to make the necessary inclusions or omissions in the interview protocol.

Less formal interviews were also conducted with federal agents and detectives assigned to oversee the welfare and continued utility of the primary interview respondents. In DEA parlance, these individuals are referred to as "handling agents." A handling agent was present during each interview of a primary respondent, but did not actively participate in the discussion. Each handling agent was well versed in matters of the Colombian cocaine trade and was able to inform the author of the respondent's range of expertise and experience as a cell manager or section leader. The handling agent was also consulted before the initial contact with each of the primary respondents to establish the ground rules for the interview process. These consultations substantially and beneficially prepared the

author for the respondent interview. Because of the ongoing protective and interdependent relationship between the respondent and the handling agent and the agent's intimate knowledge of the respondent's former role as a cell manager, the presence of the handling agent alleviated cross-cultural concerns, reduced or eliminated language barriers and respondent biases, and generally promoted the acceptance and credibility of the author.

Criticism can be raised that the Miami respondents, having been arrested and opting to cooperate with law enforcement, were representative of an incompetent or unsuccessful group of cell managers. Their continued utility as sources of information for the DEA challenges this criticism, however, and qualifies their former status and accomplishments as cell managers. Moreover, because studying adaptive change mechanisms within criminal organizations has not lent itself to empirical or historical demonstration, case studies such as those permitted by this interview process are considerably more useful as a tool to extract valuable data (Singh, House, & Tucker, 1986).

The stringent standards set by the sample selection criteria in this project were designed to position the participant's former trafficking activities at the highest levels of the cocaine trade. Because the respondents were able to achieve managerial status within this exclusive level of the cocaine trade, it was also reasonable to believe that their tradecraft, career paths, and attitudes and goals were representative of other cell managers who continue to enjoy prosperous and uninterrupted careers in the Colombian cocaine trade.

The criminal experience in the Colombian drug trade which was required of each primary respondent to participate in this study goes far beyond the minimum standards of

acceptance for federal drug prosecutions. United States Attorney General's (USAG) offices located in the larger, urban drug markets have established minimum drug quantity levels for federal prosecution. These quantity criteria may vary from venue to venue, but always seem to reflect a baseline quantity of cocaine traded at the upper levels of the local market. For example, the USAG office in Newark, New Jersey, requires a 1000 pound minimum quantity of marijuana, or at least five kilos of cocaine, to mount a federal drug conspiracy. A few miles away in New York City, 2500 pounds are required for an equivalent marijuana prosecution. The capacity of a local market to distribute individual lots of drugs in these amounts is also an effective barometer in differentiating the distribution capacity of local markets.

Guided by this prosecutorial criteria, this dissertation imposed additional, stringent standards upon the selection of a respondent. This guaranteed that the knowledge and experience of the respondent was fixed at the cell management level and insured that the respondent possessed a contemporary knowledge of the market. The following selection criteria were used.

1. The respondent must have held a role in cell management for a Colombian cocaine trafficking organization.
2. The respondent must have participated in the day-to-day operations of a cell and been responsible for the transportation or distribution of multihundred kilo quantities of cocaine and collections of customer payments.

3. The bulk of the respondent's experience in cell management must have occurred after 1990.

The sample was not restricted by gender, age, or ethnic background, although leadership roles within Colombian cells appear to be predominantly held by native Colombian males. Ethnic and gender preferences in the ranks of cell management break down in the lower, supportive functions of the cell, such as transporters, stash house sitters, and money launderers. The money-laundering cell of the Helmer Herrera cocaine trafficking organization detailed in Chapter 3 was largely staffed by workers from other Central and South American and Caribbean countries. Overland cocaine transportation, particularly involving commercial methods of conveyance, such as trucks and tractor trailers, has traditionally been dominated by Cuban-Americans from New Jersey and South Florida.

The respondents were adequately paid for their time, travel, lodging, and meals. Those expenses were underwritten by a graduate research fellowship award from the National Institute of Justice. The federal agents and other task force representatives were not financially compensated.

Sample Size

The respondents were obtained from a very limited population of individuals who have achieved a unique and heralded status within the highest levels of the Colombian

cocaine trade. It was, therefore, impractical to adhere to a sample selection process which relied upon a rigorous, scientific methodology.

Five respondents made up the primary sample. That number was gladly accepted from the DEA with the sober understanding that cell managers and their immediate subordinates are rare catches for drug enforcement. Taking this reality into consideration, imposing the strict selection criteria, and seizing the opportunity for a rare encounter with a cell manager, size was traded off for a sample with substantial experience in operating a Colombian distribution cell in the United States.

Informed Consent

Efforts to protect human subjects in sensitive research required the author to meet the proper standards of informed consent (Renzetti & Lee, 1993). In the consent form, respondents were advised of their voluntary participation in the study and of the option to withdraw from participation at any time.

This study used the interview consent form which appears in Appendix B. The Spanish language consent form in Appendix C was also available, as needed. The entire primary sample was found to be fairly competent in the English language.

Respondents utilized a codename to acknowledge their understanding and receipt of the consent form. The handling agent was also in attendance during the interview and was asked to sign the consent form as a witness. Each respondent was given a copy of the form and acknowledged receipt by placing his initials at the bottom.

Research Setting and Instrument

The federal agents and task force investigators were interviewed at the New York Office of the DEA. A hotel suite was used as the interview setting for the primary sample, which provided considerable security, privacy, and comfort to the interview process.

The research utilized an in-depth, face-to-face, semistructured interview process. The interview was guided by a series of questions arranged by topic and organized so as to elicit the respondent's demographic characteristics, formation of organizational, reputational, and relational skills, and adaptive responses to drug enforcement and interdiction strategies and programs. The various components of the interview protocol are provided in Appendix A.

The interview protocol was not a script, but gave provisional direction to the inquiry. The questions included in the guide were selected to give a sense of breadth and density to the topical material collected from this research. Questions were also chosen to adequately cover issues that were problematic in other studies because of inaccessibility to a sample of sufficient rank and status in the drug trade.

The demographic data were gathered last in the interview. After a review of the methodological literature, the author believed that asking demographic or biographical data at the outset of the interview may set the wrong tone by suggesting to the respondent that the author was not interested in detailed, narrative responses (Weiss, 1994). Further, demographic and biographical data from the respondent would be supported in discussions with the handling agent before the interview.

Following a semistructured and topical routine, the author asked the respondent questions concerning the organizational, relational, and reputational skills required to design and operate a cocaine distribution cell, as well as adaptive responses of the cell to law enforcement pressures. Each question sought a response which would illustrate the organizational procedures and decision processes by which cell managers operated their cells, provided for the supply needs of customers, and minimized environmental risks.

Because of the openness and willingness of the respondent to discuss certain issues in depth without the interjection of the researcher, it was determined early in the interview phase of this project that it would be impractical to follow any particular sequence of topical questions. It fell to the author to interpret the context and direction of the discussion in introducing particular questions at the most appropriate times. Questions which appeared to be double- and triple-barreled in the interview protocol were not addressed as such to the respondent.

The methodological literature also suggested the use of longer questions when eliciting information about behavior (Sudman & Bradburn, 1982). Longer questions also gave the author more opportunities to impart memory cues to the respondent.

Because of the length of the interview process, the researcher was sensitive to signs of fatigue and impatience in the respondent and gave breaks, as necessary. Because of the logistics involved in setting up the primary interviews, which, for several respondents and handling agents, required lengthy domestic travel, follow-up interviews would not be possible. Therefore, a second day of interviews was added with each respondent to assure that all the topical material was adequately covered.

Protection of Human Subjects

Approval from the John Jay College of Criminal Justice Committee for the Protection of Human Subjects was received on May 14, 1996.

Because this research was funded through an award from the National Institute of Justice's Graduate Research Fellowship Program, it was, therefore, subject to the standards established by the United States Department of Justice (DOJ), under which the DEA functions as an investigative body and the NIJ as a research funding source. Research supported by the DOJ, according to federal law and cited in 42 U.S.C. 3789g(a), protects research subjects and their information by stating that such information may not be disclosed "...in any action, suit, or judicial, legislative, or administrative proceedings."

Aside from the author's own ethical obligations to guarantee that the respondents would be protected from harm, the American Sociological Association (ASA) Code of Ethics offered other provisions directed at the protection of research participants. The ASA provided that the participants have the right to biographical anonymity, the avoidance of personal risk, and full information as to the nature of the research and its implications prior to giving consent to be interviewed. The protections of the ASA Code of Ethics were implemented in the design of this study.

Confidentiality

Confidentiality concerns were addressed on four levels: through verbal discussion with the respondent prior to the interview; on consent forms which required the

respondent's signature; through a process to secure all collected data, including written notes, tape recordings, and transcriptions; and by DEA internal operating procedures concerning the utilization of confidential sources of information. For purposes of this dissertation, collected data consisted of all written notes, tape recordings, and transcriptions of interviews.

The DEA's internal regulations required that agents not reveal the names of sources of information without the express approval of DEA Headquarters in Washington, D.C. The DEA, therefore, had a serious privacy interest in the singular nature of the information disclosed by this dissertation, which attached a supplemental layer of protection to the researcher's adherence to ASA guidelines. The respondents were further protected by the author's efforts to prevent accidental disclosure of sensitive information. It was also understood that outside-agency prosecutorial claims upon information divulged during the study were prevented by the DEA/respondent relationship.

Because their willing cooperation with law enforcement authorities may not have included overt testimonial assistance in legal proceedings, efforts to insure anonymity in the collected data and the published material were given significant weight in this project. Efforts directed at preserving anonymity were established at the outset of the research, or soon afterwards (Renzetti & Lee, 1993). Respondent protection procedures initiated early in the interview process, such as informed consent, raised a confidentiality concern because a signature would reveal the identity of the research participant (Bond, 1978). For this reason, participants used same-ethnic pseudonyms, or codenames. The use of codenames was an indispensable tool in gaining the cooperation of research subjects

upon whom this study of deviance was based. The researcher assigned the codename, but the codename did not in any way resemble the respondent's nickname or streetname, nor did it provide cues to the respondent's physical description. The codename protected the identities of the respondents, while giving flesh and form to their accounts.

There was a concern that deductive disclosure of identity might occur through the mass and variety of textual information, revealing particular roles and interpersonal relationships and offering an accumulation of cues. To prevent deductive disclosure, details of particular events were strictly avoided in the published materials, while managerial techniques, cell characteristics, and trafficking trends were noted and explored. To cloak the identity of specific locations which might also give singularity to the respondent's statements or tie them to specific events, a broader reference was assigned when discussing sites of distribution activity, for instance, northeast, southeast, southwest.

The DEA has reacted positively to the research design and the purpose of the study. Accessibility to the research sample was provided in exchange for the author's sensitivity to issues concerning identity disclosure. At the outset of this study, the author negotiated an implicit agreement with the DEA which requested the agency to read the unpublished final transcript and to suggest editing of the material only in instances where identities were compromised in the text. Such agreements tend to balance the power differential between a researcher and the larger organization involved in an oversight role.

Dependence on interview notes as the sole data collection method places extraordinary pressures on the researcher to maintain accuracy in the face of continual disruption of the interview process. To resolve this dilemma, all interviews were tape-

recorded with the permission of the respondent and the attending special agent or task force detective. Taping the interview sessions insured that the author would obtain an accurate record of the respondent's information, while permitting full attention to the interview's progress. Procedures were established in the event that a respondent refused in advance of the interview to be tape-recorded. If needed, a request would be made to the DEA to provide a DEA stenographer. All respondents consented to an audio record of the interview, however, and a contingency plan was not required.

It was the responsibility of the author to prevent identity disclosure or the presence of singular information leading to disclosure in the published material. In the conduct of research on sensitive topics, the holding of collection data is problematic, in that it imposes a level of risk on those studied. The existence of tape recordings of sensitive subjects and the risk of disclosure through voice recognition created a confidentiality and security concern for both the respondent and the author. While audiotaping the respondent interviews was essential to the accurate representation of the respondent's information in this dissertation, it was also problematic if the tapes were not properly handled or secured. All of the concerns and procedures which preserve anonymity cannot obviate the accidental disclosure of identity during the interview. To alleviate this concern, the author adhered to the same rules of evidence required in most legal proceedings to safeguard tape-recorded evidence and prevent contamination and unsupervised public disclosure. The following routine was followed for each interview.

At the conclusion of each session, the recording tabs on each tape were broken to prevent erasure and dubbing. The tapes were individually packaged in envelopes, sealed,

and then wrapped with clear tape. The envelopes were signed and dated across the seal in permanent ink by the author. The sealed envelopes containing the tapes remained in the possession of the author and were placed in a safe under his sole control. Thereafter, the author accessed the tapes for transcription purposes only. During the transcription process, the above sealing and signing procedure was repeated and the tapes were returned to secured storage. The tapes were destroyed immediately after they were transcribed.

Analysis of Existing Statistics

In addition to the interviews of each professional and primary respondent, examinations were made of court affidavits, federal grand jury indictments, transcripts of wiretapped telephone conversations, and presentencing reports (PSRs) relating to the federal prosecution of two significant, Colombian cocaine trafficking organizations operating in the United States. DEA assistance was again sought in the examination of nonclassified case files of investigations involving the Jairo Ivan Urdinola and Helmer Herrera-Buitrago cocaine trafficking organizations. The information from these archival records was supplemented through detailed and lengthy interviews with the lead investigators of these cases.

Many DEA and other government publications provided useful statistical information on upper level cocaine distribution activities. The DEA's System to Retrieve Information from Drug Evidence (STRIDE), a database that includes records of prices paid by

undercover agents for individual purchases, was consulted to explore the stability of kilo prices across domestic urban markets. Both the professional and primary sample were questioned as to STRIDE reports of upward or downward swings in the kilo price of cocaine. It was hoped that the collective recollection and experience of the respondents would explain these price fluctuations. Findings showed that kilo price fluctuations of as much as 10-20% in local markets were based not only on objective criteria, such as quantity breaks, but on perceptions of the home office and cell managers, such as trust and dependability.

Because STRIDE includes price data on cocaine quantities larger than one kilo (Caulkins & Padman, 1993), respondent statements concerning kilo prices were also weighted against those found in STRIDE and other federal drug information databases. Rhodes, Hyatt, and Scheiman (1994) used STRIDE data in plotting trends in the retail prices of cocaine, marijuana, and heroin during 1981-1993. Rhodes cautioned that the STRIDE price data may be insensitive to market shifts, that is, different prices were available in different geographical markets for the same quantity/purity. It will be pointed out in this dissertation that a proportional relationship exists between risk, price, and the distance between the importer and the cell's market venue. Compensating for this geographic variation, Rhodes also estimated city-specific trends in drug prices.

In using STRIDE to develop his price series for cocaine, Caulkins (1994) warned that STRIDE data contained many "outlier" kilo prices which skewed the mean and suggested that a median should be used to diminish the effect of those extremes. Since STRIDE data is a compilation of price estimates gathered from undercover buys, it

undoubtedly favors the higher end of a price range in a given market area. Since undercover purchases are rarely made in large quantities, transactional quantity breaks are usually not available to the customer. Because police undercover drug purchases are surrounded by apprehension and eagerness, this may also hinder the typical negotiation process which generates the standard, fair market price of a kilo of cocaine.

Other annual reports published by the DEA were beneficial to this project. The National Narcotics Intelligence Consumer's Committee Report (NNICC) and U.S. Drug Threat Assessment offered a comprehensive view of drug trafficking patterns and trends and probed both supply- and demand-side issues affecting the drug trade in the United States.

PART II

EMPIRICAL WORK

Chapter 5

Research Subjects

This chapter introduces the reader to the five primary respondents interviewed for this dissertation. It also offers similar drug career histories of the top managers of the Helmer Herrera-Buitrago and Jairo Ivan Urdinola cocaine trafficking organizations, whose names and aliases appear throughout this dissertation.

Because there was a strong interest in maintaining the anonymity of the primary respondents, the information in this chapter was closely scrutinized by the DEA. The author was equally sensitive to these concerns. The author and the DEA agreed in advance of the primary respondent interviews that biographical information and demographic characteristics of the respondents would be excluded from this dissertation if that information would deductively disclose the respondent's identity to the reader. It should be noted, however, that a joint preinterview discussion among the respondents, DEA agents, and the author was apparently helpful in avoiding questions or respondent statements that could compromise identity. In retrospect, there were no problematic disclosures by the respondents during the interview process.

Demographical and career information is also presented for the cell managers and section leaders in the U.S.-based cocaine distribution cells operated by the Helmer Herrera-Buitrago and Jairo Ivan Urdinola cocaine trafficking organizations. The trafficking careers of these individuals were recast from the following discoverable legal materials:

court affidavits, federal grand jury proceedings, presentencing reports, search warrants, and transcripts of court-authorized wiretapped telephone conversations.

Local newspapers provided excellent coverage of the Urdinola and Herrera prosecutions, which was often accompanied by general interest articles concerning cocaine trafficking and its impact on South Florida. While the author did not rely heavily on this medium, investigative reporting by dailies such as the Miami Herald offered interesting perspectives on the lifestyles of Colombian cocaine traffickers like Harold Ackerman.

The DEA also permitted an examination of some historical and unclassified investigative files on the Urdinola and Herrera investigations, but not for duplication. While these investigative files could not be cited in the text, the information contained in them fully corroborated the information contained in the newspaper articles which are cited throughout this dissertation.

Much of the managerial staff from the Herrera and Urdinola cells was prosecuted in the United States, and they are identified in this chapter by their true names. Their codenames are also provided to the reader, because the use of codenames is common practice in Colombian cocaine trafficking in the United States. Codenames are used exclusively by cell supervisory personnel in the excerpted, wiretapped telephone conversations which support the forthcoming discussion in Chapter 6. Parenthetical references to true names are also regularly added to the excerpted conversations.

The material for this chapter was gathered from the following archival records: affidavits, federal grand jury indictments, search warrants, transcripts of wiretapped

telephone conversations, and preliminary sentencing reports pertinent to the prosecutions of U.S. v. Carlos Alberto Jimenez et al. (1992), U.S. v. Julio Fabio Urdinola et al. (1992), U.S. v. Harold Ackerman et al. (1992), U.S. v. Ramiro Herrera et al. (1992), and U.S. v. John Doe aka Alvaro Gutierrez (1992). Because all of the defendants in these cases pled guilty, their judicial proceedings went largely unreported in the various federal case reporters and law digests.

PRIMARY INTERVIEW RESPONDENTS

Carlos Jimenez

Jimenez is a Colombian in his late thirties. Raised in Colombia, Jimenez actually entered the cocaine trade in the United States in his early twenties. He had more than ten years experience trafficking cocaine for a Colombian-based organization. He is a nonpracticing Catholic with some college education.

Jimenez hailed from a large family of lower middle-class status, some members of which were small business owners. He described his family life as rigid. His mother held him to the highest educational standards. His father was unyielding and authoritarian and continued to impose curfews on Jimenez's social life through his late teen years.

Out of fear of his father, Jimenez was neither disrespectful nor delinquent and avoided the use of drugs during his juvenile years in Colombia. Looking back to those times, Jimenez related that he had never consumed cocaine or marijuana until he had left

Colombia in the 1980's to pursue a nondrug career opportunity in the United States. At least a few members of his extended family worked in the drug trade in Colombia, but their involvement had not influenced his later entry into the cocaine trade.

In the United States, Jimenez settled into a Colombian enclave in a large city and was invigorated by his new surroundings and personal freedom. He took up a low-level and recreational consumption of cocaine and was soon seduced by contacts with local Colombian cocaine distributors who were brazen with their drug wealth. Jimenez held several menial blue-collar jobs in the food service industry, but faced few other employment opportunities because of his poor English language ability. Eventually, he accepted a job with a local Colombian distribution cell. Although a perilous lifestyle, this vocation nonetheless brought him the prosperity he had sought in the United States, and his skill and temperament as a cell worker was largely responsible for his rising status within the cell, from cocaine delivery to collections to logistics manager.

Over the next several years, Jimenez moved among several different trafficking organizations. Each new assignment came with a promotion and increased responsibility. Toward the end of his career, he was one of several managers handling a significant portion of cocaine distribution within a large, local, cocaine distribution market. In addition to managing the distribution interests for his organization, Jimenez also developed his own cocaine clients and became an important customer for his organization, as well.

Jimenez quit the trade voluntarily when a prolonged dispute with a delinquent customer caught the attention of the home office and brought down a decision to kill the client. Jimenez could not bring himself to carry out the killing and quit the organization.

Soon after his departure from the trade, Jimenez was arrested by the DEA for his involvement in a historical cocaine trafficking conspiracy involving a former employer.

Juan Casador

Casador grew up in a double-income, middle-class family with a blue-collar work history. He is married, a non-practicing Catholic, and has completed one to two years of college. Middle-aged through much of his career in the cocaine trade, Casador has never used drugs. He could not recall a single member of his immediate or extended family ever having used drugs.

Casador was invited into the cocaine trade in Colombia after his skilled handling of a logistics dilemma for a cocaine trafficking organization operating in the United States. Before long, he had received a permanent appointment as troubleshooter for the same organization and began dealing with the top management in Colombia and abroad in their distant, distribution markets. In this capacity, Casador rarely had the need or opportunity to put his hands on cocaine or money. The majority of his time was spent securing stash locations or setting up business fronts to accelerate the international and domestic U.S. routing of cocaine and its sales revenues. His ability to conduct these operations undetected in an enforcement-rich distribution environment earned him a leadership position in the trafficking activities of his organization.

Casador never worked within a cell and was not rooted to the formal hierarchy of his organization. Instead, he traveled throughout the organization's distribution sites,

stopping here and there in a locality where the organization sensed a logistical problem, such as warehousing or security. Footloose, Casador nonetheless held the power and status of a ranking member of the organization. His analyses of problematic issues were taken seriously by the home office, as were his exhortations to a beleaguered local cell manager or worker in the field.

Juan Casador was never arrested during his active drug career. While in the United States, he willfully approached the DEA and offered his cooperation.

Raphael Lopez

Lopez is a Colombian in his late thirties. He was raised both in Colombia and the United States in a small, but prosperous, upper middle-class family that turned the blessing of an inheritance into a profitable retail business. Like each of his parents, Lopez had completed several years of college, but had not graduated. Lopez is Catholic, but his parents had not strictly enforced religious practice. Neither of his immediate nor extended families was involved with drugs or other criminal activity. He did not belong to gangs or clubs. As a young adult in the United States, Lopez socially experimented with cocaine, Quaaludes, and Extasy.

Like Carlos Jimenez, Raphael Lopez was a native Colombian and entered the cocaine trade after he had arrived in the United States. Colombian traffickers were attracted to Lopez because of his English language abilities and soon offered him financial promise as a "mule," transporting cocaine to customers in a local distribution cell.

Lopez's late teen experiences as a mule earned him \$25,000 per trip bringing several dozen kilos of cocaine across the United States. By his early twenties, Lopez was managing his own distribution cell, a role he assumed after his boss had been arrested and jumped bail to Colombia. As a cell manager, Lopez quickly expanded the cell to over 50 workers and developed a highly productive customer line. Over the next several years, Lopez was responsible for coordinating the distribution of at least 50,000 kilos of cocaine in the United States.

Lopez extended credit relationships to his customers, supplying each of them with 100 to 200 kilos of cocaine every month. The profitability of moving these quantities very quickly brought him enormous wealth and acquisition of property, over ten million dollars and luxury homes around the world.

Lopez's generosity to his workers was apparent in their loyalty to him. His mules were paid an average of \$1,000 dollars per kilo, a commission that was roughly twice the wages paid to similarly assigned workers in other cells. His workers would deliver the product by car, remain a week to collect half the payment, and then return to receive their own wages from Lopez. A week later, they would fly back to the customer and collect the balance of the cocaine payment.

Lopez boasted that the police did not interdict one gram of the tens of thousands of kilos of cocaine he transported and distributed in his career. He spoke with great pride that he conducted his highly successful distribution practice for years without the need for violence. Had there ever been the need for violence, Lopez believed that he would not

have had the stomach for it. Lopez was arrested in retirement after the DEA assembled a historical indictment on his drug trafficking activities.

Pablo Molina

Molina is a Colombian in his mid thirties, married, and the holder of a graduate degree. He was raised by a mother who challenged all of her children to further their education and enter white-collar professions. His family survived on a meager income, and he had a strong Catholic upbringing. None of his family or relatives were involved in any type of criminal activity, a common characteristic of the quiet Colombian neighborhood they lived in. During his youth, Molina did not use drugs.

Molina came to the United States in his late teens, already married, and sought prosperity. He and his wife found menial jobs and then lost them after a few months, a truly desperate event which prompted Molina to contact friends in the drug trade in Colombia for work. Molina's participation as a money launderer in a major cocaine distribution cell was solely for personal profit. To this day, Molina avoids the personal consumption of drugs. Molina was arrested by the DEA in the aftermath of a money-laundering investigation.

Oscar Fernandez

Oscar Fernandez had an upper middle-class upbringing in Colombia. Both his parents were Catholic, college-educated, white-collar professionals with no criminal

background. Fernandez had completed two years of college before dropping out and entering the drug trade through a friend in Colombia. He did not use drugs before joining the cocaine business and gave his entry motivations as excitement and money.

Fernandez married after he entered the Colombian cocaine trade. Operating a small organization that distributed multithousand kilo quantities in the eastern United States, Fernandez and his partner developed their own maritime smuggling route to bring cocaine from Colombia to Central America and then across the United States by tractor trailers and "trapped-out" vehicles (a law enforcement term for vehicles with professionally installed secret compartments for the purpose of concealing contraband).

Fernandez was more comfortable in referring to his U.S. distribution cells as "offices," and to his own status as an "office manager."

MANAGERIAL PROFILES IN THE HELMER HERRERA TRAFFICKING ORGANIZATION

Organizational Leader (Cali, Colombia):

Helmer Herrera-Buitrago, also known as "Pacho"

Helmer Herrera-Buitrago, widely known in and out of Colombia as Pacho Herrera, was the oldest of his four brothers Alvaro, Ramiro, Manuel, and William, and one sister, Estelle. He was born in 1951 and raised in Palmira, Colombia, located just outside the city of Cali. His parents were divorced when he was a child. Early on, Herrera took up the task of helping his mother support her large family.

Outside of his cocaine business, Helmer Herrera was superficially polite, doted on his relatives, was refined and brief in his manner of speech, and refrained from the use of profanity. Inside his cocaine business, he was assertive and unforgiving, demanding loyalty from his workers and family managers and delivering swift and severe sanctions upon those who would challenge his directives (DEA, 1995).

Helmer's earliest involvement in the U.S. cocaine trade occurred in the late 1970's, a time when many of the Colombian cocaine bosses, such as Pablo Escobar, Carlos Lehder, Jose Santacruz Londono, and others, doled out cocaine in small kilo lots, reaped enormous per-kilo profits, and engaged in arms-length relationships with their customers. Before long, Herrera ran afoul of U.S. drug enforcement and was twice arrested in New York City; in 1975, for one kilo of cocaine, and in 1979, along with his brother Alvaro for possessing four kilos of cocaine. Because of his recognition as a New York City cocaine distributor, Herrera returned to Colombia in 1983 after a short prison term, leaving his two brothers, William and Ramiro, behind in New York to run the family business. Back in Cali, Herrera brokered an agreement over supply and transportation routes with Colombian cocaine kingpins Gilberto and Miguel Rodriguez-Orejuela and Jose Santacruz Londono and built a cocaine monopoly in New York City. At its height in the early 1990's, the Herrera organization was supplying New York with at least 60% of its cocaine.

Herrera enjoyed a prosperous and mutually beneficial relationship with his Cali partners, the Orejuela brothers, Chepe Santacruz, and Ivan Urdinola, goodwill that did not spill over the Cordilleras into the Department of Antioquia. The Colombian metropolises of Cali and Medellin are 200 miles and a mountain range apart, not nearly the comfortable

distance needed to temper the enduring business rivalry between Pablo Escobar and Helmer Herrera. The widely known hatred between these two cocaine colossi dated back to the mid 1980's, when Herrera was imprisoned on federal drug charges stemming from his last New York arrest. A dispute over a worker for one of Escobar's New York City customers was to precipitate a violent confrontation between the two organizations. That incident also illustrated the differing managerial approaches of Escobar and Herrera, approaches that guided the behavior and business practices of their senior managers in the United States. As seen in the following passages, Escobar advanced his cocaine agenda in characteristic style through intimidation and blunt force. Herrera set a more deliberate course when faced with adversity, although he would not hesitate to use violence in furthering his corporate goals.

In federal prison during the early 1980's, Helmer Herrera had befriended another Colombian named Pina. Pina had been a cocaine distributor for a Medellin-affiliated cocaine organization controlled by Jaime Pabon. Pabon, also Colombian, was a major customer of Pablo Escobar in New York.

Soon after his release in the mid 1980's, Pina had a falling out with Pabon as a result of Pina's philandering with a member of Pabon's immediate family. Pina wisely left Pabon's organization in the hope of finding employment with Herrera's cell in New York. Once Pina's intentions became known, Pabon contacted Ramiro Herrera, the New York cell manager, and urged him not to hire Pina. Ramiro called Helmer Herrera in Colombia. Helmer agreed at first, telling Ramiro that Pabon's close association to Pablo Escobar and

their mutual proprietary interests in the New York City cocaine market suggested that it would not be prudent to employ Pina.

The whole matter might have ended then and there if Pabon had not harbored a broader strategy of hunting down and killing Pina for dishonoring his family. Pabon began badgering Ramiro Herrera in the mistaken belief that Ramiro had gone ahead and hired Pina over his objections. Even if Pabon had not been hired, Pabon was convinced that Ramiro was aware of Pina's whereabouts. Ramiro's repeated denials to the allegation were unacceptable to Pabon.

Desperate, Pabon called Pablo Escobar in Medellin. That prompted Escobar to call Jose Santacruz Londono in Cali to voice a complaint against the Herreras and to persuade them to surrender Pina to Pabon. The call was a blunder for Escobar. Escobar had not only overestimated his own power and influence on matters involving the Cali cartel, but had also misjudged the solidarity of the coalition. After a meeting among Londono, Herrera, and the Orejuela brothers, Escobar received a short and terse reply that Pina had no quarrel with the organizations in Cali. It was apparent from the response that the Cali cartel was not intimidated by Escobar and viewed his meddlings as a threat to their sovereignty and U.S. business interests.

Pabon persisted, angered that Pablo Escobar had not been able to convince the Herreras to turn over Pina. Pabon told Escobar that he had learned of a plot by the Cali families to kidnap him. At once, Escobar flew into a rage, called Helmer Herrera directly, and threatened to kill Herrera's family if Pina was not released to Pabon within 24 hours.

The demand infuriated Helmer Herrera. It forced a decision that put honor before business. Helmer called Ramiro in New York and told him to find Pina and put him to work.

The feud between the two cocaine clans crested in September 1990, when several of Escobar's Medellin assassins, wearing police and army uniforms, attacked Herrera's family and friends at a local soccer match. The match was being held on a Cali ranch reportedly owned by Helmer Herrera. In all, 19 people were machine-gunned, and many were killed. It was reported that Helmer Herrera barely escaped the attack by running into a neighboring sugar plantation (Strong, 1995).

As a result of this feud, Helmer Herrera and the other leaders of the Cali coalition offered significant assistance to the Colombian National Police in their hunt and eventual killing of Pablo Escobar in 1993. The Herrera family may have survived the feud with Escobar, but Helmer Herrera was brought to answer for his own drug crimes when he was taken into custody by the Colombian National Police on September 1, 1996. The United States government had sent Colombia the necessary proof to arrest Herrera on charges arising from the 1988 seizure of 3,500 kilos of cocaine in Tarpon Springs, Florida (DEA, 1996, Sept.). Considered by most in Colombian and American drug enforcement to be the last remaining Cali cartel "kingpin," Herrera's cocaine contemporaries, Miguel and Gilberto Rodriguez-Orejuela and Jairo Ivan Urdinola, had been arrested over the previous two years and were already serving jail terms in Colombia. For his complicitous role in cocaine trafficking in the United States, Herrera has also been charged in two outstanding indictments in the Eastern District of New York and one indictment in the Southern District

of Florida on cocaine conspiracy charges (DEA, 1996, Sept.). Until his arrest, Herrera had resided in Cali and had continued to financially support his entire family.

M7 Cell Manager (New York):

Ramiro Herrera, also known as "Jairo," "Mata Siete," "M7"

Ramiro Herrera was the supervising manager of the M7 distribution cell that operated in the greater New York City area for the family-run Helmer Herrera organization until December 1991. Ramiro was the brother of organization leader, Helmer Herrera. As the oldest of four brothers and a sister, Helmer led the international activities of the organization from his offices in Cali, Colombia.

At the time of his arrest in 1991, Ramiro was 34 years old and married with two children. A high school graduate, Ramiro, along with his five siblings, had been reared by their mother under difficult economic circumstances in Colombia. His father had left the family when they were young (U.S. v. Herrera et al., PreSent.Rpt., Oct. 19, 1992).

Ramiro had a long history of cocaine trafficking in the United States. In 1978, he entered the United States legally and found menial work as a dishwasher in a resort area of the Catskills in upstate New York. Earning \$95.00 a week and realizing that this was not the gateway to greater economic opportunities, Ramiro returned to Colombia.

The cocaine trade was then a relatively youthful and entrepreneurial industry and was experiencing explosive growth in Colombia. Criminal coalitions emerged from the most successful cocaine profiteers in Medellin and Cali. Early on, the Herrera brothers had

sensed that cocaine offered unlimited financial possibilities to anyone venturesome enough to operate along its most lucrative northern frontier, the United States, where the lure and status of cocaine was beginning to breed voracious mainstream consumption. Selling cocaine in the United States had gotten off to a rocky start for the Herreras. When Ramiro returned to New York in 1979, two of his brothers, Helmer and Alvaro, had already been arrested and were serving time in New York for distribution-level cocaine offenses.

In New York, Ramiro started distributing small quantities of cocaine. With Helmer's access to supply cut off by his arrest, Ramiro began purchasing cocaine locally from other dealers. After reestablishing a Colombian supply source, Ramiro, now joined by his brother, Manuel saw dramatic increases in their distribution capacity: 70 kilograms in 1979, 120 in 1980, and up to 200 kilos by 1983. With the release of Helmer and Alvaro in 1983 and the arrival of Manuel from Colombia, the Herrera organization set out to seize a controlling share of the insatiable New York City cocaine market. Helmer returned to Colombia to convene with the leaders of the other prominent Cali organizations, Gilberto and Miguel Rodriguez-Orejuela and Jose Santacruz Londono, in order to put a seal of approval on the family's New York operations. The meeting produced a mutually beneficial strategy for the overseas transportation and distribution of tens of thousands of kilos of cocaine. A tightly organized Cali cartel was about to flood the United States with cocaine.

By 1985, Ramiro's New York cell was pushing 4,000-5,000 kilograms a year to a largely Dominican clientele in the north Bronx. Over the next two years, Ramiro lost several capable aides de camp to internal disputes and arrests. In 1988, the job of first

assistant, or section leader in charge of cocaine distribution, fell to Alonso Martinez, who went by the codenames "John" and "El Diablo" in communications tapped by the NYDETF.

In 1989, Ramiro returned to Colombia, only to be drawn back once again by the seizure of \$4.2 million by the NYDETF in September 1990.¹ After this seizure, the M1 and M7 cells underwent managerial renovation and consolidation. Helmer put Ramiro in charge of both cells. With his brother's approval, Ramiro immediately fired M1 cocaine section leader Luis Porras and placed M7 cocaine section leader Alonso Martinez in charge of all the Herrera cocaine reaching New York.

The home office singled out Porras as being responsible for the cash seizure. Ramiro Herrera had pushed the home office to replace Porras, but stopped short of implementing the procedural sanction of shipping Porras back to Colombia. Unaware that the seizure was the result of an NYDETF wiretap on their mobile telephone communications, Ramiro suspected that the home office had dumped entirely too much responsibility in Porras's lap, a condition that led to Porras's poor judgement in the excessive stockpiling of cash. Ramiro also knew that the depth of Porras's experience and knowledge of the New York operation was a commodity far too valuable for the organization to lose. By bringing him down a notch or two, Ramiro could satisfy the

¹ On this last trip to the United States, Ramiro Herrera was accompanied by his wife, Yolanda, a native of Puerto Rico, and his two sons. Their travel may not have been by choice. Helmer Herrera's long-standing feud with Pablo Escobar (see narrative profile on Helmer Herrera) had boiled over into discriminate violence. Just before his return to New York, Medellin assassins dispatched by Escobar machine-gunned 19 spectators at a Cali soccer match. Many among the killed and wounded were Herrera family members. Helmer Herrera himself was reported to have narrowly escaped the massacre, which had clearly targeted both him and his family.

sanctions of the home office while salvaging a key organizational operative. Ramiro opted to give Porras a second chance and assigned him to handle revenues generated from the sale of Herrera cocaine, a duty he ably carried out until his arrest by the NYDETF on December 5, 1991. The decision to continue Porras's employment, like other decisions before and since, would characterize the temperament and judiciousness of Helmer Herrera's top managers in the field.

Ramiro had been instructed by Helmer to tighten the reins on the New York operation. Still, he rarely, if ever, crossed paths with cell workers, cocaine shipments, or money stashes. He avoided the M7 distribution venue, delegating his authority through two subordinate levels. His immediate subordinate was his lieutenant and right hand man, Alonso Martinez. The second level was occupied by his section leaders Carlos Guzman and Alfredo Aragon. To assure that his instructions were being properly carried out, Ramiro communicated several times a day with Alonso Martinez by cell phone from his residence in Long Island.² Martinez then passed along these instructions to Guzman and Aragon, although it was not considered a violation of chain of command if either of the section leaders spoke to Ramiro Herrera directly.

² Capitalizing on a lapse in Ramiro Herrera's personal security, NYDETF investigators were able to identify the individual known to them on the wiretap only as "M7" and "Mata Siete." Investigators knew that M7 was the leader of the Herrera cell in New York. On March 15, 1991, they overheard M7 telling a female that he would drop off a child at a known address in Queens. Ramiro arrived in Queens driving a Puerto Rico-registered car owned by Yolanda Reyes. Immigration records indicated that Reyes was the wife of Ramiro Herrera. After intercepting the Queens meeting, investigators surveilled Ramiro to his plush, oceanfront residence in Saddle Brook, Long Island, and then identified the driver from DEA photographs as Ramiro Herrera, the brother of Cali cartel member Helmer Herrera. Thereafter, the NYDETF investigation focused on Ramiro Herrera.

Ramiro Herrera was arrested on November 26, 1991 and charged with the distribution of 1,300 kilos of cocaine and the laundering of at least \$16 million in drug proceeds. For prosecution purposes, these estimates were very conservative, but certainly severe enough to expose Ramiro to the maximum federal penalty for conspiracy. A more sound reckoning of his distribution output during the investigation would reach over 50,000 kilos. On June 24, 1992, Ramiro pled guilty in Brooklyn Federal Court and was sentenced to a 30-year prison term.

M7 Lieutenant (New York):

Alonso Martinez, also known as "John" and "El Diablo"

Alonso Martinez, often referred to as John or El Diablo, was arrested by the NYDETF on November 25, 1991, at the age 29. Virtually no other M7 member held the broad tactical authority that Ramiro Herrera had invested in Martinez. When Luis Porras was fired after the loss of \$4.2 million dollars in 1990, Ramiro consolidated the M1 and M7 cells and brought Martinez up from the ranks to replace him. The promotion put Martinez in control of all day-to-day cocaine distribution and money collection activities of the M7 cell.

Martinez ruled over 60-80 workers and maintained approximately 75-80 stashhouses in the greater New York City area for the Herrera organization. Known stash houses were located in Connecticut, six in Westchester County, ten in Long Island, 30 in Manhattan, 20 in Queens, and five in Brooklyn.

Like many other members of the Herrera organization in New York, Martinez had no prior criminal history. He was born and raised in a single-income household in Colombia with his two siblings. His father was a poorly paid government worker. He completed high school, after which he moved in with a girlfriend. Following their marriage, Martinez and his wife came to the United States in 1985 and moved to Queens, New York. Martinez took several jobs as a factory worker on Long Island (U.S. v. Herrera, PreSent. Rpt., Oct. 21, 1992).

In 1986, unemployed, Martinez and his wife moved into an apartment with M7 money transporter Jesus Morales-Maya and Morales's wife, Socorro. In December 1986, during a visit by Ramiro Herrera's wife, Yolanda, Socorro asked Yolanda if Ramiro could find work for Martinez. A few days later, Martinez was summoned to meet Herrera in downtown Manhattan, after which Ramiro hired him to do errands for the M7 cell. Martinez was given enough money to rent his own apartment. In these early days of his employment with the Herrera organization, Martinez earned \$1,000 per month.

Before he returned to Colombia in December 1986, Ramiro offered Martinez's brother, Manuel, work in the M7 cell. The Martinezes began working for Ramiro's brother-in-law, Carlos Guzman, and were assigned during December as sitters in cocaine stash locations. In January 1987, they were reassigned as street workers and collected cocaine payments from three of M7's largest customers.

In late 1987, when the home office asked Guzman to account for nearly two million dollars in missing sales revenues, Guzman promptly fired the Martinez brothers based

upon the accusation that they stole money from one of the organization's New York customers.³ When Guzman returned to Colombia after this incident, Ramiro promptly rehired the Martinez brothers to run his cell. Guzman's job went first to Manuel Martinez, but Alonso assumed control in 1988 when Manuel got arrested in New York City during the transport of several million dollars in drug proceeds. As the new M7 cell leader, Alonso Martinez answered to M1 cell leader Luis Porras, who had been given control over all cocaine supplies for both of the organization's New York City cells after William Herrera had returned to Colombia.

When Guzman returned to New York in early 1991 to once again work for Ramiro, he found himself assigned as a cocaine section leader under Alonso Martinez, who was now become Ramiro Herrera's right-hand man. At the time of his arrest, Martinez was earning \$15,000 a month from the Herrera organization.

On June 24, 1992, Martinez pled guilty in Brooklyn Federal Court to the charge of conspiracy to distribute cocaine. On November 6, 1992, he was sentenced to serve 16 years in federal prison.

³ The Martinez brothers were made scapegoats for the poor recordkeeping practices of Guzman. In 1986, the Herrera's told Guzman that his books were short \$1.7 million. Guzman could not supply proof to the contrary. Once a customer balanced his accounts, it was Guzman's policy to destroy the records. Regrettably, the policy did not prepare for the possibility of an audit. Lacking a paper trail to defend himself, Guzman set off in search of an explanation for the missing monies. Alonso and Manuel Martinez were fired for stealing.

M7 Cocaine Section Leader (New York):**Carlos Guzman, also known as "Galas" and "Andres"**

Carlos Guzman, a native of Sevilla Valle, located in the province of Cali, Colombia, was arrested by the NYDETF on November 26, 1991, just weeks before he was to quit his trafficking activities for the Herrera organization and return to Colombia. At the time he was 45 years old and married. Guzman, who used the aliases Andres and Galas in telephone conversations intercepted by the NYDETF, was the brother-in-law of cell manager Ramiro Herrera. Guzman was married to Herrera's sister, Estelle Herrera, who herself suffered from chronic bouts of depression and had remained behind in Colombia with their two sons and one daughter.

Guzman's father had left his mother when he was six months old and did not return. Guzman had five half-siblings, all from different fathers. The oldest sibling was born when his mother was 14 years old, and the youngest was born 24 years later. The rest of his family continues to reside in Colombia (U.S. v. Herrera et al., PreSent.Rpt., Oct. 14, 1992).

Guzman dropped out of school after the fifth grade to find work and to contribute to the support of his family. He labored as a sugar cane cutter at several mills in Colombia. Guzman first came to the United States in 1979 and eventually lost his legal status by overstaying his tourist visa. Referred by Helmer Herrera's brother Manuel, Guzman found work as a busboy in a Spanish restaurant in Manhattan. Manuel had held this same job before Guzman and had recently quit to join his brother Ramiro, who needed help retailing

cocaine elsewhere in the city. Helmer and another brother, Alvaro, were also selling cocaine in New York at the time, but both were soon to be arrested. Following their arrests, Guzman became overly concerned that the police were also looking for him, and he returned to Colombia at the end of 1979.

In July 1991, NYDETF disrupted the distribution activities of Guzman's section with the execution of residential search warrants at four of Guzman's stash locations in Queens, New York. Three of Guzman's workers were arrested at these locations, and \$87,000 in cash and a quantity of business records were recovered. These records revealed that one of the stash locations had processed more than one million dollars in drug monies during July 1991.

In Colombia, Guzman participated in several unsuccessful attempts to ship small quantities of cocaine to the United States. In 1984, he returned to New York and recruited a small, but lucrative, line of Dominican customers for cocaine. Soon thereafter, he joined Ramiro Herrera's expanding distribution network in New York.

In 1985, before Ramiro departed on a lengthy trip to Puerto Rico and Colombia, he elevated Carlos Guzman to the position of cell manager. It was the logical choice, in view of Guzman's close working relationship with the cell's profitable Dominican customer line.

During his first year in control of the M7 cell, Guzman distributed approximately 4,000 kilos of cocaine for the Herrera organization. This successful effort was cut short when William Herrera called Guzman to task for being two million dollars short in his customer payments, payments already remitted to the M7 cell from cocaine sales. Quickly and without the weight of proof, Guzman diverted blame to two cell workers, Manuel and

Alonso Martinez, who had collected the payment from the customer in question. Unable to recover the debt himself, Guzman summarily quit the cell and returned to Colombia.

In March 1991, Guzman returned to work for Ramiro Herrera in New York as a section leader responsible for supplying the cell's 29 customers with cocaine. Guzman's cocaine supplies came by way of Alonso Martinez, who had since risen in the ranks to become Ramiro Herrera's lieutenant and who had been given overall responsibility for the cell's cocaine and money-laundering activities. Guzman remained in this position until November 26, 1991, when he was arrested in New York with numerous other members, including Alonso Martinez and Ramiro Herrera.

On June 24, 1992, Guzman pled guilty to conspiracy to distribute cocaine. On November 6, 1992, he was sentenced to a term of 16 years in federal prison.

M7 Collection Section Leader (New York):

Alfredo Aragon, also known as "Negro"

A native of Cali, Colombia, Alfredo Aragon headed up the money collection section of the M7 cell. In that capacity, Aragon kept in close contact with the cell's customers, regularly picking up payments for cocaine purchases.

Aragon arrived in the United States in 1986, but did not begin his fateful career with the Herrera organization until early 1991, working as an errand boy for the M7 cell in New York. Aragon's hard work and loyal service soon brought him to the attention of Ramiro

Herrera, who promoted him to section leader in charge of all collection, counting, and packaging of drug monies generated by the M7 cell (U.S. v. Herrera et al., PreSent.Rpt., Oct. 19, 1992).

Aragon's position within the Herrera organization gave him control over customer collections for the M7 cell. Once a cell worker collected a payment, the monies were immediately taken to one of Aragon's stash locations in the New York City area, counted, and then packaged. Aragon had at least four stash houses in Manhattan, which were used on a rotating basis to briefly store monies. At the houses, the monies were secreted in the hollowed interiors of commercial pinball machines. When the monies reached a predetermined amount, they were turned over to personnel working directly for cell lieutenant Alonso Martinez. At Martinez's stash house, the monies were recounted, sorted by denomination, and repackaged for transportation to Miami by Jesus Morales's section (U.S. v. Herrera et al., PreSent.Rpt., Oct. 19, 1992).

Aragon was arrested by the NYDETF on September 24, 1991, after picking up \$1.2 million from one of his stash houses. On June 24, 1992, he pled guilty to conspiracy to distribute cocaine and was sentenced to 16 years. The NYDETF estimated that between January and September 1991, Aragon's section moved \$40-\$50 million for the Herrera organization.

M7 Money Transportation Section (New York/Miami):

Jesus Linier Morales-Maya, also known as "Remendon"

Jesus Linier Morales-Maya used the codename Remendon and operated as the domestic money transporter for the Herrera organization in New York. He held this position for almost a decade. Morales was arrested by the NYDETF, along with four of his Colombian workers, on March 26, 1991, at a money stash location in Queens. NYDETF investigators had intercepted mobile telephone conversations which disclosed that an address on 94th Street in Queens was being used for money-laundering activities by the M7 cell. On March 26, 1991, drug agents saw Morales emerge from the residence, walk to a payphone, place a call, and return to the residence. A short time later, a car driven by Alfonso Yepes-Moreno, a street worker in Alfredo Aragon's collection section, arrived at the residence. Yepes removed two weighty suitcases from the trunk. NYDETF intercepted Yepes and Morales at the front door of the residence, obtained a consent to search the suitcases, and recovered \$1.5 million. Another \$2 million was found inside the residence, along with money order receipts totaling \$7.5 million (U.S. v. Herrera et al., PreSent. Rpt., Oct. 14, 1992).

At the 94th Street stash house, NYDETF investigators found a notebook containing the true names and aliases of Morales's workers. Entries in the book described transactions of huge quantities of cash and money orders. One entry detailed a money transaction on March 12, 1991, when Morales's workers passed \$2,000,000 in money

orders and \$70,000 in cash to international money launderers under contract to the Herrera organization. The book also listed accounts showing that between August 1990, and March 1991, Morales's section dispersed revenues in excess of \$59,000,000 to Colombia.

Unlike the routine process of cocaine distribution, Morales's job required innovation; implementing strategies to move bulky quantities of money to Colombia was a crucial and highly regarded responsibility within the organization. On the distribution end, cocaine trafficking organizations, buffered by low production costs and international stockpiles, were able to withstand the loss of hundreds of kilos. Spurious add-ons in the kilo price along the route from processing to wholesale distribution created significant kilo price differentials between terminal distribution points and generated enormous profitability, characteristics that made cocaine economically expendable and easily replaceable. On the flip side of distribution, money collections, the loss of bulk revenues generated from cocaine sales were irreplaceable from the customer if lost while under the control of cell workers. Money seizures infuriated most organizational leaders because it struck at the heart of their labors, labors which were anything but charitable.

Morales's job carried tremendous personal accountability. A common practice in cells held that, once sales proceeds passed from the customer into the possession of the money launderer, subsequent losses would be absorbed by the organization. This practice notwithstanding, the home office believed itself to be victimized by currency seizures and often held the money launderer responsible for the debt, whether or not he was at fault.

Morales had hundreds of workers, mostly smurfs, assigned to his section. A smaller cadre of workers, 14 in all, received monies from the M7 section operated by Alfredo Aragon and was responsible for collecting cocaine payments directly from the customers. Smurfs then washed these monies through hundreds of short-term accounts opened in local banks or used international money transmitters to wire monies to offshore accounts established by the home office. Sometimes, Morales's workers simply counted the money, stuffed it into boxes, and shipped it overland to Miami.

The mere volume of currency that needed to be transported created logistical problems for Morales. Typically, monies were turned over to Morales once sums of a million dollars or more had piled up in stash locations operated by Aragon or Martinez. Morales's workers overcame this problem by converting the hard currency into postal, bank, or American Express money orders. Five hours a day, six days a week, hundreds of Morales's workers fanned out across New York, New Jersey, and Connecticut, never visiting the same post office or bank twice out of fear of being detected.

Morales converted at least half of all the monies he received into money orders and shipped the remainder as cash. Morales kept the carbons from the money orders as proofs of their purchase in the event of a mishap or interdiction. Money orders were purchased in amounts ranging from \$400 to \$1,000 dollars. Each smurf was required to convert \$80,000 per week. Once bulk monies or money orders reached Miami, another Herrera cell would conceal the proceeds in small appliances and stereo speakers. These items were shipped on to Ecuador and Colombia. Money orders were not endorsed until they reached those destinations.

Morales used several unique concealment techniques to send money out of the United States. Several hundred thousand dollars were sewed between the layers of a sleeping bag. Two couriers, a man and a woman, sometimes carrying a child, traveled as a family and brought the sleeping bags on board airline flights headed to Ecuador. One- to three-quarters of a million dollars at a time could be shipped using this technique.

Cash was converted to money orders, which were concealed in false-bottomed suitcases and in gutted small appliances, such as electric can openers and stereo speakers. As much as \$70,000 in \$100 bills could be concealed in one electric can opener. These small appliances were contained in carry-on baggage on flights to Ecuador and Colombia.

On May 22, 1992, Morales was sentenced to eight years in federal prison on charges of money laundering. An earlier indictment charging him with cocaine conspiracy was dismissed by prosecutors because of insufficient proof that he had knowledge of the movement of the cell's cocaine.⁴

⁴ This is certainly a good example of the compartmentalization of knowledge used by Ramiro Herrera to insulate the various components of his cell and the home office from law enforcement penetration. Although Morales was one of the top four managers of the M7 cell, he did not have access to information on the activities of the other section. To avoid suspicions that might generate deadly consequences, both supervisors and workers knew not to be curious or ask questions; the cell's other commerce was none of their business. When NYDETF investigators arrested Morales in March 1991, they hit a brick wall in their efforts to extract information on the broader range of M7's cocaine trafficking activities.

M7 Cell Bookkeeper (New York):

Patricia Restrepo, also known as "Dolores"

Patricia Restrepo (her telephone conversation partners called her Dolores when discussing operations of the M7 cell) was a serious and highly disciplined worker who refused to discuss the nature of her work for the Herrera organization from the time of her arrest by the NYDETF on December 4, 1991 until she pled guilty in Brooklyn Federal District Court on June 24, 1992. Her refusal to cooperate with the NYDETF landed her an eight-year prison term.

Like other senior managers in the Herrera organization, Restrepo was in her late thirties when she came to work for the Herrera organization. Until her arrest in New York at age 40, Restrepo had no criminal history. In 1989, already in the employ of the Herreras, she came to the United States, overstaying the tourist visa she had legally obtained to enter the country.

As one of six children in a stable family of marginal economic means, Restrepo dropped out of high school after three years to assist with the family income. She held odd jobs as a seamstress, hairdresser, and as a secretary for a Colombian auto import company. Her father was a retired building clerk. Her mother, a vegetable vendor, passed away in the early 1980's. Apart from a sister living in Venezuela, Restrepo was the only other family member residing outside of Colombia. Restrepo had never married. The

hundreds of NYDETF recorded conversations involving Restrepo gave no hint of an interposing social relationship.

Restrepo was the bookkeeper for the entire Herrera operation in New York. Her tally sheets recorded local expenses under the varied categories of general expenses, payroll, telecommunications, rent, petty cash for stash house sitters, miscellaneous expenses, and losses. She detailed incoming cocaine shipments, maintained customer balance sheets, and kept a running account of all payments to Colombia. At least once a day, she would communicate by fax or telephone with her counterpart in the Cali home office. In the following example taken from intercepted conversations recorded on July 19, 1991, Restrepo called the Cali home office and passed along the following transactions to the accounts secretary for Helmer Herrera, a woman known only as La Mona.

1. July 17, Chori (customer) received 161 (kilos); Pachito (customer) received 89.
2. July 18, Joyero (customer) gave 700 (\$700,000); Mongo (M7 cocaine section worker) distributed 260 (kilos), as follows: Pancho Gordo got 160 at 12 (\$12,000 per kilo); Pachito got 71 at 12; and, M1 (Luis Porras) got 29.
3. Carmela (M7 money transporter) took to Miami 500 (\$500,000).
4. Flaco (customer) gave 119 (\$119,000 payment) and returned 4 meters (returned four kilos of poor quality) at 13 (\$13,000 per kilo purchased price).

Restrepo, like others assigned the sensitive task of maintaining the business ledgers at home in Colombia or in the field, was a pressure point for the DEA's

investigation of the Herrera organization. Restrepo kept meticulous books on the trafficking activities of both the M1 and M7 cells. Many of these records were seized when Restrepo was arrested and became highly incriminating proof of the breadth of the cocaine empire that the Herreras ran in New York.

Like Ramiro Herrera, Restrepo never put herself in proximity to drugs or money. Nevertheless, she closely scrutinized the movements of the two commodities for the cell and kept a critical eye on logistical expenses ranging from transportation and worker salaries to stash house rents and utilities. In the most detailed fashion, she communicated the financial condition of the cell on a daily basis to the highest levels of the Herrera organization in Colombia. For this reason, NYDETF agents set their sights on identifying and interdicting Restrepo's activities and communications.

MANAGERIAL PROFILES IN THE JAIRO IVAN URDINOLA TRAFFICKING ORGANIZATION

Organization Leader (Cali, Colombia):

Jairo Ivan Urdinola-Grajales

From his offices on the top floor of the Holguine Trade Center in Cali, Colombia, Jairo Ivan Urdinola-Grajales, assisted by his brother, Julio Fabio Urdinola, ran a international cocaine empire that employed 800 workers, many of whom toiled in the

United States and hid the distribution of tens of thousands of kilos of cocaine and hundreds of millions of dollars behind the storefronts of over 200 U.S. and Colombian businesses. The Urdinola brothers operated distribution and money-laundering cell infrastructures in New York, Houston, Newark, Los Angeles, Chicago, and Philadelphia.

Jairo Ivan Urdinola was indicted in Miami in 1991 on a variety of conspiracy, cocaine distribution, and money-laundering charges. He was arrested in April 1992 after a large force of approximately 300 officers from the Colombian National Police swept through the Zarzal Valley in Cali province, an area where Urdinola owned several farms and hid his drug labs. Urdinola's capture was sweet revenge for the Colombian National Police, for he had reportedly ordered the murders of over 160 policemen in the previous six months.

Urdinola kept company with Pablo Escobar as one of Colombia's most homicidal traffickers, although the full impact of his crimes upon Colombian society did not carry sufficient weight in the judiciary, which sentenced him to a term of 17 years. One travesty was compounded by another when Urdinola earned a sentence reduction under Colombian law by admitting to at least one crime, illegal enrichment. Under prevailing minimum mandatory penalties, he is expected to serve no more than four years.

Julio Fabio Urdinola surrendered to authorities on March 12, 1994, by simply driving up to a federal penitentiary in Palmira, Colombia, and walking inside. It was exactly 100 days after the Colombian National Police had hunted down and killed Pablo Escobar.

International Operations Manager (Cali, Colombia):

Hernando Angel Wagner, also known as "Bomba"

Identified as the number two man in the Urdinola organization, Hernando Angel Wagner acted as Jairo Urdinola's operations manager and controlled all international cocaine and money operations for the organization. A former Chicago cell manager, Urdinola held Wagner in high esteem and accepted without question his accounting and handling of the organization's trafficking activities (U.S. v. Jimenez et al., Gr. Jury Indict., 1992).

Wagner would contact his city managers before a shipment left Colombia and allow them to bid for quantities of the shipment. City cell managers could negotiate cocaine prices and percentages with Wagner, but Wagner's decision was final. Wagner also offered his city cell managers insurance policies on their shipments. For \$5,000-\$6,000 per shipment, any inadvertent loss, police interdiction, or poor kilo quality would be replaced without charge to the manager. Once this process was completed, Wagner would report the quantities and amounts to Urdinola, who would give the final approval to deliver the shipment.

Wagner strongarmed his United States managers, giving them from ten days to two weeks to distribute, sell, collect the proceeds, and forward them to Colombia. Payments ranging from \$250,000 to \$1,500,000 were packaged and sent to Miami for forwarding to Colombia. Once a city cell manager received a cocaine shipment, he was obligated to

telephone Wagner three times a day, punctually, in the morning, midday, and evening to report the progress of both distribution and collections. A ruthless administrator, Wagner kept a rigid and running account of all customer debts and pressured his U.S. managers to chase customers for even the most petty sums. Unresolved customer debts or money shortages were assumed by the local cell manager; if the customer could not pay, the manager would have to cover the debt (U.S. v. Jimenez et al., Gr. Jury Indict., 1992). The story goes that Wagner's power over foreign distribution operations was such that a manager delinquent in his financial obligations might find another zero added to his account in Colombia, thereby creating interminable indebtedness to Urdinola.

While Wagner kept in close contact with cell managers in the various U.S. cities in which they operated, he most closely scrutinized the activities of Cesar Fernando Velasco, the organization's international money launderer and Wagner's top money operative in the United States. Cell managers would call Wagner in Colombia to advise him of a quantity of money ready to be shipped. Wagner or Velasco would tell the cell manager how much money would be sent and where to transfer it to one of Guillermo Valenzuela's workers assigned to bring currency and money orders from the various cells to Miami. Wagner then gave Velasco the necessary information to access domestic and international bank accounts which would be used to launder the drug monies (U.S. v. Jimenez et al., Gr. Jury Indict., 1992).

Rodriguez-Orejuela Organization U.S. Cocaine Broker (Miami):**Harold Ackerman, also known as "Mario Robertson"**

Once it reached the United States, Urdinola's cocaine passed first through the hands of Harold Ackerman, a native of Cali, Colombia. Ackerman held legal resident alien status in the United States for nearly ten years and nicely fit the image of a successful, middle-aged, ethnic entrepreneur in cosmopolitan Miami. Private, but courteous to his neighbors who knew him as a vegetable importer, Ackerman, his wife, and two sons lived in a half-million dollar house on a cul-de-sac in a quiet and walled-in residential community in North Miami Beach. He jogged daily, ate brown-bag lunches prepared by his wife, and worshiped at temple on Saturdays.

Ackerman rarely departed from his daily work routine. Continually on the cell phone, he spent most of his day in his Lexus, visiting the numerous warehouses and other small shops established to cover the movement of thousands of kilos of cocaine and millions of dollars through South Florida for his employers, Miguel and Gilberto Rodriguez-Orejuela. He arrived home no later than 6:30 p.m. and spent most of his evenings watching television. His wife ran one of Ackerman's businesses, Donina Fashions, in Hialeah, a western suburb of Miami. His sons attended the University of Miami. Drug agents, accustomed to the unbridled and sometimes ostentatious antics of Miami's drug distributors, found themselves bored to tears surveilling Ackerman (Lyons & Donnelly, 1992).

Ackerman's nondescript lifestyle effectively cloaked his role as one of the top drug lords in the United States. As Miguel Rodriguez-Orejuela's top representative in the States, Ackerman spent his days operating a drug empire over four cellular telephones and coordinated the delivery of multithousand kilo cocaine shipments to at least 16 local Miami distribution groups, including those operated by Jairo Ivan Urdinola on behalf of the Orejuela organization. Ackerman also established a network of "shell," or "front," companies to cover the movement of Orejuela's cocaine and money in and out of the United States. Prominent among these companies was South East Agrottrade (SEA), a small warehouse with cold-storage bays on NW 89th Court in Miami. Orejuela passed at least five multiton shipments of cocaine totaling 45,000 pounds through the SEA warehouse between August 1991 and April 1992.

Carlos Giron worked for Ackerman and set up a support infrastructure of warehouses in Miami to briefly stock cocaine shipments as they arrived at Port Everglades in Ft. Lauderdale. The shipments were then brought to the SEA warehouse, where transfer would be made to Urdinola's workers and other major cocaine traffickers operating in the Miami area. Only a half-dozen shipping containers were traced to SEA over the course of a year, a figure dwarfed by the near half-million containers that arrived annually at the Port of Miami and Port Everglades. The tens of thousands of kilos carried in the six or more containers destined for SEA were sufficient to satisfy the demand for the Orejuela organization's dominant cocaine operations in the United States.

On April 16, 1992, the vessel Colleen Sif arrived at Port Everglades in Ft. Lauderdale from Guatemala. On board were two shipping containers consigned to SEA.

The containers held tons of frozen broccoli and okra, along with a more precious cargo of almost 30,000 kilos of cocaine sent by the Orejuela organization. Between 2,000 and 5,000 kilos from this load were headed for Miami transporters and distributors working for the Urdinola organization.

Miami HIDTA arrested Harold Ackerman on April 28, 1992, almost two weeks after Ackerman had received the shipment. Investigators seized \$500,000 in cash and \$200,000 in jewelry from Ackerman's residence. Another \$1.6 million under the control of Ackerman was found in accounts at 18 Miami banks, in addition to other banks in San Mateo, California, Jersey City, New Jersey, and New York City. Other monies, in the form of charitable contributions, were traced to the United Way, the Fraternal Order of Police, and the Police Benevolent's Association, a smart move which bolstered the civic status of Ackerman.

On January 25, 1993, Harold Ackerman went on trial in a Miami federal court on charges that he facilitated the smuggling of 22 tons of cocaine into South Florida concealed in shipping containers of broccoli and other, nonperishable, products. These charges included an earlier shipment of 12,250 kilos concealed in cement fence posts, which had entered the United States through the Port of Miami on August 23, 1991 and had been surveilled and seized by the DEA and U.S. Customs outside of Houston, Texas. On August 12, 1993, Ackerman was sentenced to a life term for these offenses.

Urdinola's Cocaine Shipment Coordinator (Miami):

Carlos Roberto Giron

Born in Basto, Colombia, in 1954, Carlos Roberto Giron held one of the most crucial positions in Urdinola's cocaine trafficking operation in the United States. Giron was hired by Urdinola to act as a liaison between the organization and its international transporter, Miguel Rodriguez-Orejuela (U.S. v. Julio Fabio Urdinola, *aff'd*, 1993). In that capacity, Giron worked directly for Harold Ackerman, a principal U.S. distributor and supply line for Orejuela, who was considered by many to have been the Cali cartel's ambassador in the United States (Lyons & Donnelly, 1992). As an employee of both the Urdinola and Orejuela organizations, Giron set up a string of dummy companies that facilitated the warehousing of cocaine shipments once they arrived in the United States. These companies dotted the waterfront in the greater Miami area and were legally established under aliases established by Ackerman and Giron.

The quantities of cocaine received by Ackerman and Giron were staggering. Quantities of tens of thousands of kilos per shipment arrived aboard cargo ships entering the Port of Miami or Port Everglades in Ft. Lauderdale. Under Ackerman's direction, Giron would parcel out these shipments to trafficking organizations operated by Urdinola and others.

In late January 1992, before Ackerman's identity and trafficking activities were known, an HIDTA/Miami confidential source who had penetrated Urdinola's U.S. distribution operation was introduced to Giron. HIDTA's interest in Giron grew over the next two months and was corroborated by other source information that Giron was the nexus between the Orejuela and Urdinola cocaine organizations and a conduit for all of Urdinola's cocaine supply entering the United States. Periodic surveillance of a Hialeah warehouse operated by Giron led to the identity of Mario Robertson, a Latin male who drove a silver Lexus and visited Giron from time to time. During their meetings and telephone conversations, Giron acted as a subordinate of Robertson. HIDTA would come to identify Mario Robertson as Harold Ackerman, the most significant catch of their two-year long investigation.

On April 29, 1992, using information received from a confidential informant, HIDTA executed a search warrant on Giron's residence in Miami. Investigators located a hidden vault behind a wooden panel closet in the master bedroom. The vault contained ledgers which held the names and codes of members of both the Urdinola and Orejuela organizations. Also in the vault were 12 AR-15 semiautomatic carbines, 12 Barretta nine-millimeter semiautomatic pistols, 12 Uzi semiautomatic pistols, and 12 Smith and Wesson .357 revolvers. The serial numbers on all of the seized weapons had been obliterated (U.S. v. Ackerman et al., aff'd, 1993).

Cell Group Manager (Chicago/New York):

Alvaro Gutierrez, also known as “Condor” and “El Doctor”

Alvaro Gutierrez, also known as Condor and El Doctor, was one of Urdinola's top cocaine managers in the United States during 1989-1991. Although he resided in Florida, Urdinola put Gutierrez in charge of cocaine distribution and money collection for both the 20-member Chicago cell and 30-member New York City cell. Gutierrez was assisted in this role by his wife, Maria Zaida Gutierrez, who shared decision-making authority over the cell's activities. The Gutierrezes awarded kilo price breaks to their best customers, decided which customers would be given credit or be required to prepay, and assigned tasks to the cell workers (U.S. v. Jimenez et al., Gr. Jury Indict., 1992). Maria also recruited new customers for the cell and oversaw the activities of 30 cocaine and money couriers in the New York cell.

A German-trained precision machinist, Alvaro Gutierrez came to work for Urdinola in 1989 as a beneficiary of Urdinola's social relationship with his wife's family in Colombia. This loose fraternal bond opened doors for Gutierrez and led to an offer of an upper managerial position with the organization's U.S. distribution operation (U.S. v. Doe, PreSent.Rpt., 1993). Gutierrez came to the United States unencumbered by a criminal past or history of drug use.

In mid 1989, Alvaro Gutierrez appointed William Salazar Soto as his immediate subordinate in the Chicago cell and put him in direct charge of all cocaine distribution and

money-laundering operations. Five months later, Gutierrez was forced to replace Soto with Alberto Castano after Soto was arrested by federal agents in possession of 54 kilograms of cocaine. The shipment had been fronted to Gutierrez by the Urdinola organization, and Gutierrez had mistakenly decided not to insure it through Wagner.

The Soto arrest raised doubts in Urdinola's mind about Gutierrez's managerial abilities. In characteristic style, Urdinola pinned the blame on his manager and, at one point, threatened him with death (U.S. v. Doe, PreSent.Rpt., 1993). Only through the intercession of a family member in Colombia was Gutierrez spared the certainty of that fate. From July 1990 until their arrest on July 29, 1991, Alvaro and Maria Zaida Gutierrez attempted to clear up their cocaine debt with Urdinola.

Money Transporter:

Guillermo Valenzuela, also known as "Mauricio" and "Antonio"

Guillermo Valenzuela, identified in wiretapped telephone conversations by the names Mauricio and Antonio, was the principal domestic transporter of all monies derived from the sale of Urdinola cocaine within the United States. Valenzuela was born in Bogota, Colombia, in 1964. He has two brothers who live in Bogota and a sister who resides in Cali. Before his arrest in 1991 on federal charges of conspiracy to distribute cocaine on behalf of the Urdinola organization, Valenzuela had purchased a luxury residence in Miami and owned ten acres in Homestead, Florida.

Valenzuela's workers were tasked to pick up money from the Urdinola cells located in Chicago, Los Angeles, New York, Houston, and Newark and to bring it to South Florida for transfer to Colombia. Valenzuela took orders directly from Hernando Wagner in Colombia, who would direct Valenzuela on how to dispose of the monies once they reached Florida (U.S. v. Jimenez et al., Gr.Jury Indict., 1992). Wagner would then call another Urdinola operative in Miami, Cesar Fernando Velasco, and direct Velasco to contact Valenzuela to set up a transfer. After receiving the money from Valenzuela's workers, Velasco would launder it through Urdinola's many offshore bank accounts.

Chapter 6 Findings and Discussion

Management Practices of the Cell Manager

From Miami, north to New York, and west to Chicago, Houston, and Los Angeles, there is no shortage of federal indictments against the leaders of the major Colombian cocaine cartels. It is a sad circumstance in the U.S. war on cocaine that these indictments will remain unanswered as long as the adversaries claim refuge and legal protection in Colombia and as long as the prevailing, agitated state of affairs between Colombia and the United States precludes their extradition.

While U.S. drug enforcement hangs on to the hope of bringing the cartel leaders to stand trial in this country, Colombian cell managers, as the chief emissaries of their respective trafficking organizations, remain within reach. Cell managers execute a dangerous and difficult policy on behalf of the home office and possess a deep-seated knowledge of the organization that is held by no other member outside of Colombia. Hidden from the day-to-day operations of their distribution cells, the cell manager is the prize calf for the patient and conscientious drug enforcement agent.

An understanding of the activities and managerial practices of cell managers empowers the ardent investigator who sets his sights on the highest levels of the Colombian cocaine trade in the United States. For that reason, this project focused upon

the business practices and prerogatives of cell managers, as well as the distribution techniques they utilized to satisfy the relatively inelastic U.S. wholesale demand for cocaine. It is a study of the managerial practices and strategies found within cocaine trafficking organizations and of the elemental role and function of the leaders of similar organizations as participants in this Colombian tier of the cocaine distribution industry in the United States.

The nature of cell operations is characterized by the leadership of the cell manager. Successful or long-term patterns of cocaine distribution activity within Colombian cells reflect the effective managerial practices of its leadership. It is, therefore, necessary to acquire a theoretical understanding of the organizational skills and decision-making processes used by cell managers to sustain the momentum of the wholesale cocaine trade and to generate its enormous profits. In this dissertation, successful managerial practices are described as the pursuit of objectives which the cell manager views as beneficial to the productivity of the cell, which enhance its survivability, and which prevent or delay law enforcement scrutiny. Each cell is representative of the particular management practices and strategies of the cell manager. These practices impact virtually every function of the cell, from its design and role differentiation, to its interaction with suppliers, clients, and cell workers.

Organizational skill is revealed through the cell manager's ability to develop a cell infrastructure which is up to the task of moving several hundred kilos per transaction from the supplier, or importer, to wholesale customers, and to collect revenues generated by those sales. Since even short-term drug inventories increase the risk of interdiction by law

enforcement and loss through theft, shipments must be divided and distributed to the wholesale distributors immediately upon their arrival in the marketplace. This must be accomplished quietly and quickly and with a minimum of labor, because the more widespread the knowledge of the cell's activity, the less the likelihood that the cell will achieve longevity in the trade. The cell manager must, therefore, recruit the most capable and loyal workers to staff the functions of each cell. The cell manager must also possess certain level of competence, an institutional knowledge of the technology and skills exhibited in the cell workplace (McKelvey & Aldrich, 1983). Competence is the result of experiential knowledge of the market and is generally related in organization theory to survivability among organizations (Hannan & Freeman, 1977).

Relational skills describe the social and commercial relationships that cell managers maintain with section leaders, workers, customers, other cell managers, and nonintegrated cell support components, such as overland transporters and money launderers. Cell managers must maintain stable and productive relationships with all of these parties in order to reasonably maintain control over cell productivity and security.

Reputational skills are among the cell manager's most important assets because they sustain the integrity of the cell against treacherous behavior, assure that good and continuous service will be provided to the customer, and remind the customer and worker of a prompt and severe response to market infractions and violations of normative cell behaviors.

Adaptive skills are revealed in routinized cell behaviors designed to manage or reduce risk levels within the distribution market environment. Adaptation in cells has both

a corporeal and electronic component. Electronic adaptation appears in periodical changes to the cell's electronic signature. Electronic signature is described in this project as the particular configuration of remote communications technology which discloses the cell's cocaine trafficking activities at any given moment and may disclose its activities to law enforcement. Altering the signature is accomplished by the purchase of new pagers, the switching of old pagers among the managerial staff, and the acquisition of new cellular telephones or telephone numbers. These changes to the electronic signature disrupts the ability of law enforcement to seize the cell's culpable drug-related communications. Replacing stash houses, vehicles, and personnel, as well as the use of fictitious documentation and countersurveillance techniques, illustrate the corporeal, or physical, aspect of adaptation.

Organizational Skills

The concept of organization in an international drug trafficking organization suggests that a close coordination occurs among the home office in Colombia, the cell manager in the United States, and cell workers which propels them all towards the accomplishment of a common productivity goal. The goal of successfully distributing tens of thousands of kilos of cocaine in obscurity within the confines of a hostile local market compels a certain cell design to perform this function, and determines its size, need for a division of labor, and the extent to which authority is delegated from within the cell and from the home office in Colombia. In carrying out the fundamental mission of distributing

bulk quantities of cocaine and collecting customer sales revenues, a cell must be structured so as to provide for its survival and continuity, efficiency, and performance.

A cell manager in the United States receives multihundred kilo quantity shipments of cocaine from the organization in Colombia through subcontracted Mexican and Caribbean freight forwarders and then arranges for its transportation and distribution to the prominent wholesale cocaine markets, such as New York City, Miami, Chicago, and Los Angeles, through a process similar to brokering. Typical transactions with wholesale customers are calculated in dozens or hundreds of kilos. Prudent cell managers may integrate transportation, distribution, and money-laundering functions into the structure of the cell.

Cell managers occupy the most exclusive and hidden realm on the cocaine distribution pyramid. The entire Colombian cocaine distribution market in the United States makes up an oligarchical system under the control of relatively small numbers of cell managers, each appointed to oversee the U.S. distribution operations for a trafficking organization based in Colombia. Cell managers are responsible for implementing organizational goals and strategies in the United States and defer authority only to the home office in Colombia. Without territorial concerns or competition, the cell manager's span of distribution may cross into several other urban wholesale markets in the United States.

According to Raphael Lopez, business skills, guarded behavior, and a cool temperament are qualities of the successful cell manager:

The way the cell manager comes to power is from Colombia. And he's usually pretty close friends with the owner of the product, or the organization leader down there. They become pretty good friends. And he's going to be probably one of the brightest guys that they have. How are they selected for the cell manager position? They try to select very smart people, usually accountants, teachers...they're not the street hood type of people. They're usually people who have a degree. And you might get one that doesn't have a degree, but is a very bright person, a very bright individual. Usually, that guy hasn't ascended to that position for being the violent type.

Cells are often divided into sections. A lateral front of just two or three cell sections can service the needs of a fairly large network of wholesale customers. Operating under the aegis of a cell manager, cell sections are differentiated by function and do not cross-specialize with other sections in carrying out cocaine distribution or money collection for the cell. In the event of a supply seizure, or the elimination by enforcement of a particular section, this division of labor and compartmentalized knowledge of cell activities adequately insulate the other sections from peripheral damage.

Cell managers often prefer not to reside within the distribution venues serviced by their cells. New York City cell operations may be supervised by cell managers stationed in Miami, Houston, or Los Angeles. With a compartmentalized design, random supply seizures minimally impact aggregate cell operations, and law enforcement attacks on any section of the cell will rarely spring a trap on the cell manager.

Cell managers control the cocaine and money flow through cells operating in one or more wholesale markets, and their subordinate section leaders assign workers to the tasks of overland transportation, warehousing, distribution of cocaine shipments, and

money collection. DEA Special Agent Carlton Starling of the NYDETF described some of the supportive tasks of the cell to which cell managers must also assign workers.

You have people working for the cell managers who sit in stash houses, employees who distribute drugs, employees who pick up the proceeds, and people who go out and rent houses. All within the cell. You will also have somebody keep the books so that the cell manager knows what's going on. Sometimes the people who distribute drugs or pick up proceeds may also have the task of doing the shopping for the people who sit in the stash houses. That's because you don't want the people sitting in the stash houses to have to go out or have to leave the house to go shopping. The cell manager may have some of the workers performing dual roles such as making sure the stash locations have food for the people inside. And you have to have people go and pay the rent on the various locations. The utilities also have to be paid. Not necessarily the telephones, because a lot of stash houses don't have telephones. You must also make sure that there are no summonses on the vehicles and that the registrations and insurance are paid up. The cell workers are not only doing illegal things for the organization, but are also doing legal things by maintaining all the equipment to be used by the organization.

Transporters who operate as the overland bulk shippers of cocaine may be a subcontracted or integrated component of the manager's cell. When authorized by the home office, cell managers may assume control over border-to-market transportation, manipulate local market kilo prices, offer quantity discounts, and formulate and enforce customer agreements. In the case of the Herrera and Urdinola organizations, top managers cleared most local market transactions and price decisions with Colombia.

Cell managers don't always operate independently because their orders are coming from Colombia. Colombia has the customers. Say that one cell is responsible for seven customers. The customers are already established.

The organization in Colombia knows exactly what each customer can do in a month and how much they will give them on consignment. Colombia then notifies the manager in New York that they will be receiving 1,000 kilos, and that they will give the first customer 200, and the second customer 300, and so on, and so on. The cell manager in the United States is not there to work out his own deals, or to negotiate with customers. He gets his orders from Colombia. He is told who he is going to give to, how much, and when it is going to come. His job is to make sure he receives the merchandise, safeguards it, gets it to the customers, and then have the customers get the money to him or to another cell. It all depends on how the cell is structured. The cell managers are also told what price to sell it at.

DEA Special Agent Carlton Starling, NYDETF

The difficulty of enforcement against cell managers arises, in part, from the enigmatic nature of drug distribution activity and the recruitment of cell workers based upon traditionally strong family ties and birthplace loyalties. Whole families are sometimes brought to the United States via alien smuggling routes, or overstay U.S. immigration visas and are enlisted as cell workers. Once they have arrived in the distribution venue, cell workers assimilate comfortably into urban Hispanic enclaves where language, culture, and commerce effectively shield their trafficking activities from law enforcement.

It is crucial to survivability that the cell manager design a cell in a manner that will restrict knowledge of the cell's activities externally from law enforcement and, internally, inhibit broad knowledge of the operations of the home office from the cell worker. The most vulnerable member of the cell is the worker who is routinely placed in jeopardy during the conduct of drug distribution and money collection activities. The skilled cell manager must prepare contingencies in the event one of his workers is captured or the scope of his trafficking activities is somehow disclosed to the police. Two procedures in common

practice by Colombian cell managers are the minimization the size of the cell and the division of knowledge of its overall activity among workers.

As shown in Figure 5, the cell manager occupies a position in the organization which insulates the cell worker from the home office. A cell manager also laterally differentiates his cell by task, thereby limiting knowledge of distribution activities along the lateral, as well as vertical, pathways in the cell. Because knowledge must be transmitted accurately and quickly, cell managers deliberately shorten the vertical pathways of the cell. This structural attribute relates to Coase's (1937) fundamental principle that organizational size is limited by the ability of the manager to oversee and maintain control of all activities.

Because social contact between cells of different organizations is generally discouraged,¹ as is knowledge of the trafficking activities of other cells, does this inhibit the process of isomorphism, that is, the generation of similar or identical structural traits among cells? Is there structural diversity within cell populations in a local market, or is cell structure consistent as a result of shared experience, environment, or managerial competency developed within these markets? Is cell structure simply the best rational choice of the cell manager, or is it shaped by market forces over which the cell manager has little or no control? While these issues have often been visited by researchers of the

¹ While generally discouraged, social contact between Colombian cell workers is unavoidable in the larger distribution venues and is tolerated in practice. Owing to extended periods of downtime between shipments, cell workers of less-sophisticated organizations pursue active social lives and interact with the workers of other cells in Colombian nightclubs, on street corners, in neighborhood bars, etc. Because these meeting places are also known to the police, workers know better than to discuss the activities of their cells in these open spaces and realize that they will suffer severe consequences for violating the procedures.

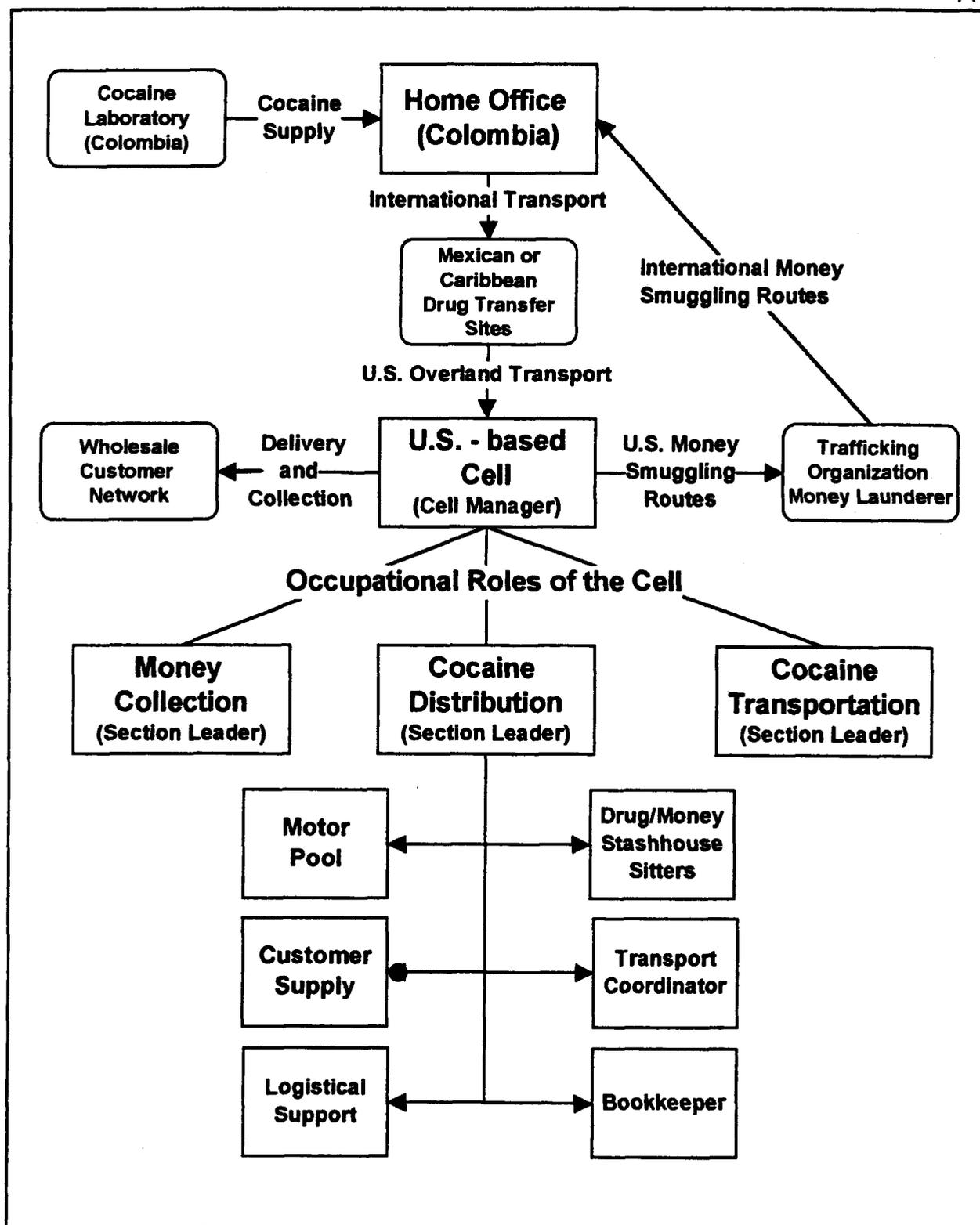


Figure 5. Typical infrastructure of a Colombian cocaine organization operating in a United States wholesale distribution market.

street-level drug distribution markets, they need to be addressed in the study of the higher level drug markets (Hagedorn, 1994). On the issue of isomorphism, Oscar Fernandez said the following.

Larger or smaller was the same thing. A boss, two lieutenants, the directors, the guys that run the money, the guys with the merchandise, and that's it. And all the customers right here, that's it. You see, you can survive around here very easy with five customers, and that's it. And you only answer to one guy. That's why it's been very successful, because everybody copies the same structure. Just like ants. This one controls this and that, and the big ones are the same thing.

Interviews with the primary respondents and discussions with drug enforcement agents suggest that cells lack architectural uniqueness and that they may generally follow an organizational form which is fashioned by the risks imposed upon an illicit commodity market. Cell structures appear to reflect a certain level of managerial competence which minimizes the cell's exposure to selective mechanisms generated by law enforcement initiatives against local markets. Consistency of form and structure creates stable cell populations within shared market venues.

The cell manager enhances the survivability of the cell by insulating the cell's technical core from adverse environmental influences and through coordination by planning (Thompson, 1967). In an effort to control external pressures, a cell manager imposes a centralized decision-making process on the cell, fixes price and delivery schedules for customers, and scrutinizes the social and business activities of cell workers that may present opportunities for drug enforcement.

Cell Size and Structure

The popularity of a drug necessitates the sophistication and organization required to meet its demand. The persistent public demand for cocaine and the need for an expeditious transfer of both product and revenues across a hostile terrain strongly encourage the cell manager to create the efficient and differentiated structural form commonly found in the Colombian cocaine distribution cell (Lee, 1992).

Cell size can vary a good deal within a local market population. Some cells have a distribution capacity large enough to monopolize a local market, as in the case of the Helmer Herrera-Buitrago organization, which operated in New York City in the early 1990's. Aggressive wholesale demand and little or no competition within cell populations also encourage cells with smaller distribution capacities to carve a niche in the local market. In view of the variety of cell sizes in populations, are there any market, financial, or managerial obstacles present which might limit group size? With adequate supplies, fairly consistent levels of demand, and scarce competitive pressures in upper level drug markets, what restrains cells and their markets from unlimited growth?

Production capacity, a cell's resource limitations to carry out the roles of distribution and collection, is an important determinant of organizational size. In upper level cocaine distribution organizations, integrating requisite functions, such as border-to-market transportation, should carry a financial incentive. The cell's expenditures to carry out this function should be less than those that an outside contractor would charge the organization. Savings could then underwrite the additional salaries and equipment

necessary to integrate the component. Task integration increases cell size, but this does not necessarily correspond to more efficient distribution. Task integration must be accompanied by increases in the workforce, equipment, and technology. In other words, structural differentiation must occur or the workforce and equipment will become unnecessarily fatigued, which will increase the opportunities for judgmental errors and law enforcement intrusion (Blau, 1970).

There is also a tradeoff between size and risk, suggesting that a proportional relationship exists between them. Greed, which promotes growth in cells, also increases the risk production for the cell manager. Larger or more frequent shipments require a cell manager to augment customer lines, as well as manpower and logistical support within the cell. The larger cell size needed to carry out increased distribution responsibilities lessens the span of control and represents incremental increases in risk for the cell manager (Blau, 1970). In 1988, Ramon Milián Rodríguez, a former accountant for the Medellín cartel, told the U.S. House Subcommittee on Narcotics that other laundering organizations had grown too large and failed because there were too many people to inform on them (Povis, 1992). By adhering to a policy of limited expansion, Rodríguez resisted the temptation of additional profits in order to avoid the increased risks generated by the additional required resources.

A Colombian distribution cell is closed to outsiders by rules enforced by the actions of specific individuals in authority (Weber, 1947). The rules are imposed by cell managers to deny access to outsiders by cell workers. For cell workers, most of whom are Colombian illegal aliens, activities which place them outside the cell also expose them and

the cell to great risk and endanger the security and integrity of the entire cell. To reduce this threat, the cell manager enforces a strict policy of control over the lives of cell workers in several ways, such as through the delegation of authority to a subordinate level of section leaders, by closely monitoring worker interrelationships to preserve internal order; and by watching corporate and social relations with customers and suppliers to maintain external order.

The Miami interviews suggested that there is a fair amount of variability in cell size. Cell sizes ranged from three or four workers to hundreds, the latter extreme a reference to the Herrera and Urdinola organizations. Sophistication and differentiation in cell structure appears to relate to the complexity of the organization itself. The difficulty of blocking the flow of cocaine to the American user arises, in part, from the variability of Colombian trafficking organizations operating in the United States and their distribution structures. Diverse transportation and distribution strategies and techniques seriously undermine the ability of law enforcement to anticipate upper level cocaine trafficking behaviors.

The cell manager also builds compartmentalization into the structural development and function of the cell. Compartmentalization by sectioning and role specialization are the serial characteristics of a durable distribution cell. Cells can often withstand extreme pressure from law enforcement or random interdictions resulting in the loss of hundreds of kilos and millions of dollars. Random drug interdictions by police may temporarily disrupt the distribution activities of an individual cell, but seldom obstruct its continued existence. Productivity is often quickly resumed. Cell managers respond to supply

interdictions by dismantling and reorganizing the imperiled cell sections and can reestablish customer supply links in two weeks (DEA, 1994).

When cells must grow, cell managers distribute their authority to a secondary front of section leaders, doling out responsibilities ranging from transportation and warehousing to wholesale customer delivery and credit collections. In this manner, the cell manager communicates a constituent part of his managerial strategy to each section leader. One-to-one contact with cell workers is no longer necessary. Compartmentalization and lateral differentiation of cell labor enable the cell manager to organize the cell in a way that reduces the visibility and accessibility of the cell manager to his workers, restricts overall knowledge of the enterprise, and diminishes the value of an arrested worker to the police. It is the obligation of the section leader to instill within the worker a sense of responsibility for successful productivity outcomes and to maintain the bonds of allegiance to the organization.

Except in the largest cells, such as the Herrera cells in New York City, where the activities of the labor force are diverse, a cell manager may allow his workers to recreate, travel, or pursue other profit ventures between shipments. Such freedoms appear more related to smaller cell sizes and are facilitated by a great deal of trust and bonding between the cell manager and the worker. Because these privileges release the worker into an environment which customarily endangers the cell manager's illicit activities, cell managers must control the risks to themselves and the cell by keeping workers under close scrutiny.

The manager, or cell bosses, are always around the cell people. Always making sure they're not screwing up, because it comes back to him. The general rule is, I don't lose any money. The top guy in Colombia doesn't...never loses any money. The guy under the top guy never loses any money, because if he loses money, it's coming out of his pocket for the top guy. So, all down the line, there's got to be a justifiable way to rationalize why the money got lost. And, it goes all the way back to the cell manager. They don't lose any money, you lost the money, pay me. And they relate to it that way. So the cell managers spend a lot of time looking at their people, watching their people, socializing with them, checking on them. But it's a lot looser than people believe. And I think that makes it harder [for law enforcement] to deal with. Because there's not really any set patterns except when they're working. The days that they're working there might be patterns. Times that they have to do something. The rest of the time, it's all very loose

Juan Casador

It is also essential to the survivability of the cell that structure corresponds to function. Function represents the activities required to carry out the customer demands on the cell. The cell manager must be careful to balance the opposing forces which are the dynamics of these activities. These forces, the quest for material gain and the need to reduce or eliminate the risk of product or money loss, drive virtually all of the cell manager's long-term strategic and short-term tactical decisions. If either force is given an opportunity to control a particular transaction, it will seek to eliminate the influence of the other force. Expanding opportunities for material gain require increased quantities and shipments. These increases are most often generated in response to an expansion of the customer line. Because it is too risky to maintain cocaine inventories, transacting multihundred kilo shipments to an expanding network of customers involves pressing more cell workers into service to meet demand schedules.

Cell managers who pursue opportunities to expand their customer line may also seek to broaden the internal functions or widen the responsibilities of the cell by integrating subcontracted components. If a cell manager increases the lateral task differentiation of a cell, it is often to integrate those components which separate the cell manager from the source of the cocaine, such as border smuggling, warehousing, and cross-country transportation, all of which facilitate the process of cocaine distribution to the wholesale level. Integrating these additional elements allows the cell manager to control, if not substantially reduce, the external risks and costs which accompany dependence upon subcontractors. The cell manager may now staff the functions with additional cell workers, who must adhere to the discipline and internal codes maintained by the rest of the cell.

The illicit nature of the commodity and environmental uncertainties create dynamic market settings for bulk cocaine distribution. Dynamic environments present both risks and opportunities to the cell manager, who has the opportunity to adapt to the fluctuations. Because risk operates as a constant in the environment in which cells must carry out their distribution activities, cells always function on the brink of disaster. A cell manager must shape a cell in response to this risky environment. Interdiction events, or even the suspicion of law enforcement scrutiny on cell activities, triggers an internal response and initiates an immediate and procedural cell transformation.

Product Inventory

In legitimate settings, buffering and stockpiling carry organizations through external shocks (Miner, Amburgey, & Stearns, 1990; Thompson, 1967). Maintaining inventories insulates legal commodity distribution from supply shortages. There is no similar utility in the Colombian tier of the cocaine trade, although cocaine inventories could act to insulate prices during police crackdowns. Unlike legitimate settings cocaine inventories do not reduce risks, they impose them.

No, I can't see how they can stockpile, because it's all accounted for. They know that they sent 2,000. And they're marking them off. And they know how much the manager has. The only way he can stockpile is if he is buying for himself. Otherwise, it's stockpiled, so to speak, in their stockpile (outside the United States). But it's being sold. It's being sold. It's very seldom that they'll sit on it.

Juan Casador

No, the manager couldn't really sit on it and store it for a rainy day in that sense. They want to turn it over down there as fast as they can. They want to get it into money. There's less danger with the money than there is with the drugs.

Juan Casador

They always try to get rid of everything, the sooner, the better. Even with money. Once you count the money, it's gone. It changes hands right away. The less amount of time...we have a policy...the less amount of time we spend with merchandise, the less amount of time we spend with money, the better for ourselves. Because every time it changes hands, it changes responsibilities.

Carlos Jimenez

They don't like to store the drugs. They like to get it to the customers and get rid of it. Because the more you store the drugs, the greater the risk of it being detected. That's why they like to get it, give it out to the customers,

and then wait for the money. Get the money, count it, and send it out. Send it out either through money launderers or they put it in appliances or things like that. Get it out of the country. They don't want to stockpile anything.

DEA SA Carlton Starling, NYDETF

Reuter and Haaga (1987), in their study of the behavior of cocaine wholesalers, reported their claims that modest bulk drug inventories were maintained. If the interview data in this project appear to take issue with that finding, it should be remembered that Reuter and Haaga's sample plied its trade in the early to mid 1980's, a time when the activities of trafficking organizations were encumbered less by enforcement pressures than by the need to respond to insatiable wholesale demand. The disutilities of stockpiling in today's distribution markets is the increased dangerousness and sophistication of the enforcement environment in which it must take place.

Hold onto it...no way. Especially in cities like New York and Miami where there are plenty of customers always. For that reason, it is very unusual that you hear of 1,000 kilos that the police found. Because when 1,000 comes, they are going to make the deliveries quickly. If 500 comes, they will make the deliveries very quick because money comes the next day. Or, maybe the same day.

Oscar Fernandez

Nobody likes to sit on money or product. If the product doesn't belong to you, you might as well get it out of there. And, if the money doesn't belong to you, you get it out of there. Because if it gets busted and you're in possession of it, that means you're responsible. And nobody wants responsibility. It's not a good idea to hang onto 500 kilos of cocaine, because what you want to do is send it out as quickly as you can. That way you have five different people holding the product. That way you can't lose all 500 kilos at one time.

Raphael Lopez

Throughout the 1980's and 1990's, skyrocketing United States demand for cocaine led to the formation of complex Colombian distribution networks with increased capacities for distribution. Sophisticated concealment techniques and methods of commercial transport followed and augmented this market growth. In the early 1990's, shipments of 500 or 1,000 kilos increasingly became common market-delivered quantities. To cloak the transfer of these larger shipments to wholesale customer networks, some cell managers rented industrial warehouses. Cocaine warehousing and bulk transactions to wholesale customers invariably occurred in crowded urban settings, which acted to shield drug distribution activities from law enforcement.

Stockpiling cocaine increases search costs to find new buyers to clear stocks, prolongs the cell manager's debt and responsibility incurred by possession, and increases the opportunity for interdiction during the activity to deplete the stock over time. Another cost of customer searches required to deplete inventories is the disclosure of the scope of involvement in distribution activity to those prospective buyers, whose discretion, loyalty, and credit have not been established (Reuter, 1988). In practice, bulk cocaine stockpiles in local markets seldom occur, because cell managers are quick to communicate schedules and quantities with wholesale customers, often as soon as the shipments leave Colombia.

Before the stuff is sent to the United States, the manager already has the knowledge of the shipment. So even before they start to send the stuff in, the manager already gets in touch with the wholesalers. It is a real quick operation once the stuff is in the trucks and out of port. The customers already have beeper codes to know what time, which place, to pick up their

stuff. Let's say a thousand kilos to ten customers. Each customer is going to pick up a hundred kilos. And it disappears just like that. It could be overnight.

Pablo Molina

In the event of a surplus shipment or an unreasonable kilo price which burdens a cell with excess and unmovable stock, cell managers quickly interact with their wholesale customers and superiors in Colombia in an effort to find a mutually agreeable, reduced kilo price, in order to transfer the product accountability to the customer.

I'm going to ask for permission from my boss in Colombia, and say that we're having problems with the price because of the situation. You know, nobody wants to pay 21,000. I mean, if we put in a house it's going to cost us money and create risk. Why don't we get as much as we can, and just get it out of there.

Pablo Molina

While the disadvantage of stockpiling cocaine at the local cell level is apparent, buffering does occur during the freight-forwarding process and prior to importation into the United States. At this early stage, the process of stockpiling is safeguarded by entrenched and large-scale police and political corruption. As the dominant middlemen in the shipment of cocaine into the United States, Mexican trafficking organizations are protected by corrupted police forces and political officials who are faced with the choice of "silver or lead" (Schaffer, 1996). In exchange for 40-50% of the cocaine, Mexican traffickers will take receipt of the shipment from the home office, stockpile it in northern Mexico, and then transport it to an importation site within the United States, such as Houston or Los Angeles.

I don't know how the Mexicans work, but we only know that we drop the merchandise in Mexico, and they bring it here. It gives you less headaches. You just know you're going to drop the merchandise in Mexico and, after that, it's up to them, right? They bring the merchandise to the States, you pick it up, and that's it. So, it's 50%. That's a big number. I have no idea how they got to this agreement, but it's 50% of the product.

Carlos Jimenez

Unlike their counterparts in the lower distribution levels, Colombians generally conduct their transactions in large quantities. Because five kilos exposes the possessor to a first-degree federal drug offense, there is a disproportionate relationship between risk and the profitability of distributing large quantities. Product accountability is a prominent source of concern for the cell manager; the worst fear is realized if an interdiction opportunity results from the cell's unnecessary holding of cocaine or money. Oscar Fernandez plotted a timetable for the delivery of 500 kilos of cocaine.

He wants to give it away in three or four days, 100 at a time, 100 another time that day, the same thing the next day...two, three, four days. They don't want to have the merchandise because they are responsible for it. Nobody wants to have it. And the guy [customer] who receives the 100, he wants to move in three or four days - 20, 20, 20 - and then collect money, collect money, collect money.

Denied the safe means to stockpile in the distribution marketplace, home offices reduce the impact of interdiction inside the United States through participation in collusive agreements. Such agreements share international bulk shipments of cocaine and distribute the risks of transportation among several organizations seeking delivery to the same

regional market. Notwithstanding comparatively low and random interdiction successes in this country, a cell's supply is buffered even further through the establishment of these agreements. Because these agreements are negotiated in Colombia, organizations also dodge the security problems which arise from similar linkages or consortiums among cells at the local market level. It is precisely the absence of intercell linkages at the local level which reduces environmental threats on the cell. Organizations that choose to stand alone and not participate in a policy of shared transportation risk stand to suffer total product losses from interdiction and will incur supply scarcities which may test the patience of even the most disciplined and loyal customers.

The production schedules of the most active cells may not exceed two to four cocaine shipments per month. Because of this relatively low output, peak performance levels need not be sustained in the face of infrequent shipments and lengthy intervals of downtime. Cell managers keep their cell structures simple, because their activity is narrowly defined, periodic in nature, and cued to the supply needs of their customers. Because cocaine inventories cannot be maintained for the reasons already given, cells perform optimally when shipments arrive and they work feverishly without pause to accomplish short-term wholesale delivery and collection obligations.

Product Accountability

We were allowed to run our own business our own way, and it was our responsibility. In other words, let's say they give me 500 kilos, alright? The guy down there don't care, don't give a damn who's working for me, so long as I'm responsible. He knew where I lived, he knew where my mom and

father lived, my nephew, everything about my family. So, he could trust me with 500 kilos. It's not that I just came in from somewhere and he gives me 500 kilos. He knew everything! Plus, I have people that know me and recommend me down there.

Carlos Jimenez

The process of Colombian bulk cocaine distribution in the United States operates within a system of referrals and collaterals. Few trafficking organizations and wholesale customers possess the enormous assets needed to front the expense of a multihundred kilo cocaine shipment. In order to distribute cocaine in quantities sufficient to satisfy wholesale demand, credit is ordinarily extended to the customer and payment schedules are established.

Although cells carry on high-volume sales, their transactional activity over time is relatively small compared to the activity of the lower markets. This results from the extremely high risk of holding product and the reasonable expectation that increased transactional activity also increases one's exposure to law enforcement. In the Colombian drug trade, every transaction between Colombia and the wholesale customer imposes or removes product accountability and transfers responsibility for payment.

When one speaks of accountability within Colombian trafficking organizations, they are referring to financial liability. Cocaine supplies may be lost for a variety of reasons, but the process of remittance continues. Unquestionably, a cell manager is liable for payment if product is lost through the carelessness of a cell worker. The cell manager is also liable when the product is lost through the negligence of a customer, provided that the cell

manager was solely responsible for initiating the customer relationship.² A cell manager will inform the customer that he is liable for the loss, but the home office will not be sympathetic to that quandary and will continue to hold the cell manager accountable for the payment. Even if the customer has been arrested, the cell manager must persist in his efforts to collect the money for the loss through the customer's associates or family members.

Oh, man, you try to collect that money, no matter what. You try to get his house, his car, his savings, everything. Because, you see, in reality that's now all your money. That's your boss's money, and you got to go after everything, because if you owe the money to the boss, the boss will come after you, and all your assets.

Carlos Jimenez

He [the cell manager] is responsible [for a supply loss by a worker] because he should have picked his workers better, and he assumes the debt. Let's say the cell boss receives 500 kilos and buys 100 for himself. And the other 400 are going to whatever customers the bosses in Colombia tell him. One hundred to this one, 50 to this one, and so on. He takes 100 out for himself to distribute to his own customer, 50 to this one, 50 to that one. If some of his customers get caught, he [the cell manager] has to pay. Not the organization, because that's his problem. He bought it, it's his merchandise. But if one of the boss's customers gets caught, the organization assumes that. And then they will come and try to find some guilty guy from whom to collect the money, anyway. The transporter from Houston, the customer, whomever. They try to find somebody.

Oscar Fernandez

² Cell managers are often permitted, and even encouraged, by the home office, to develop their own customers. Cell managers are invited to purchase portions from incoming shipments and, in addition to their monthly salary or per-kilo commission for distributing to the home office's customers, they will gain additional profits from personal distribution.

Say I have a million dollars that's going to you. Now, I deliver to you. You get caught with the million dollars. My debt's done. Now it's your problem. And it goes that way. My accountability is done as soon as it leaves my hands. And you'll say that I brought the heat on you. And my response will be, well, if I brought the heat, why didn't they lock me up? So they are always trying to off it, to lay the blame on somebody else because they don't want to be held responsible for it. Now, as a customer, I give you a hundred kilos. And you get locked up with a hundred kilos. You know what? You're out a hundred kilos. And you can't sell it. But you still owe me for a hundred kilos. It's not my fault that you got locked up. It was okay when I gave it to you. And it still holds true that if I brought the heat, then why didn't they lock me up? That's what we see all the time. Every time there was a NYDETF seizure that would happen.

DEA Special Agent Michael DeFrancisci, NYDETF

Financial responsibility for customer loss of cocaine supplies shifts to the home office if the credit relationship with the customer was established from Colombia and not at the local level by the cell manager. If this occurs, losses are simply written off and replaced as needed.

There are certain things that they write off. If it was a true business loss, they would write that off. If the people in Colombia ordered [the cell manager] to give this guy [wholesale customer] a hundred and fifty kilos, and he got busted, they would accept that and write it off. Now, if the cell manager chose to give the guy the line of credit...well, the manager's responsible.

Juan Casador

A cell manager challenged by a culpable customer's inability to pay for a product loss is either forced to take action against the customer or negotiate a payment plan with the home office to resolve the debt. A customer in debt to the organization for one to two

million dollars of lost product may be dispatched an equivalent or greater supply of cocaine and be asked to cut or eliminate his own profit margin until full payment is satisfied. Such a resolution is generally favorable to the home office because it maintains the integrity of the customer line.

Accountability also extends to the home office. The home office is responsible for the flow of cocaine into the United States and money to Colombia. For the cell manager, accountability ends at the terminal points under his control. If the cell manager assumes the task of overland transportation from the border, he also accepts accountability for the shipment at that point. He does not again relinquish accountability until the proceeds from that shipment are in the hands of the money launderer, who is either employed or subcontracted by the home office. Accountability for the cell manager generally begins and ends with these two suborganizational transactions. It would be unusual to see the accountability of the cell manager extend outside the boundaries of the United States.

From my point of view, I was always quick at getting rid of the money. I guess my point of view was always distribution, and sometimes, importation. The quicker I got rid of money, the quicker my responsibility ends. If they caught that person [the organization's money launderer] with five, six, seven, eight hundred, nine hundred thousand dollars in cash, and they lost it, and they had it on their money people, it's not my loss. I don't have to answer for it.

Raphael Lopez

If the domestic overland transporter, as a separate and subcontracted component of the organization, suffers an interdiction, the transporter is usually not held responsible. Overland transporters cross literally thousands of police venues en route to a distribution

market and are prey to well-trained and perceptive highway drug interdiction specialists. Commercial modes of drug transportation, because of their increased capacity and preferred use by Colombian trafficking organizations, are subject to even greater levels of enforcement attention. In the event of a random interdiction, the transporter not only loses the shipment, but also his wages, workers, and equipment. The Miami interviews revealed that Colombian trafficking organizations do not hold a transporter financially accountable for the loss.

For example, I give the merchandise to the transportation people. They are responsible to me in case they steal the merchandise. If the police come, they don't have to pay me. Always, or 95% of the time, the transportation people don't have to pay if the police or other law enforcement caught them...they don't have to pay. Because they lose their equipment...their people. That's the way for transporters in Colombia and in Mexico. The transportation in the United States, same way. If the police catch them, they don't pay because they lose their people.

Oscar Fernandez

Despite low kilo costs and abundant supplies in Colombia, trafficking organizations with sophisticated distribution structures in the United States adopt a war room mentality when confronted with an interdiction of their supply. Paranoia and fear of U.S. law enforcement runs high, particularly with regard to the risk of wiretaps or informers within the organizational rank and file. Organizations hire and richly-compensate American lawyers to obtain police reports, interrogate arrested workers, and submit motions of representation to prevent further access and damage by the police. The home office may also opt to shut down their supply lines until the circumstances of the seizure have been

adequately determined. Juan Casador described the extent of an organization's search for accountability in the case of an interdiction.

They might have two incidents going on at the same time, and I've been in a room where there is two different boards going on. Forward from the bust, what happened, and the people involved in it. And they're trying to accumulate newspaper clippings, information from attorneys, and information from other employees relating to every person involved in that. And they try to go backwards that way. They have to justify it. They have to come up with someone. Someone has to be...whether it's that person or not...they have to determine if someone did it. And that person dies. If they're fairly sure that the person did it, they'll probably run him down and torture him. If they're really not sure, and they need a scapegoat, they'll just kill him, and get it over with. Because they have to go back to the big boss.

Kilo Price-Setting Influences in U.S. Distribution Markets

Enforcement and fluctuations in supply and demand both impact the wholesale kilo price of cocaine in the United States (Riley, 1996). McCoy and Block (1992) reported that wholesale kilo prices in U.S. cocaine markets are set in Colombia and communicated to cell managers in the United States. This centralized decision-making process was evident throughout the Herrera investigation (U.S. v. Herrera et al., aff'd, Jan. 17, 1991).

1/19/90, 3:00 a.m. - John [Alonso Martinez] said he was giving Antonio [wholesale customer] 18 [meaning \$18,000 per kilogram], and Palmeras [wholesale customer] 13. Mata Siete [Ramiro Herrera] asked if John had confirmed it with the town [home office]. John stated that he had spoken with Muelon [Hernando Herrera], and that was what Abuelo [Helmer Herrera] wanted.

This decision process removes price discretion from the cell manager and creates a highly centralized and bureaucratic decision-making process by the home office. This price-setting approach would not be practical, however, if Colombian distribution markets were competitive and other cell managers had the ability to set price differentials for customers. Findings in this project indicate that both the home office and local cell managers contribute to the determination of the wholesale market price of a kilo of cocaine.

Wholesale prices reflect perceptions of risk (Reuter, 1988). Because of risk, the price of a kilo tends to destabilize along the route to the distribution market, with risk premiums mounting as the distance to market or the length of distribution chain increases. Situational factors, such as enforcement pressures, may also intrude upon the market stability of the wholesale price. The threat of en route drug interdiction imposes a risk to the trafficking organization, and the organization responds by charging the customer with a tariff (Reuter & Haaga, 1987).

Trafficking organizations compensate for the significant risks of U.S. distribution by offering their cell managers and customers an insurance policy built into the kilo price. The protection is costly, but guarantees that, in exculpable product losses, such as random interdictions from the police, the product will be replaced quickly and at no additional cost to the recipient. This indemnity accounts for a 400-500% increase in the kilo price upon arrival in the United States. The basis for this insurance premium is described by Juan Casador:

They were losing planes, so it made sense to get a bigger plane and take a bigger load. And they started insuring the loads. They were talking about buying kilos down there at the time for \$2,000. I buy my \$2,000 kilo. I give it to you [the pilot]. And I pay you your fee. Now, if your airplane gets lost, I'm out...so, the people down there started guaranteeing delivery by charging a fee. At one point it was seven, eight thousand dollars, covering a \$2,000 kilo and a delivery service. It meant that your \$2,000 kilo suddenly cost you \$12,000 delivered in the United States.

Two conditions describe the relationship between the U.S. cell manager and wholesale kilo prices. First, the negotiable nature of customer agreements and needs requires that the cell managers assert some measure of control over the per-kilo price. Local fluctuations in the wholesale price of a kilo of cocaine would, therefore, be guided by the cell manager's ability to negotiate with customers and understand the nature of product demand.

Secondly, cell managers or the home office enter into shared market, collusive agreements with other organizations so that kilo price quotes are fairly uniform reaching local markets. Although the findings of this project suggest that there is little competitive pressure in the local marketplace, adherence to locally sponsored, collusive agreements would still seem unlikely, because there are no barriers to the entry of aggressive, novice distributors who could generate antagonistic market conditions that would doom such agreements. Also the noncontractual and unregulated nature of illicit markets make such agreements superficial, because they are difficult to enforce (Kleiman, 1992).

Finally, price discretion can be removed entirely from the cell manager and placed under the control of the home office. This situation weakens the authority of the cell

manager and suggests the presence of a regional wholesale price for a kilo of cocaine that is insensitive to local market conditions.

A more reasonable view is that kilo price fluctuations in local markets are based upon objective and subjective managerial criteria, such as customer preferential treatment, quantity discounts, or other premiums imposed by the cell manager to encourage the purchase of larger quantities. While this project did not find business relationships among cells at the local level, collusive agreements over price and supply can and do occur at the organizational level, and local customer negotiations with cell managers and workers were common.

Because product quality and purity at this level is relatively constant and supplies are unadulterated, customers can only negotiate price breaks based upon purchased quantities (Caulkins & Padman, 1993). If the wholesale demand for cocaine is price-elastic, wholesale customers may not be willing to accept kilo price increases unless those increases are tied to reductions in purchased quantities. Under price-sensitive market conditions, customers may elect to find new supply sources. This results in increased search costs, competitive pressures, and price instability within the market. Along the route from Colombia to the wholesale customer, kilo price stability holds until the shipment reaches the local marketplace, after which price differentials among customers represent the prerogatives of the home office and cell manager.

It was noted from the intercepted conversations of managers and workers in Herrera's M7 cell that wholesale kilo prices varied widely to customers over the course of

the investigation (U.S. v. Herrera et al., aff'd, June 20, 1990). Kilo price differentials among customers appeared to relate to purchased quantities:

5/21/90 - The unidentified male told Pancho that his price is too high, and asked if he could get credit. The male also stated that he was not making a profit. Pancho told the male that he has to pay 25 [\$25,000]. The male asked if he could have it [at that price] for 25 [kilos]. Pancho replied, 35 [kilos], possibly tomorrow.

5/22/90 - The unidentified male told Pancho that when he speaks to El Negro, he should talk to him about the product, and a price of 27-5 [\$27,500 per kilogram]. Pancho asked the unidentified male how much he was going to give El Negro, and he said five [kilos].

6/3/90 - Pancho [who was in Houston talking to someone in New York] then inquired how things were in New York, to which the unidentified male replied: 29% [\$29,000 per kilogram].

11/27/90 - Mata Siete told Jairo to knock down one dollar to \$22 [\$22,000 per kilogram], and then told Jairo what prices to charge various customers: \$19 [\$19,000] to La Mona; \$29 to Penazco; and, \$20 to Pena (U.S. v. Herrera et al., aff'd, Dec. 18, 1990).

7/16/91 - Dolores [Patricia Restrepo, the M7/M1 bookkeeper] called La Mona [Helmer Herrera's bookkeeper] in Colombia. Dolores reported to La Mona that the 240 metos [kilos of cocaine] received from Mongo went to Antenado, Pedrito, and Pachuca in groups of 80 at 11 [\$11,000 per kilogram] for Antenado and Pedrito, and 12 for Pachuca (U.S. v. Herrera et al., aff'd, Aug. 19, 1991).

In another intercepted conversation, John (Alonso Martinez) discussed a small multikilo cocaine sale with a customer. John provided a price for ten kilos, but offered a discount for 30 (U.S. v. Herrera et al., aff'd, Feb. 14, 1991):

1/20/91 - John called an unidentified male. During the conversation, the two negotiated the price of cocaine that John was going to sell to the unidentified male. John said that it was 16-5 [\$16,500 per kilogram]. The male wanted 16. They agreed that John would give the male 30 kilograms of cocaine at 16, or ten at 16-5.

Kilo price differentials within customer lines are also based on less objective criteria than quantity, such as trust and dependability (U.S. v. Herrera et al., aff'd, Nov. 19, 1990):

10/30/90, 4:52 p.m. - Mata Siete [Ramiro Herrera] spoke to Jairo [Alonso Martinez], and Jairo said that he had a check coming of 195 [kilos of cocaine], and that he was going to give it to Juano [a customer]. Mata Siete was concerned that it was dangerous to give it all to one person, and explained that Jairo should give 140 to Manny [a customer], and 55 to the other one [Juano]. Mata Siete also instructed Jairo to put it at 24-5 [\$24,500 per kilo] to Manny on El Tio's orders.

10/30/90, 8:16 p.m. - Mata Siete called Jairo, and Jairo said that Manny was complaining about the kilo price because a friend of his got it for 24, meaning \$24,000 per kilogram. Jairo also said that he gave some to Juano and Christian at 24. Mata Siete told Jairo not to give that amount to those people next time, because they are not to be trusted. Jairo could give it to Manny because he is responsible and can be trusted.

In classical economics, the law of one price holds that identical commodities will trade at or near identical prices. In the wholesale cocaine market, international producers or distributors share a mutual interest in profit maximization and may enter into an agreement over kilo price. Taken one step further, this would mean identical kilo costs to customers for identical risks shared by all the distribution cells in a market. Those risks can be measured by the distance between the importer and the local market.

Does interorganizational price collusion explain the temperament and stability of Colombian cocaine markets in the United States? Market stability is achieved because kilo prices are set in Colombia at the highest levels of each trafficking organization and because organizations are linked through the use of a very few international transporters. Only the largest trafficking organizations, typically, those with cartel voting power, have the means to move the huge quantities necessary to satisfy the supply needs of the larger, urban drug markets in the United States. In order to distribute the risk of transportation, and so that one organization does not incur a devastating loss, several large trafficking organizations will invest in a bulk shipment before it leaves Colombia for the United States. According to Juan Casador and Carlos Jimenez, these investors collectively set the general kilo price that their respective cell networks will sell to the customers.

I know for a fact that they sit down and discuss the price and, when they decide, when they get the load ready to go, the price is agreed upon in Cali, between the people that own the load. And there's no one man sending 7,000 kilos of cocaine.

Juan Casador

When you're selling, you see, it's like a common agreement. For some reason, everybody keeps the price at that level, because you're not bringing in the merchandise yourself. You're not bringing 50 or a hundred kilos yourself. It comes in a big shipment, and for that big shipment everybody's paying the same amount of money for transportation. So all the cocaine gets to the States at the same price.

Carlos Jimenez

Because organizations share international transportation, it can be said that the price of a kilo of cocaine is balanced at the United States border. Once the border has been crossed, new risks are imposed that create kilo price differentials which are cheaper on one side and expensive on the other (Reuter & Haaga, 1987). The biggest markups in cocaine prices occur between importation and destination. The first domestic price increase is referred to as the landed or imported price of cocaine and becomes effective just inside the United States border (Reuter, 1988). This price represents an accounting of all expenses required to reach the local market destination: processing costs in Colombia, international transportation by plane or boat to Mexico or the Caribbean, payoffs to corrupted officials, warehousing in transshipment points, and a margin of profit for the organization. The landed kilo price is the baseline upon which the cost of overland transportation must be appended, a sum which establishes the market-delivered kilo price. The market-delivered price is adjusted in proportion to the distance between the border and wholesale distribution market and explains why a kilo of cocaine is decidedly less expensive in Los Angeles or Houston.

It depends on where he's driving from and to. If he's driving from Miami to New York, I would pay him two to three hundred dollars a kilo. I would pay him that. So, if he's doing a hundred kilos, he will make \$300,000. From L.A., it's expensive. You give him 500 per kilo.

Carlos Jimenez

The very basic price for Miami today is 12 or 13,000 a kilo. Up in New York, it's about 16 or 17. In the Midwest, it's 18 or 19. And that's the price. That's what it goes for. You can sell all you have in Detroit, Michigan, today, for about 18-5 or 19. If you have a client in the Midwest who can take the

product, and if you're buying it down here [Miami] at basically 12,000 a kilo, and taking it up to Detroit, and selling it for 18-5, you're making \$6,500 a kilo. Times a hundred is \$650,000. There's still good money to be made.

Raphael Lopez

The home office establishes both the landed and market-delivered kilo price of cocaine. As stated previously, the final price adjustments which fix the wholesale kilo price are specific to the local market. At this terminal stage in the Colombian distribution process, the cell manager may impose much smaller kilo price differentials to either reward or discourage customers for the quantities they are purchasing.

Other adjustments to the price, such as discounts for inferior quality, require the consultation and approval of the home office. This occurred on several occasions during the Herrera investigation when the New York cell received a large shipment of poor-quality cocaine. To fully understand the following conversation it should be noted that, in July 1990, a high-quality kilo of cocaine was selling for \$28,000-\$30,000 in New York (*U.S. v. Herrera et al.*, aff'd, Aug. 19, 1990).

7/21/90, 12:08 p.m. - Mata Siete called Jairo, and Mata Siete asked about a delivery [cocaine shipment]. Jairo explained that he had not delivered it yet, because he was still delivering the other one. Mata Siete instructed Jairo and John to have the 150 [kilo shipment] alone, and start delivering the 514 [kilo shipment], and not to mix them. Jairo said that Abuelo told him that if it [the 150-kilo shipment] was bad, he could return it whenever he wanted.

7/21/90, 4:40 p.m. - Mata Siete called Jairo, and Jairo told Mata Siete that the "work" [cocaine shipment] that they gave him was no good, and that Abuelo said to leave the 150 alone. Mata Siete instructed Jairo to sell what he had for 21 1/2 [\$21,500], because it is a present, and like that everyone will buy it.

According to NYDETF personnel, Herrera's New York customers were sometimes deceived into accepting low-quality shipments.

They would try to screw their customers every chance that they could get. If they had a load of bad stuff, they would mix it up, put a couple of good ones in with the bad ones. That load of 586 kilos that we got, there were more bad kilos in that load than good - the stuff was watery, the stuff was wet, it was dripping. They didn't care. There is no honor among thieves here. Without a doubt they would tell you no...but the reality of it is that they would.

DEA SA Michael DeFrancisci, NYDETF

Once it reaches the distribution market, any additional kilo price adjustments, discounts or added costs, can affect the profit margin of the cell manager or the cell worker if those individuals have recruited their own customer lines. When a home office establishes a market-delivered price, that price will generally conform to the standard kilo price offered by most of the other trafficking organizations operating in that market. Using that baseline, the cell manager may offer a good customer a small price break, provided that he is willing to cut into his own profit margin. Larger quantity price breaks are generally beyond the affordability of the cell manager and must be negotiated directly with the home office.

Only at the highest levels, at that highest level of managers, are they going to negotiate price. If you're the U.S. manager, and they call you and say this is going to cost 18, and you say, look, I need to get it for 18-50, they are not going to deal with that. They say that it's 18. It's not like buying fruits and vegetables, or buying things in other places. Any negotiating done, any discounts done, if discounted...if you give me a discount on the

merchandise, the discount comes out of your pocket, not the pocket in Colombia. So it's got to come off the spread that you have, the spread at the manager's end.

Juan Casador

He [the U.S. cell manager] has a price structure which is the price of a kilo that has been quoted to him from Colombia. He's got a low bottom price - the cost of production. This is what it costs us [the organization] to make money. And he cannot go below that. It's like a car salesman. Here's your bottom line dollar. You can go to a computer and look at what it is. And he always knows what the bottom line dollar is.

Raphael Lopez

They [the U.S. cell managers] have the authorization or the power to make decisions about price. They know the levels, the lowest levels, that they can go. Now, talking about the manager in the United States...their pay is based on how much money they make per kilo. For example, if you receive a thousand kilos and your base price is \$15,000, you can do whatever you want from there.

Pablo Molina

As stated above, preferential price treatment to customers is often handled at the local level. Cell managers like Carlos Jimenez sustained the loyalty of their customers by showing a willingness to work with the customer over issues involving price and quantity.

You take care of some customers better than other ones. When you have a good customer, instead of charging him \$3,000 more, you charge him 2,000. You give him a break, so he can make more money.

On the issue of price negotiations with customers, Carlos Jimenez added the following.

The customer comes and says, oh, how much is this? Right now it's 15. He says, oh, man, no it's too high. How about 14? And we start making negotiations. Probably end up at 14-750 [\$14,750 per kilo]. But it's a negotiation. The more you negotiate...you only get what you negotiate.

The freedom of the cell manager to award kilo price differentials to his customer line is rather limited, because the stability of the market-delivered price discourages kilo price differentials as being either unprofitable to the organization or too expensive to the customer.

When you [the cell manager] raise the price of a kilo of cocaine, you just don't make a price. Because, you know what? If the market price today in Miami is \$15,000, that's what the market price is, that's what the market price is, and that's what the market price is. And you can sell it for \$14,500, \$14,800, \$15,100, or \$15,200. But you cannot ask \$16,500 for it. The market dictates the price. If the kilo price went up, it went up because it was the market price.

Raphael Lopez

Lopez's remarks emphasize just how much discretion he felt he could exercise within the price controls established by the local market he occupied. If demand and supply are stable, then the market becomes intolerant to price differentials. If the cell manager imposes a discretionary kilo price increase on his customers, he may risk losing them and be held responsible by the home office for lost profits. If a cell manager rewards a customer with a kilo price below the market standard, he may have to subtract that difference from his own profits. Therefore, as much as possible, Raphael Lopez pushed the home office to lower their market kilo price, rather than absorb the impact of local negotiations in his own profit margin.

Well, you always try to make the people in Colombia eat the shit. So, I say that I got to sell it for \$14,500. And everything is flexible and it depends on who the owner of the product is. Some people are assholes and they don't

want to cut the price. But some people are very flexible, and they say okay. When a guy in Colombia is making \$5,000,000 on you in one particular deal, he really doesn't care if he makes 4,750,000. Or I say to move it quicker, I'll have your money quicker if you drop the price. He doesn't care if he's making 4,750,000.

Kilo price wars in distant markets are rare within cartels in Colombia. Certainly, they have occurred between cartels, as seen in the early 1980's, when the Medellin and Cali cartels battled over control of the New York City market. Price wars within local markets over which a cartel exerts monopoly control would be quickly crushed. Casador puts it the following way.

They don't fight each other on that. They don't fight each other. I mean, there was nobody, nobody that would dare go undersell the next guy. Cause it's going to start a problem. And their problems end with bullets.

The need to transport an illicit commodity to market is an inhibitor to the growth of that market (Reuter, 1988). While Caulkins suggests that market efficiency and low interdiction rates erase price differences among distant markets, risks and prices still increase in proportion to the distance between transactions (Caulkins, 1994; Caulkins & Padman, 1993; DEA, 1994). This is because kilo price differences between distant U.S. markets are set by the perceived risks of reaching those markets. In the upper levels of the cocaine trade, where the manufacturing, processing, and wholesale distribution elements are thousands of miles apart, the risks imposed by distance are alleviated through trickery, deception, and concealment.

A lot of times they don't use their own transportation organizations. That way its safer for them because it is out of their hands. All the time these Colombians are not really paying for the transportation, the wholesalers are, because whatever price they receive depends on how much transportation costs are. Say the transportation route brings the drugs from Mexico to California. If you are a New York-based organization, and you decide you want to pick it up in California, your transportation costs are going to be cheaper. The farther they have to bring it into the U.S., the more the transportation costs are. Most times no one from New York, no Dominican or Colombian organization, is going to take a cheaper price and go and pick it up from California because that is more risk for them. The earlier you take possession of the product, the higher the risk. But because you don't pick it up earlier, the less risk you take personally, the more you pay for others to assume the risk. The transporter charges you a higher price because he is assuming the greater risk.

DEA SA Carlton Starling, NYDETF

Transportation subcontractors offer an exclusive service to the trafficking organization, supply the necessary personnel and equipment, and need possess only that knowledge of, and communication with, the cell manager that is sufficient to complete a shipment schedule. Transporters who smuggle drugs across borders into foreign distribution markets, such as the Mexicans trafficking groups, may also fulfill an additional transportation need for the home office by hauling cocaine stocks all the way to the local market, instead of dumping it at the border (Reuter, 1988). Placed aboard conveyances ranging from civil aircraft and containerized maritime cargo to interstate commerce carriers such as tractor trailers and rental trucks, cocaine is brought in bulk to the wholesale market. Delivering in bulk quantities effectively reduces the price per kilo which is attributed to the risks imposed along any given route. Risks are reduced even further if the shipment is divided among several organizations in a shared market.

The transporter must assume and be adequately compensated for the risk and penalty associated with the possible interdiction of a bulk shipment. For this reason, the cost of transportation has always figured prominently in the wholesale price of a kilo of cocaine, often as much as 70%, a price which includes all transportation-related expenses beginning in Colombia and ending at the United States distribution market.

Aggressive cell managers may seek to integrate this costly transportation function into the cell structure, but they also must be willing to assume the associated expenditures and energy required to operate this component. Capital must be invested in recruiting qualified and trustworthy drivers and in the purchasing of mechanically sound and nondescript transport vehicles. When commercial vehicles are the chosen method of conveyance, legitimate commerce activity must also be contracted to cover and conceal the illicit drug shipment. The cell manager must then impart the skills, housing, and salaries required to support this new component in the group infrastructure.

The integration of transportation into the cell can be a substantial and expensive undertaking and may necessitate a crossover of the cell's drug trafficking activities into the domain of legitimate interstate commerce. The expense of integration can be quickly recovered through greater profits realized by the savings of one-quarter to one-half million dollars per average shipment of from 250 to 500 kilos of cocaine. Moreover, cell managers who incorporate overland transportation may also defray the cost of this component by leasing these services out to other cells.

Where transportation components are brought into the cell structure, it is customary for the cell manager to meet the shipment at or near the border where the first U.S.

domestic transaction occurs. Cell managers with the added mobility of bringing their drugs from the smuggling entry point to market are also afforded the opportunity to purchase cocaine at its landed price.

Some cell managers engage in a form of arbitrage, purposely buying cocaine in one market and selling it in another to take advantage of the price discrepancy between them, by expanding their cells to integrate transportation. For example, a cell manager might take advantage of lower kilo prices by taking possession of the shipment in Los Angeles and bringing it to a higher priced market, such as New York City.

Let's say that, for example, I had a customer in New York, and he was paying 17-5, and I bought it down here [Miami] for 11. If I was paying a driver to transport, I would pay him \$50,000. I would give him \$500 a kilo. And that's paying him real good. I would split it up...if I had a hundred kilos...I would split it up between two drivers. Fifty kilos each. I'd pay them each \$25,000 and they would do it in a heartbeat. Transport it from here to New York. So, it costs me \$50,000 to transport my 100 kilos. And by buying it in Miami, I made myself an extra \$250,000. Two hundred and fifty thousand dollars, to anybody, is a lot of money.

Raphael Lopez

Reuter suggests that fluctuations in the price of landed cocaine are passed along to wholesale buyers who value supplier integrity and dependability over price in order to maintain desired profits (Reuter, 1988). In competitive wholesale markets, this is unlikely to occur because the nature of these markets offers customers the opportunity to search for the best price. In view of the enormous profits that are realized from sales at the wholesale level, infrequent and modest increases in the kilo price could easily be

absorbed by the cell manager who offers price breaks to increase the purchasing power of the customer. Provisional kilo price decreases generated by overstocked international inventories would benefit the cell manager through increased profits from wholesale transactions. The cell manager could offer his customers the assurances of a stable price by absorbing kilo price increases, while enjoying a profitable advantage from landed kilo price reductions.

Because cell managers are value maximizers, lateral differentiation and integration of supportive components are also reasonable assurances of good and least-expensive service within a local market. Integration allows the cell manager to control those cumulative kilo cost components that contribute to the market-delivered kilo price. Integration also reduces market-delivered kilo price fluctuations by eliminating the need to subcontract many of the services required along the route from importation to wholesale distribution. Because bulk cocaine transportation is a kilo cost component, skilled and prudent cell managers could increase their discretion over wholesale prices by exercising control over that component. The initial capital investment used to purchase vehicles, recruit trusted drivers, and establish connections to legitimate interstate commerce activity is promptly returned in greater profits per shipment.

Arranging for services, such as cross-country transportation and warehousing, not only incurs costs for the cell manager, but requires searches that increase the risk of exposure to law enforcement agents or informants. The cell manager, as the customer for these services, balances the prospect of a lower market kilo price against the greater cost of the search itself (Pratt, Wise, & Zeckhauser, 1979). The need for a risky search is

avoided if the importer who executes the border transaction with the cell manager also offers to fill the cell manager's broader transportation needs. In this instance, cocaine which is normally received by the cell manager at the border can be delivered to the market location at a much reduced risk to the cell operation. Assuming the additional role of overland transporter, the importer can charge the cell manager a transportation premium ranging from \$200 to \$500 per kilo, as quantities vary. This market-delivered kilo price is an assessment of risk factors along the route to the marketplace, such as distance, mode of transportation, or enforcement pressures. Oscar Fernandez summarizes the risks and costs to the trafficking organization of a transportation subcontractor.

To send it to New York, I will charge \$1,000 per kilo. They pay \$300 per kilo to the driver, maybe 25 or 30,000, altogether. Plus, 5,000 for expenses. We make 65, \$75,000 for one trip. It's a good business. You do one or two times a month, you will make 100, or \$150,000. They [the transporter] rather do that. And they aren't responsible if the police get the merchandise. They don't have to pay. If they have the problem with the driver, that's it. But not with the money. They don't have to pay \$1,000,000. The owner of the product in Colombia, or the buyer, has to pay. They take the chance.

The larger local distribution markets offer access to numerous transportation subcontractors, and cells observe reductions in the aggregate transporter search costs (Reuter, 1988). That is, the individual cell manager is not forced into a time-consuming search for independent contractors to provide a delivery service. This situation is preferable, because any searches must be conducted under conditions of persistent and impatient customer demand for supply. In smaller markets with less access and higher

search costs, a transportation price agreed upon as a result of a hasty search for a service provider may not have been the lowest price offered in the market for that service. The effect of hasty searches in otherwise stable wholesale markets is that profit margins from bulk sales may be reduced through the need to meet the supply needs of anxious customers. Higher kilo prices to maintain profit margins are passed along to wholesale customers who, in subsequent transactions, pass the increased costs down through the distribution chain. By making the transporter a cell worker, the cell manager gives his wholesale customers a greater certainty of uninterrupted supply, increases the cell manager's own reputation and the loyalty of his customers, and reduces the threat of unforeseen price fluctuations which may alienate his customer line.

As to the relationship between kilo price and purchased quantity, there is a minimum-quantity purchase set by the cell manager which offsets the risk of delivering to a customer. In establishing a minimum sale quantity, the cell manager sets a level, below which the risks of a transaction rise to unacceptable levels and distribution will not occur. This lowest minimum sale quantity may range between 25-50 kilos, depending on the distribution capacity of the cell and the size of the customer line. The minimum sale quantity may also be used by the cell manager to estimate the local market kilo price to particular customers. Sales made above or below the minimum quantity become subject to a price discount or a risk premium, respectively.

Price watchers are quick to associate fluctuations in drug prices with enforcement effectiveness. Home-based kilo price setters can create anomalies for price watchers by

creating artificial supply shortages for the sole purpose of driving up the kilo price. Juan Casador indicates the following.

It's very seldom that they sit on it. I mean, I remember, it might have been the winter of 1987 or 1988. They decided to sit on some for a while, and make the price go up. It got scarce in New York. It got scarce all over. Pushed the price of kilos up for a short period of time. It went up three or four thousand dollars. And they had it all the time, they just weren't releasing it.

Because there are obvious risks in inventorying cocaine in the United States, shipments can be held back in Colombia or Mexico for totally deceptive reasons. Loyal customers, who would rather wait for a known supplier than engage in a risky and impromptu search for a new source, are fed any number of explanations: plane crashes, interdictions in Mexico or on the United States border, or Colombian law enforcement pressures to account for the delay. After complaining to the customer about losses and the high cost of replacement, the organization completes the scheme by increasing the local market kilo price and delivers the original shipment. Juan Casador suggested that, within a Colombian cocaine cartel, leaders may collude to stall the distribution activities of a foreign market, in order to artificially drive up prices and profits.

Chepe [Jose Santacruz Londono] may say, I'm not letting any out, and maybe Pacho [Helmer Herrera-Buitrago] won't let any out. Pacho has several choices - let it out and let the price stay down, or let out a lot and deflate the price, or sit on it and do what Chepe wants to do - bring the price up, which is better for everybody. Because if you deflate the price, you might piss somebody off.

While maintaining cocaine inventories is generally discouraged among U.S. distribution cells, they are sometimes unavoidable when regional law enforcement pressures or unanticipated customer shortages force organizations to move stocks from one cell to another. During the Urdinola investigation, Ilbanober Ortiz, a money manager in Miami, attempted to purchase a shipment of cocaine for his own personal distribution. His conversations with a supplier in Colombia (U.S. v. Julio Urdinola, aff'd, 1993) pinpointed two cocaine inventories in Los Angeles and Chicago and revealed a willingness on the part of the supplier to give credit, a price break, and delivery to New York as a means to move the stock along.

February 15, 1992 - Ortiz spoke to an unidentified male in Colombia. During this conversation, the male tells Ortiz that he has 100 kilograms of cocaine in Los Angeles, of which Ortiz can have 50 on consignment...After this phone call, Ortiz made a series of calls to a male and a female in New York, in which they began to make arrangements to pick up the 50 kilograms in New York.

February 17, 1992 - Ortiz again phoned the male in Colombia and spoke of the cocaine in Los Angeles. They agreed upon a price of \$10,500 per kilogram. Following this conversation, Ortiz made several telephone calls to airlines in an attempt to confirm reservations to Los Angeles. Later, on the same date, Ortiz again spoke to the male in Colombia. The male directed Ortiz to call New York because there was enough stuff there. Ortiz asked what kind of stuff and the male replied the stuff you put in your head. This is believed to be a reference to cocaine. The male also said that there were 500 kilograms in Chicago at \$9,000 per kilogram.

Law enforcement pressures and political events in Colombia can create real scarcities in distant cocaine markets and generate landed kilo price hikes. Oscar Fernandez attributed dramatic kilo increases in New York City in 1990 to two devastating

political events in Colombia which resulted in a massive, internal crackdown against the cartels.

When Lara Bonilla [the Colombia Minister of Justice] got killed in 1984, the merchandise was \$12,000 per kilogram. One month later, a kilo was 30,000 in the United States. Just one month after that everybody stopped working and stopped sending merchandise. And the price stayed up until everybody was reorganized and everybody came back to work again and was sending more merchandise. The same thing happened in 1989 because of a lot of press over the work people in Colombia. The police went to their houses and farms and labs. And they scared everybody, and everybody stopped working, and stopped the merchandise.

After Galan [Luis Carlos Galan, 1989 Colombia presidential candidate] got killed, all the trafficking in Colombia stopped. That was the real reason for the 1990 price increase in New York. Everybody ran. The people from the cartel and outside the cartel. They dumped their labs, their routes, their transportation. In Colombia, a lot of people stopped work. Extradition started up again, and there was a big persecution against them [traffickers]. And the price became high in the United States because everybody stood still in Colombia.

The war against the cartels in Colombia in 1989 and 1990 dramatically curtailed the supply of cocaine to the United States. These international shortages were further aggravated by four major cocaine seizures inside the United States during the same period. Collectively, these seizures totaled over 40 metric tons (DEA, 1993).

Relational Skills

Relations to Cell Workers

Vertical differentiation in legitimate corporate settings manages the worker/employer relationship in the interests of efficiency and productivity. In implementing subordinate authority levels within the cell, a cell manager achieves a balance between the risks and the profits of marketing a high-volume, illicit drug commodity. Where face-to-face interaction between the cell manager and the worker is weakened through differentiated roles, reputation remains an effective means of maintaining internal discipline.

Because Colombian cell managers must surround and insulate themselves with a cadre of unquestionable loyalty, they exercise particular caution in the selection of their cell workers. The selection process begins in Colombia, where prospective workers may be required to fill out employment forms or participate in interviews which divulge all of their biographical and family background information to the organization. Discipline begins here; contingent upon employment, every family member disclosed to the organization has become a hostage to the loyalty of the employee. Carlos Jimenez described his own initial job interview with a cocaine trafficking organization in Colombia.

When they first checked me out, and this is a true story, the person who checked me out asked the first question: what's your mom's name? And I gave the name, and they knew about where I lived, what I do, what my family did for a living, my father's name, my home number, everything. Once they have that information, they have a green light for whatever they want me to do in the organization. That was the insurance, the family. Because family

to us is very, very important. You see a drug dealer from the slums and the first money he makes is used to buy his mom a house. Everything we did was like that. That was like automatic. So, between Colombians, family is a very important thing. Once they have control of that you can do whatever you want to. You can get merchandise, you can get a transportation job, you can get anything. But that was how they controlled you, through your family.

The recruitment of cell workers customarily occurs in Colombia. The applicant process can be quite thorough, beginning with an investigation intent on verifying the candidate's background and that of his extended family and concluding with a personal interview at the highest levels of the organization. Before being dispatched to the United States, prospective cell workers might be summoned to the Cali home office and made to sit before the likes of a Gilberto Orejuela, Helmer Herrera, or Jairo Ivan Urdinola, who would issue personal instructions and warnings concerning the worker's obligations to the organization.

Those people [organization leaders] had the final conversation with everybody that went out of the country and worked for them. At some point or another they all sat down and talked with them...ten minutes, twenty minutes, two hours. They were given basic instructions on what to do, not to do, and how to deal with it.

Juan Casador

Worker recruitment preferences reflect the organizational philosophy and temperament of the organizational leader, who might favor education over street smarts and self control over aggressiveness. According to Juan Casador, the differences between workers in the Jose Santacruz Londono and Helmer Herrera organizations were striking,

even though these two cocaine barons shared shipments, distributed in the same U.S. markets, and often colluded to protect and preserve the broader business interests of the Cali cartel.

Between the two organizations, there would be a similarity in work distribution, or the work that's required of the cells. But I think that you'd find a lot...a better grade of worker in the Herrera cell. When you're dealing with the Santacruz cell, you're dealing with people that came into this country and started scamming right off the bat and were crooks. Criminals and petty criminals that got into something, and saw drugs as just another business that they could get into. And they got into it. When you're dealing with the Herrera organization, you're dealing with people that are college educated and are getting into this because they want to make money and don't look at it as a criminal enterprise. Whether in fact or not it is criminal, they are not entering into it as criminals from Colombia. The people that were in the Santacruz organization that were here were criminals, and just entered another form of criminal life. And I think you find two different groups of people because, through the Herrera organization, you're finding people that are looking for people that are educated and want to do better. And so they are being talked to, and being brought along by a higher class of people, whereas, if you go back to the Santacruz organization, you are dealing with a lower class of person. A guy that may be doing well, and may have a good business, a good business front, a good business acumen, but he's still a thug, or close to a thug, or a car thief, or something like that. And I don't think you get that...I think what you get with the Herrera people is what you get with a bunch of white-collar criminals as opposed to street criminals, which is what you get with the Santacruz organization.

Juan Casador

Following the arrests of the more prominent Cali coalition members during the early 1990's, elevation to organizational leadership was passed on to the next generation of family members. When Jose Santacruz Londono was killed by Colombian police following his escape from prison in 1993, his daughters stepped in to assume control of the

organization. Similarly, the sons and daughters of the Orejuela brothers and the immediate family of Helmer Herrera also rose to prominence in those organizations after their arrests in Colombia, although their fathers arguably have continued their reign from behind bars. Juan Casador believes that this transition in leadership has also brought about a change in leadership style and spawned an effort to replace the intrepid worker of the 1970's and 1980's with a more stable, family-oriented worker seeking enrichment through long-term employment.

I think that Santacruz's daughters are running the organization now. Now you're getting younger people, well-educated people. And I think you'll start finding, going back through their organization, changes that go back to right after the old man got arrested, maybe prior to that when he was on the run, that the girls were doing more about running the organization. But I think you'll see the changes in that organization with people that have been educated, college educated, and well versed in a number of things. I think you'll find the same thing in the Rodriguez organization. If the Orejuela organization ever picks itself up again, I think you'll find that there, too. Because now they're going to go through a thing of bringing in the younger people. The older people are gone.

Casador's statement suggests that there is no hard and fast rule as to gender preference in the leadership of Colombian cocaine organizations. Although Colombian males clearly dominate the membership and leadership of trafficking organizations, most of the Miami respondents had no misgivings concerning females in the ranks.

The owners of the product don't really have a problem with using men or women. Not if you have somebody that's sharp enough, and can handle the assignment. You see, it's one of the things that they've not taken from the Italian crime families. The Italians are only a male type of organization. No,

they're more receptive. If the woman can do the job, and she can handle the situation, they'll put her in there quickly.

Raphael Lopez

Juan Casador was explicit in his recollection of a female assigned the role of cell manager.

In the incident that I'm speaking of, a woman was given the job of cell manager by the overall boss. Once it was functioning, it was no problem. But, the overall boss decides. Because he trusted the person, and thought the person would uphold her end of the agreement and the responsibilities of that job, such as deciding someone had to be eliminated. And that the person was capable of being cold enough to deal with the problems. I don't think that gender has a whole lot to do with it. Because it's not a thing of the cell manager actually having to go out and intimidate people physically themselves, you know what I mean? They may have to go out and talk to someone, and come over and say, look, you have to do this or this. And if that doesn't work, then they go back and they get on the phone and they say, look, this guy is not going to do this. And, then they're told, either you deal with it or I'll send someone to deal with it.

Juan Casador

Women are used sometimes to pick up merchandise, to pick up money. Yeah, some people prefer women to do that. Because some people think that women will be less suspicious to the police. Some people even use old couples. Like 70 year old persons, or 50, 60.

Oscar Fernandez

An examination of both the Urdinola and Herrera organizations reveals that women were used often as "vigilancia," or stash house sitters, and in the role of "auxiliar de oficina," or bookkeeper. In the Herrera organization, Patricia Restrepo handled all accounts for the M1 and M7 cells and communicated on a daily basis with La Mona, Helmer Herrera's bookkeeper in Cali, Colombia. Amparo Castano, Helmer Herrera's aide-

de-camp, recruited hundreds of Colombians for the two New York cells and arranged for their transport to Mexico and across the border into Texas. Sondra Rodriguez, Margarita Ortiz, Marie Botero, and Yolanda Reyes were all arrested in 1990 and 1991 as workers for Ramiro Herrera's M7 New York cell.

For her part in the Urdinola organization, Maria Zaida Guterrez shared decision-making authority with her husband Alvaro in the supervision of the organization's Chicago cell. Wiretaps intercepted Maria Guterrez as she negotiated wholesale kilo prices with customers, established credit relationships, and gave workers their cell assignments. Alicia Correa-Jimenez was arrested in 1992 as a worker for the Chicago cell. Correa recruited customers for the cell and assisted other workers in the preparation and transfer of bulk money shipments to Urdinola's couriers.

An examination of the Herrera organization found many females within the worker and customer ranks. Many sat vigilantly in cocaine and money stash houses, while others carried out low-level cocaine distribution for the M7 cell. Maria, for instance, ran her own customer line as an M7 cell worker, typically distributing quantities under ten kilos. A skilled price negotiator, Maria showed little patience for clients who fell short of their financial obligations. Maria was quick to summon Herrera's enforcer in New York, Gigi, to kidnap and interrogate slack customers or threaten their families.

Several of Herrera's female workers found themselves in the cross hairs of the NYDETF and received the penalties for drug trafficking in the United States. Sandra Rodriguez, a house sitter who was favored by the head of the M7 cell, Ramiro Herrera, was arrested in September 1990, at a mid-Manhattan stash location, where 140 kilograms

were seized. Patricia Restrepo, also known as Dolores, kept the books on Herrera's entire New York distribution and money-laundering operation until she was also apprehended in December 1991.

The disutility of large labor forces in cells is that managers like Ramiro and William Herrera received a steady stream of unfamiliar faces to staff their New York stash houses and money-laundering operations. New workers often came to the M7 cell with little or no prior experience in the drug trade, no history of other criminal activity, and were typically more educated than cell workers from other organizations. Many had chosen a drug career path rather than suffer the misfortunes of poverty so prevalent in their native countries. Due to their inexperience in the drug trade, Helmer Herrera's cell managers and section leaders were saddled with a worker population, the loyalty and discipline in the field of which had never been tested. Under these conditions, Herrera's cell managers had no alternative but to detach themselves from the street routines of the cell and communicate their authority along vertical paths in the cell.

Absent the loyalty and group solidarity present in a smaller kinship-based cell, managers of larger cell structures must establish and enforce normative codes of worker behavior. Oscar Fernandez singled out the Helmer Herrera organization for its reputation for enforcing strict conformity within the rank and file.

They [the Herrera cell workers] may use drugs, but the bosses don't know. They were not allowed to do that. In the good organization they can't use drugs, can't drink, and always have to have all the papers in order. They could only go to the stash houses one or two times a day and dressed in a suit. They used beepers, not house phones - one beeper for personal affairs

and the other for cell business. They split one thing from the other. Don't mix with other cells. Don't talk with other cells. Very nice.

The unpredictable nature of the international cocaine trade produces irregular shipment schedules and subjects distribution cells to lengthy intervals of inactivity. Cell managers must sustain the spirit of their labor force through adequate salaries and abundant provisioning of food, clothing, and housing. Since there are few trade standards across the population of Colombian cocaine traffickers concerning the treatment of workers, the cell manager's demeanor towards his labor force can vary greatly from organization to organization. Juan Casador's recollection of two New York cells illustrates this variability.

I would say that the two cells that I've had the closest contact to would be 50-50 [describing worker job satisfaction]. I know one of those cells where the people lived very well. I'm not sure what their salaries were, but they had nice houses that were taken care of. They drove new cars. They constantly had money in their pockets. They could go to Disney. They could do whatever they wanted. They could go out to dinner or whatever they wanted. And then there was the other cell that I knew. The lower level workers were always struggling and crying for money. Their boss just didn't treat them as well as the other.

Cell managers are sometimes authorized to withdraw workers' salaries and other cell operating expenses out of the flow of drug proceeds heading back to Colombia. Practicing strict financial accountability, the cell bookkeeper will contact the organization's bookkeeper in Colombia to clear that withdrawal. Ordinarily, cell workers have all or part of their salary deposited in Colombia. It was common for a worker be paid on a biweekly

or monthly basis. Workers sometimes have an additional opportunity to earn supplements or commissions if they carry out other high-risk roles, such as overland transportation or money laundering. The commission for a cell worker or subcontractor assigned to carry out overland transportation ranges from \$200-\$500 per kilo. Non-salaried workers designated to pick up or launder money for the cell typically receive one to three percent of all the monies they move.

Cell managers are paid well for their rank and responsibility within the organization. Cell managers can earn a base salary of \$50,000 a month plus a per-kilo commission and may be offered an additional financial opportunity to purchase parts of shipments for personal distribution to their own customer lines. Ramiro Herrera used some of his wealth to build a substantial portfolio of investments in the United States and Colombia. While managing a small cell for a Colombian organization in the early to mid 1980's, Raphael Lopez used some of his pay to establish his own distribution network.

How much did I pay myself for a kilo? If I was selling them for 50,000, and I was receiving them at 42,000, I would be making \$8,000 plus expenses. Expenses being drivers. So I would end up with about 6,000. Those expenses are for the kilos that didn't belong to me. On the kilos that belonged to me, I would be making like 30,000. Let's say, hypothetically, that I have 30 kilos on a shipment that are mine. I'd be selling them for 50,000 each. I made a million-five on my kilos, and another 2,000,000 for them on their kilos.

Because he operated a small cell, Raphael Lopez paid all of his cell workers a per-kilo commission for their respective tasks, and paid them well. His drivers earned \$1,000 per kilo whether the delivery point was around the block or across the country. His

bookkeeper earned \$100 per kilo. Lopez's cell operating expenses totaled \$20,000 a month for stash houses, cars, mobile telephones, and other incidentals, such as food and fuel. Notwithstanding these expenditures, Lopez was still able to amass a personal fortune of \$16,000,000 at the height of his cell distribution activities and owned a number of luxury residences in exclusive U.S. and European communities.

Oscar Fernandez pointed out that an organization may defer the responsibility of paying for foreign-based cell operations by simply increasing the per-kilo commission to the cell manager.

There are two different ways to run the cell. Let's say I am the manager and you are the [organization] boss. You will pay my expenses, my salary, my worker's salary, lights, cars, everything. And my salary will be \$10,000 a month plus \$50 for every kilo. Or you pay me \$300 per kilo and I will pay my expenses, cars, houses, beepers, phones, and my workers.

Although the relationship between cell workers and their cells may have a business, and not a fraternal, orientation, workers are not bound by terms of service and may exit the cell under mutual agreement with the organization.

Cell workers left in good standing because they moved, got scared, got tired, or they just got nervous of it. They [the home office] would pretty much let them go, especially if they had burnout. A lot of them get decent jobs that pay them steady money and they realize that their position in the cell, their position in the drug business, isn't going to do anything for them. It's not going to really enhance their life. So they get out of it. A lot of lower level cell workers are sustained by the drug business or they can do other things - break people's legs to take a step up (promotion), sell more drugs to take a step up, or kill people to take a step up. But most of them, eventually all of

them, want to get out of it because it's dangerous. And they leave. They let them leave. It's harder to leave if you're an asset to them. It's impossible to leave if you're under suspicion for something. They don't want to let you go. They might kill you if you push it, because they figure you've done something wrong.

Juan Casador

Cell workers or managers may leave the organization because they have fulfilled their economic goals. Managers like Raphael Lopez were lured by the ease and profitability of distributing cocaine into extending their commitment to the Colombian drug trade.

I said, if I make \$100,000, I swear to you, I swear to God, that I will never do this again. Well, \$100,000 came and went. And I said, 250,000. Well, 250 came and went. A house costs 250. You got to make more. I'll make 500,000. And I swear to you, God, if you let me get to 500, I swear to you that I'll never do it again. Well, I got to 500 and from there I went to 1,000,000. After \$1,000,000, I just stopped saying that. Cause if you want one, you want two. Anyway, I walked away with about \$16,000,000 in cash.

Greed drives the cell worker, who has pulled himself out of poverty in Colombia, and who now seeks lifelong financial health through the international cocaine trade. In deciding how long to stay in the cocaine trade, a worker must be able to draw a line in the sand and balance the financial benefits of continued employment against the risks of capture by the police.

When you talk to a lot of these defendants, they always say they are staying just long enough to make money. It's the same thing, make money to buy property so that they can go back and live well in Colombia. They don't want

to stay in the United States. But what always gets them is greed. Instead of making money and leaving, they get the taste of money, and they just want more and more. We were up on a wire last year, and the person on the wire kept on saying, "Look, I'm going to get out of this. I just want to make some more money." And they felt that we were on to them. But, instead of picking up and leaving, they said, "Listen, I just want to stay until the end of the year, and then I'm going to leave." Well, the end of the year for them never came.

DEA Special Agent Carlton Starling, NYDETF

Opportunities to exit the cell do not exist for the worker who may attempt to leave while under the suspicion of the cell manager. Departing cell workers create additional risks for the cell manager, who must be convinced that the worker's motives for departure will not endanger the continued activity of the cell. Minor violations of normative cell behavior, such as alcohol abuse or recreational drug use, conditions which often expose the worker, and the cell manager by his criminal association with the worker, to vigilant law enforcement, may result in the worker being asked to immediately leave the organization. Upon terminating a worker's services, a cell manager will see to it that arrangements are made for the worker's immediate departure to Colombia. When questioned about sanctions against troublesome workers, the Miami respondents stated the following.

He would probably get fired, unless he was really valuable to the cell. Get fired. They'd watch him, and see if he brought heat back on the cell. They would immediately assume that if he got arrested with a small amount of cocaine, that he told them [the police] where he got the cocaine and how he got the cocaine. They would assume this. It's a big myth with Colombians that they don't talk. They all talk.

Juan Casador

When they aren't responsible. When they go late to appointments. When they drink too much. Or, they are doing personal business and getting in touch with dangerous people. They can get caught for doing that. They send them away.

Oscar Fernandez

I think I fired somebody because they started doing drugs. I think one of the drivers started doing drugs, and I flipped out on him. I also fired a guy because he got stuck in a hotel and started doing cocaine and freaked out. I didn't have time for that.

Raphael Lopez

Relations to Customers

The customers are always ready to eat.

Oscar Fernandez

In expanding a customer line, an astute manager will not simply turn over valuable drug assets to an unestablished customer. Pablo Molina hastened to point out that prospective customers are subject to the same criteria of collateral and referral which routinely apply to the recruitment of cell workers.

First thing is loyalty. Second thing is know his family, his immediate family. Third thing is somebody who has enough assets as collateral. For example, somebody who is not in a rush, who has money and is doing this because he wants more money. Somebody who is a busy person, nice as a human being, a good person, a good father, and a good husband.

Dilemmas are created for Colombian trafficking organizations when initiating relationships with non-Colombian customers in foreign distribution markets, because inducements and collaterals which shape the behavior and loyalty of cell workers and Colombian customers, i.e., property and family in Colombia, cannot always be applied to other customers, be they Dominicans, Mexicans, or even native-born American blacks and whites. Cell managers must, therefore, exercise extreme caution in vouching for prospective customers with whom to entrust bulk quantities of cocaine worth millions of dollars. Oscar Fernandez and Carlos Jimenez related how customers are recruited.

Always somebody introduced them to somebody. I need a customer, for example. Some friend of mine who supplies a service, say, transportation, will say, I know somebody, a Dominican who is good. And then I get introduced to him. The Dominican shows me what he has and how he can pay. He has cars, houses, whatever. In this business you are introduced to somebody else.

Oscar Fernandez

This customer used to get merchandise from Jose, and now Jose's not here. He's in jail. So the customer will call somebody close to Jose, who must find out if this customer is good. Give him ten [kilos] and see what happens. He pays for ten, give him 15. He pays for 15, give him 30. Paid 30, give him 50, and we were working. But its not like we were putting signs in the paper to get customers. Everybody was referred by someone that you knew.

Carlos Jimenez

Carlos Jimenez pointed out the strong preference of cell managers to deal exclusively with Colombian customers and also the risk of bulk cocaine transactions with non-Colombian customers which gives rise to increased accountability on the part of cell managers.

It's very difficult for Colombians to deal with people from another country, especially if there's a problem. If someone has a Dominican customer, and he doesn't know anything about him, and the money's lost, the Colombian is responsible for it. The Colombian's boss is going to say that he lost the money with the Dominicans. The boss will say he doesn't care, now you owe me the money. The boss doesn't care. Once he has given the merchandise to his subordinate, he doesn't care who he sells it to. That's why on this level it's very dangerous to deal with people from another place.

The problem was that the Dominicans were our best customers. But we end up having a lot of problems with Dominicans. When something went wrong they just went back to the Dominican Republic. And how the hell can you find them? With a Colombian it's different, because when you give the Colombian a hundred kilos and something happens you don't have to go looking for him. You just call his mom. I need to talk to Ulises tomorrow. You know what I'm saying? And believe me, he would call tomorrow. So you don't have the headache. But who are you going to call in the Dominican Republic? Who are you going to find in Mexico? You go to Guatemala and ask for who? Probably the customer's name is not the name you know, anyway. With Colombians it's different and that's why Colombians always try to deal with Colombians. If you're a Colombian and you're my customer, and you have a guy from another country, and you say you have a guy from Panama. Alright, you're responsible for whatever happens to the Panamanian. I don't have to call him. I don't have to deal with him. I deal with you. That's how they did it. You are liable for it.

According to Jimenez and Casador, customers create a basis for trust by disclosing family backgrounds to Colombian sources of supply. This can quickly open doors to credit relationships for hundreds of kilos of cocaine.

I knew of a Colombian trafficker that went to the Dominican Republic with one of his customers. He went to see the customer's farm and his family and all of that. And when he came back he gave him a hundred kilos credit. Right now, the cartel will give you credit no matter where you come from. Even if you're an American. So long as they know where you live.

Carlos Jimenez

If there is a customer that they were going to give \$200,000 credit to, there would have to be someone or something that they could get that \$200,000 out of, whether family members or deeds to property. They're not prone to give credit like a credit agency. They have to say, okay, we'll give you 20 kilos, but you have to pay us a third of the money in ten days, another third of the money in 20 days, and the last third in 30 days. And if they didn't know that your house was worth more than that they wouldn't do it. And even if your house was worth more than that, they would have to know that there was somebody that they could put pressure on to get you to sell the house real quick. They don't want the house. They want the money. They're not giving credit to somebody that can't back it up. The biggest problem with the drug business is that everybody takes their profit up front.

Juan Casador

It is impractical for a customer to avoid an obligation to a cell, because knowledge of his family, associates, and financial holdings is shared by his Colombian supplier.

The background they do on a customer is intense to the point that they have to be comfortable with the idea that they can find that person or a family member if the customer doesn't pay. Take, for example, something that just recently happened. We had a kidnapping where the customer didn't pay for the drugs they got on credit. The Colombians kept calling and calling and calling. When it came time to find the customer or his workers, it turned out that they had a file on each person in the customer's organization. They even had photographs of the customer and his workers. In case they had to send somebody out, like a collection agency. They subcontract the services of a collection agency just like a regular business. Only they use violence to get the money.

DEA Special Agent Carlton Starling, NYDETF

The cautious cell manager must gauge the ability of prospective customers to distribute their product, collect revenues, and satisfy debts in a timely fashion. Credit payments may not fall due until a reasonable period in which to complete wholesale sales

has occurred. Credit payments are often deferred for one to two weeks to complete this cycle. Responsible wholesale customers are rewarded with progressively larger shipments and increased credit lines. A wholesale customer who is challenged by the smaller quantities, who has not recruited good clients, or has difficulty fulfilling his financial obligations is not productive or risk worthy for the manager and could be dropped as a customer.

In the transaction from cell manager to wholesale customer, mutually profitable relationships are built upon the wholesale customer's ability to move cocaine and money in a timely fashion through their own distribution system and to quickly clear debts with the cell manager. As the business relationship with the wholesale customer proceeds, the manager will increase transactional quantities to the extent of the customer's ability to distribute. An advancing business relationship between a cell manager and a customer gives rise to increased trust and builds credit. According to Juan Casador, the difficulty of managing large distribution networks is exacerbated by the mosaic of financial arrangements among the customers and the need for the cell manager to protect himself and the organization from risky investments.

Individual customers have individual payment plans. Invariably, for large amounts no one's going to get credit unless they've got collateral. Even when you get down to the guy that's got just ten kilos. Unless you've got collateral, they won't give you credit. They don't lose money. You never lose *their* coke, you lose *your* coke, and you have to pay them for theirs because if you lose it, *you* lose it. They are not losing money for your mistakes. They'll collect or they'll kill you.

In larger cells, like those operated by the Urdinolas and Herreras, shipments occur with regularity and productive customers receive hundreds of kilo per shipment. Each allotment of cocaine can generate revenues of \$1,000,000 or more for the customer. Storing and moving these amounts in single transactions is not only bulky, it is also inherently dangerous to both the Colombian supplier and the wholesale customer. To alleviate the risk of money loss, customers will forward payments in amounts ranging from \$200,000 to \$500,000. Unlike cocaine distribution, which begins immediately upon arrival of the shipment, collections are an ongoing and seemingly interminable process in large cells.

They're always picking up money. If the cell is busy, then every few days a customer will call and say that there is more money ready for pickup. And this continues until all customer debts are paid. Sometimes, if the drugs are coming in at a fast pace, the customers may not have a chance to pay up the complete debt. If they are an established customer, then they just keep turning over money. There's always money out there that's owed, because before you can finish paying the debt for the drugs, the new shipment is already arriving, and it starts all over. But there is somebody who is keeping a constant tally of how much a customer receives, how much is owed, and how much is paid. Both the cell and the organization in Colombia monitor the status of these accounts, and the cell and Colombia are always in contact to make sure that they agree on the figures.

DEA SA Carlton Starling, NYDETF

Never forsaking a better kilo price or more dependable access to supply, wholesale customers may develop intense loyalties to certain Colombian suppliers and will sustain

a strong relationship with a single, stable supply source who can safely deliver a product of consistent quality.

My customers were very loyal to me. But if they bought from other suppliers, it's only because a mid-level supplier that doesn't work for one of the big cartels is never going to have enough. But the biggest lure you have for a customer is one price. I'll tell you what, if you had the identical price...no, you can even cheat on this...let's say that I had it for \$15,100 today, and there was another supplier that had it for \$15,000. If my product was that much better, you could sell the product. The quality of the product is very, very, very important.

Raphael Lopez

While quality is important, and customers enjoy the stability of a reliable supplier, customers may still seek other price quotes in markets that offer access to multiple sources of supply.

Most wholesale customers are going to reach out. They have limited access to people that have narcotics. If a guy tells me that he's going to charge me 25,000 a kilo, and I know that there is three people out there, I'll go to the next guy. If the next guy tells me 22, then I'll buy from him for 22. When the other guy contacts me and asks me why I didn't call him back, I tell him that I got it for 22. Now, that supplier can do one of two things, throw me away as a customer, or drop his price 3,000 to meet the new supplier. It's just like any other market. Where the bottom price is, the fair market value of a kilo of cocaine, is going to be basically the same for almost anybody because the guy with the highest price isn't going to get anybody to buy it.

DEA SA Michael DeFrancisci, NYDETF

There are, of course, drawbacks to the single supply source relationship. Wholesale customers are prey to sudden interruptions in supply schedules which can idle their own

distribution and customer networks for days or weeks beyond the expected delivery date of a shipment. Because organizational leaders in Colombia divide shipments among partners to distribute the inherent risks of international transportation, wholesale customers down the line may be forced to accept smaller quantities in the marketplace. Nonetheless, the customer profits from a close relationship with a single supply source by approvals for extensions of credit terms, kilo price breaks, or the prompt fulfillment of an occasional and urgent supply need. The advantages and drawbacks to the customer of dealing with a single source of supply are summed up nicely in the following series of intercepted conversations from the Urdinola investigation (U.S. v. Urdinola, aff'd, 1993). These conversations occurred over a period of ten days as customers impatiently waited for an overdue cocaine shipment.

5/25/90, 10:35 a.m. - Guillermo Leon Alzate [supervisor in the New York cell] called Alvaro Gutierrez [New York cell manager]. Alzate asked if everyone [the customers] has the "numbers." Gutierrez responded "yes, everyone is organized" [the customers are waiting].

5/25/90, 11:56 a.m. - Alzate received an incoming call from an unidentified male. The unidentified male said that "all of the numbers are confirmed, everything is ready." Alzate said that he was waiting for a call, and the unidentified male told him that "they are confirmed, and they'll be here tomorrow." Alzate said that "they are going to La Tia" [the shipment is going to Los Angeles].

5/29/90, 9:58 p.m. - Caliche [Carlos Saens, an Urdinola supervisor in New York] received an incoming call from an unidentified male [a customer]. Caliche said that everything will be ready this week, and that he spoke with La Gorda [codename for Hernando Wagner, international operations manager in Colombia] and that everything will be ready at 7:00 a.m.

5/30/90, 12:10 p.m. - Alvaro Gutierrez spoke with Caliche. Gutierrez said that he had a good meeting with "the people" last night, that he had to meet with someone today, and that the banks had approved the credit [sales on consignment to customers], and that they have to be responsible.

5/30/90, 5:14 p.m. - Caliche received an incoming call from an unidentified male [a customer]. The unidentified male asked, "Is there anything?" Caliche replied, "Nothing yet." The unidentified male then asked, "When is it coming? I want that." Saens said that he is waiting for it in the morning.

6/4/90, 10:36 a.m. - Guillermo Leon Alzate placed an outgoing call to Colombia and spoke to Cabasita. Cabasita told Alzate that "he had some stuff" there at the same price as before. Alzate told Cabasita that they already have their stuff, that it's in the trailers, and the trailers are parked over there [reference to the shipment being in Los Angeles]. Alzate asked Cabasita about the Fireman [another codename for Hernando Wagner]. Cabasita told Alzate that there was a lot of commotion between the two of them, and that "the Fireman had become the big chief."

6/5/90, 3:22 p.m. - Guillermo Leon Alzate received an incoming call from an unidentified male [Urdinola employee in the Colombia home office]. Alzate told the male that the "train is late about four days," and that he hopes that the people will be here tomorrow.

6/5/90, 7:56 p.m. - Guillermo Leon Alzate placed an outgoing telephone call to David [an Urdinola distributor in the Chicago cell]. Alzate told David that there are no jobs [the shipment has not arrived], that everyone is asking for money [cocaine], and that they are having a difficult time getting the shit up here. David replied that everybody is going to be short, and that he has given Jimmy [a customer] 32.

Carlos Jimenez identified some conditions that might push a customer into a risky search for a new supplier.

Customers start searching for a new supplier when you don't meet their needs in quality or when the merchandise you sell is pretty bad, or when you get hit [interdicted] a lot of times, or when you start having problems with your employees. Or when there's problems with payments. When a supplier

calls a customer and says, "Listen, instead of 100,000, there was 90,000." And the customer says, "No, I sent you a hundred." You know, little things. When that start's happening, customers started looking for new suppliers.

Colombian suppliers rate customers first and foremost on their ability to pay. According to the Miami respondents, cell managers held a customer's purchasing power in less regard. This is because cell managers who personally vouch for customers with the home office must also take responsibility for their monetary losses in the event of avoidable supply interdictions, arrests, ripoffs, and delinquent or refused payments. The imposition of accountability in these situations is so grave that a culpable customer who incurs money problems for a cell leads the sponsoring cell worker or manager into an economically devastating and life-threatening situation which can end in interminable servitude to the creditor organization, or death. When cell managers or workers are forced to assume customer debts, they move quickly to transfer accountability to any known members of the customer's family.

When Marta, a Colombian customer of Helmer Herrera's New York cocaine distribution cell, was arrested on October 5, 1990 by the NYDETF with two kilos of cocaine, her supplier, a Herrera cell worker identified as Maria, became concerned that Marta would default on her obligations to pay for the drugs. If that happened, Maria feared that the home office would hold her accountable for the payment. Maria moved quickly and effectively to head off that predicament (U.S. v. Herrera et al., aff'd, Nov. 19, 1990).

10/6/90, 10:35 a.m. - William answered a page from Maria, and Maria told him that she had a problem with a lady [Marta]. She told him that they got

her with two children, two tomatoes [kilos of cocaine]. William told Maria not to worry, that she [Marta] has to fix that [pay for the two kilos], even though she is going to take a while.

10/7/90, 1:26 p.m. - Maria called an unidentified male [an associate of Marta's] and asked for Marta. The unidentified male said that she had not arrived, and he does not know when she is due in.

10/7/90, 4:59 p.m. - Maria called Colombia and spoke to Blanca, Marta's mother. Blanca replied that she had not heard from Marta in a while and did not know how to reach her. Maria told Blanca that Marta had one week to come up with the money, "or else."

10/7/90, 9:44 p.m. - Marta called Maria and told Maria that she did not owe any money. Maria told her that the guy from Medellin [an enforcer working for the Herrera organization] was looking for her because of the money she lost. Marta told Maria that she had 15,000 in Colombia, and some for tomorrow. Maria told Marta about her conversation with Blanca, her mother, and Marta said her mother had nothing to do with this.

10/7/90, 11:05 p.m. - Doris called Maria, and asked if Marta had called yet. Maria said that she had, and that she gave some [money] today, tomorrow she will get more, and some in Colombia.

In less than 48 hours, Maria had resolved a personal financial crisis by confronting Marta and her family in a verbally aggressive and threatening manner. Within two hours of her last contact with Marta, Maria had already started receiving payment for the two kilos.

Another incident which took place during the Herrera investigation also brings to light the enormous financial accountability forced upon customers involved in credit relationships with the home office. Hernan, a top cocaine distributor for the Herrera's in New York, delivered 500 kilos (1,200 pounds) of cocaine to one of his best customers, a

Colombian identified only as the Jeweler. Mobile telephone conversations (U.S. v. Herrera et al., aff'd, Oct. 18, 1990) about this delivery tipped off NYDETF investigators.

9/20/90, 6:19 p.m. - Mata Siete [Ramiro Herrera] asked Hernan [Hernando Herrera] about the Jeweler. Hernan stated that the Jeweler is a good customer. Mata Siete said to give him 500 [kilos], so that if anything "falls" [gets interdicted] it will be his responsibility.

Moving quickly on this information, NYDETF investigators conducted surveillance at a midtown Manhattan apartment throughout the day of September 21 and witnessed Hernan's cell workers turning over a passenger van loaded with boxes to one of the Jeweler's employees. The van was followed onto the Long Island Expressway, and was stopped by the police. A total of 410 kilos (912 pounds) of cocaine with a wholesale value of over \$12,000,000 were found in 23 cardboard boxes. To protect the investigation and wiretaps, NYDETF imposed a media blackout on the seizure.

Early the next day, Mata Siete was once again talking to Hernan, unaware that the cocaine he had just fronted to the Jeweler had been interdicted a few hours earlier (U.S. v. Herrera et al., aff'd, Oct. 18, 1990):

9/21/90, 8:46 p.m. - Mata Siete called Hernan, and told Hernan that he had just finished lending some money [fronted cocaine] to the Jeweler. Mata Siete stated that with good people there is no problem.

On the wiretap, the NYDETF listened intently as the M7 cell leadership realized that shipment had been interdicted by the police. Mata Siete and Hernan were quick to inform

the home office that cell personnel were in no way accountable for the loss of the shipment (U.S. v. Herrera et al., aff'd, Oct. 18, 1990).

9/23/90, 5:48 p.m. - Hernan called Colombia and spoke to an unidentified male who told Hernan that the Jeweler was supposed to deliver at 3:00 p.m., and had not appeared or called. The unidentified male further stated the Jeweler was stopped with packages Friday afternoon and that he had given everything at once. The unidentified male told Hernan that the guy [Jeweler] is responsible for whatever happens. Hernan said that "they" [Jeweler's organization] was responsible for the money.

9/23/90, 7:09 p.m. - Hernan called the same unidentified male in Colombia and told him that the Jeweler would have to pay what was owed. The unidentified male told Hernan to wait until Monday to see what happened.

9/24/90, 6:25 p.m. - Mata Siete returned a call to Hernan and apologized for not calling back sooner. Hernan asked Mata Siete if he had called Jairo yet, and Mata Siete said that he had not. Mata Siete also stated that he had been listening to the news if they said anything, but nothing was mentioned.

9/25/90, 3:06 p.m. - Hernan called Colombia, and spoke to an unidentified male. Hernan then put another unidentified male, UM2, on the phone. UM2 told the unidentified male that he had spoken to the Jeweler last night, and the Jeweler said that he had a building worth a half a million and would pay everything. The Jeweler told UM2 that they [the police] were following someone else and got him by chance.

9/25/90, 3:11 p.m. - Mata Siete returned a call to Hernan, and Hernan told Mata Siete that it was important that Mata Siete call his boss. Mata Siete said that he had been having trouble getting through. Hernan explained that the guy [Jeweler] said that they were following someone else and got him. Hernan further stated that the Jeweler might be saying that so we take it easy on him.

When customers or workers go bad, sanctions at the disposal of the cell manager range from coercion to kidnaping to death. Whatever the selected punishment, if a cell manager or worker has vouched for the offender, he is also responsible for any

expenditures required to reclaim the debt. There will be no compensation or reimbursement from the home office, even if the sanction produces a successful outcome. Where disputes cannot be resolved through negotiation, the cell manager may seek the services of specially skilled personnel, such as those employed or subcontracted by the organization to carry out interrogations of rogue customers or workers, family abductions, or executions. Gigi, a relative of the Herrera family, had been employed to enforce customer obligations and handle internal discipline problems in the New York cells.

In October 1990, Mata Siete (Ramiro Herrera) tasked Jairo (Alonso Martinez) to have Gigi abduct a customer named Pancho and collect monies past due from a bulk cocaine purchase (U.S. v. Herrera et al., aff'd, Nov. 19, 1990):

10/23/90, 7:03 p.m. - Gigi received a call from an unidentified male [UM]. Gigi told UM to locate Pancho so that they could get the money for Jairo.

10/23/90, 7:10 p.m. - Pancho called Gigi, and Gigi told Pancho to see if he could bring something. Pancho replied 20 dollars.

10/23/90, 7:57 p.m. - Gigi called an unidentified male [UM, probably a Herrera worker who knew Pancho], and the UM told Gigi that everything was set for 6:00 a.m., and that the guy would be waiting. Gigi asked the UM how they worked with the guy. Gigi replied that they should get two cars, and that he [Gigi] should jump on the guy since he does not know Gigi, and grab him from the neck. After further discussion on ways to get the guy, and where to take him, they agreed to meet at 4:30 a.m. to get everything ready.

10/23/90, 9:21 p.m. - Gigi called Pancho. During their conversation, Gigi told Pancho that he was short 400 [\$400,000].

Gigi was back on the mobile phone between 3:47 a.m. and 4:46 a.m., talking to the other workers who would assist him that morning with the abduction and interrogation.

NYDETF agents attempted to thwart the plot, but did not know the meeting place and could not locate Gigi. They later learned of the outcome of the incident through wiretapped conversations.

10/24/90, 11:13 a.m. - Gigi received a call from an unidentified male [UM]. Gigi told the UM that the guy broke Gigi's nose and jumped twice from his car. Because there was a police car on the corner, the guy managed to escape. Gigi said that he already sent people to the guy's mother's house, and wanted the guy to know that if he did not pay the money he owed them, that they were going to kill his mother.

10/24/90, 2:12 p.m. - Gigi called Juan Carlos in Colombia and told him that the guy had escaped.

In July 1990, the New York cell of the Herrera organization was the victim of a theft from one of its Manhattan money stash locations. In an apparent burglary, a substantial amount of money had been taken from both an apartment and a vehicle. Mata Siete (Ramiro Herrera) first suspected that the police had raided the apartment, but expressed concern that there was an informant in their midst (U.S. v. Herrera et al., aff'd, Aug. 19, 1990).

7/24/90, 2:25 p.m. - Mata Siete called Jairo [Alonso Martinez], and they discussed money that was taken from the organization from both a taxicab and an apartment. Jairo stated that he thought the police were responsible for the money loss from the apartment. Mata Siete agreed and was concerned that it could be somebody close to him.

7/24/90, 2:45 p.m. - Mata Siete receives a call from an unidentified male, and they discussed the money taken from them. The unidentified male says that Jairo thinks it was the police. Mata Siete told the unidentified male that Gigi [an enforcer for the organization] had a key to the garage and that they were taking the guy [a cell worker] to the garage that night to make him talk.

7/25/90, 1:15 p.m. - Mata Siete received a call from Gigi. Gigi told Mata Siete that they had taken the guy to the garage the night before, tied him up, took off his clothes, and drugged him. Gigi stated that the guy did not know anything. Gigi also said that he would pick up the guy [another worker] that night and make him talk. Mata Siete replied that it had to be Mocho or the driver and, if not one of them, then it was the police.

7/26/90, 7:32 p.m. - Mata Siete received a telephone call from Joe. Mata Siete told Joe that his plan was to set up "that guy" by only telling one person where the money was. That was if something happened, Mata Siete will know that he had done it, and Mata Siete will kill him.

In another incident, Monica (an M7 cocaine section worker) and Gigi discussed handling a problem with a delinquent customer named Marcelino (U.S. v. Herrera et al., aff'd, Aug. 19, 1990):

7/31/90, 11:01 p.m. - Monica received a call from Gigi. Monica gave the phone to an unidentified female [UF], and Gigi gave his phone to Muneco [an associate of Gigi's]. UF asked Muneco if he had a date on Marcelino, and what Marcelino owed. Muneco said that he owed one-half and that Gigi would take care of everything.

To any sensible manager, killing the customer must be the final option. Managers cannot recover debts from dead customers, and family survivors may not be coerced into assuming the debt of a murdered relative. Raphael Lopez denied any use of violence during his career in cocaine trafficking and appeared uncomfortable when asked about his response to a customer who refused to honor his debts. In the following passage, he discussed a range of remedies that articulated his own preference for a nonviolent outcome.

What would I do? Okay, I'm going to answer you what I would do. It's not what everybody would do. I don't want blood on my hands. I don't want blood on my hands. If I came across a situation where I needed additional support, the first thing I would do is to bring the Colombians to the particular person and say that this guy owes us this much money. Usually, if it comes close to a situation like that, the guy will pay. But let's say that he didn't pay. Personally, I would eat the loss with honor. What does that mean? Of course, I'm not going to tell the Colombians this. I'm telling you this, and this is an interview. What do I mean by eat the loss with honor? I would take the Colombians there and in some way try to manipulate the situation where it became their problem. It's their product, and I was always looked upon as a good businessman. So the first thing that they would ask is, Raphael, is the guy going to pay? I would say, no, we lost the money. Once I had proved that...let's say I lost a hundred kilos. And the cost of the hundred kilos was 5,000 [per kilo]. That's what it costs down there, and to bring it here. The first thing that they would do is to cut that market price from about 11,000 that I bought it at, to the actual price of cost. That's the first negotiation that I would do. And they would accept it. The next decision would be left up to the Colombians at that point. Of course, I would not deal with that customer anymore. It would end up being a business decision. The Colombian would look and say, Raphael, what is the upside and what is the downside? Do we kill this guy? How much are we tied in? How connected are you to the customer? How many people know that you know this guy? Does he have a wife? How can they [the police] come back to us?

On a hundred kilos, my loss would be \$430,000 in today's market. What's the problem? I don't know if Italian Mafia people are a little bit more violent than us, or more. When we're at this level, most of your deaths with kilos of cocaine comes down when somebody rips off somebody for a kilo of coke. And that's if one crazy bastard goes and shoots somebody in the top of the head. That's when the actual killing comes. But, at this level, I would say, okay, we lost \$430,000, or, the Colombians would say, Raphael, the cost of this loss is \$430,000. You take half, and I'll take half. Because I'm good for the corporation. I make them money. I'm an earner. In essence, off that one particular deal, let's say it was a 500 kilo deal, and this guy whacked us for a hundred [kilos], okay. So, the actual cost is \$430,000. The owner of this product is making \$5,000,000. He says I'm going to cut it in half. Raphael and I lose \$250,000. And we just write it off the profit margin. As to decisions for this guy to be killed or executed or whatever, I work with nonviolent people. And this goes back to my thinking and the thinking of a lot of Colombians that worked my particular level. Publicity comes more to the bad people than to the ones that are okay. You live by the sword, you die by the sword. You live with violence, you breed violence, and you're going to die. Because you're going to get what you deserve. Because it's simple,

if you associate with violent people, you're going to get that same type of violence back.

As was explained earlier in this section, cell managers based in the United States clearly prefer other Colombians as their first line of customers, since Colombian customers bring with them greater levels of assurance that credit problems can be quickly mediated without the need for violence.

The first thing the U.S. cell manager does is say you got to pay me. And the guy says, I lost eight out of the ten kilos because of this or because of that. So, the first thing the cell manager is going to say is what do you own in Colombia? And he says, I got an apartment, or I got a building, or whatever. And the manager's going to hold those papers until he can pay him back. And during that time they are going to give the customer more cocaine so he can recuperate enough to pay off. But at least the customer has collateral with them. That's the first action. If the guy doesn't have any real estate or collaterals in Colombia, they are going to go against his family down there. Not to do something bad, but at least to let the guy know that they are serious. And his family is going to call him and say that they got a visit right here, and you have to do something about it. If the guy still doesn't do anything, the first thing is they are going to do is take care of somebody down there, down south. They just want to see the guy suffer for the losses that he caused the organization. And then if nothing happens, they are going to take it off the guy. I don't know what the reason is, but they want the guy to suffer for the losses that he caused the crew. They might move against his children. The big, big bosses love to have U.S. managers with that type of reputation.

Raphael Lopez

Other reasons to cut off a customer from his supply are rooted in behaviors which only indirectly affect the transactional activity between a cell manager and his customer. These behaviors evoked a typical reaction from some of the Miami respondents who had themselves achieved wealth in the upper level cocaine trade.

Drugs. If he does drugs, I would try not to do anything with him. I mean, not if he do a little bit, or if he do it in his house. But if he ever comes and sees me with drugs on him, I wouldn't even talk to him. This is business. I mean, we are not in the business to consume this. We are in the business to make money. Because why? Eventually he's going to bring me some problems. It's like when you drink and drive...eventually you are going to crash, right? It's the same thing with this. Eventually you are going to get hit by law enforcement.

Carlos Jimenez

I would cut him off if he became a drunken fool, or if he became a drug user, or any foolish behavior that I would spot that would be jeopardizing to my situation, my money, and my responsibilities.

Raphael Lopez

The measure of a cell's productivity is its continued ability to distribute multihundred kilo loads of cocaine at the wholesale level without law enforcement interference. To meet this goal, production must be maintained in the face of rigorous enforcement. If competition was present among wholesale market participants, interorganizational rivalry might disrupt the productivity of certain cells through violence against its membership, interception and diversion of its drug shipments, or, in a less confrontational fashion, through price premiums and quantity discounts, as well as other profit schemes common to legitimate commodity markets. Instead, the Colombian level of the cocaine trade exhibits little or no competition. Cells are unaffected by the presence of other cell networks. Unlike the business alliances forged between organizational leaders in Colombia, cell managers do not seek out other cell managers in their local markets.

The Importance of Reputation

There is a misperception of violence and resplendent lifestyle commonly associated with contemporary Colombian cocaine distribution in this country, an image that can be traced to Hollywood parodies of murderous, urban drug lords inflicting brutal sanctions upon delinquent customers, competitors, and the police. These popularized portrayals were not entirely out of character in the early history of these organizations. Today, a cell manager cannot afford a similar reputation for drug use or violence.

Twenty years ago, the United States offered limitless prosperity to the early cocaine merchants. Urban territorial claims were staked and defended with pitiless acts of violence. Absent a legitimate contractual remedy for disputes among distributorships, brutality stood in for mediation in the struggle among novice market entrants for customers and territory. Even the more established organizations of that epoch resorted to violence to protect their own customer lines, forge new business alliances, and turn back the aggressive maneuvering of the market newcomers. During 1988, a dozen or more Colombians were murdered in New York City as Medellin- and Cali-controlled cells grappled for control of the New York cocaine market (Bureau of Justice Statistics, 1992).

Today, market-wide outbreaks of violence are largely absent from Colombian cocaine distribution in this country, although they persist in the lower drug markets (Karchmer, 1992). It is safe to say that the "cocaine wars," which signaled a tumultuous era among feuding Colombian traffickers in the 1980's, have been replaced by the "crack wars" of the 1990's. A concentration of violence at the lower levels of the trade was

revealed in an examination of drug-related homicides in New York City during an eight-month period of 1988, revealing that high-level traffickers were involved in only 8.2% of the incidents, while 49% could be attributed to low-level drug rivalries (Goldstein *et al.*, 1992). Fagan and Chin offered a sensible explanation for this concentration of violence in the lower level drug markets, suggesting that violence is related more to the frequency of drug transactions than to the type of drug (Fagan & Chin, 1990).

Violence, or the threat of it, stands in for legal recourse in an unregulated and non-contractual illicit market and often appears spontaneously in the lower levels of the cocaine distribution system. Violence at lower distribution levels is often economically compelled by the need to sustain drug habits (Goldstein, 1985). Lower market violence can also represent eroded social controls in host communities and intense competition among distributorships (Fagan & Chin, 1990). At the distribution level controlled by the Colombians, it appears less frequently and only as an instrument of a broader strategy on the part of the cell manager to further the economic goals of the cell or to assert status and reputation among customers and workers. Instead of the "economically compulsive" model, which seeks to explain violence in the lower markets, violence associated with the Colombian level is "systemic" and used to resolve obstructions to the business interests of the cell (Goldstein, 1985).

Across the breadth of the Colombian drug trade, violence stands in for a legal remedy where normative behaviors are violated. Although cells in a shared market may not generate competitive pressures, cells must nonetheless occupy the same market space with other cells, maintain customer lines, and inspire loyalty in both customers and

subordinate cell workers through sound business practices and a rational deployment of discipline. Cells that cause disturbances in otherwise harmonious wholesale distribution markets subject all the market participants to the imminent risk of law enforcement scrutiny.

A cell is sustained against the threat of treachery or collusion from within or outside its rank and file by the reputation of the cell manager to impose a sanction of proportionate severity upon those who would violate normative group codes or interfere with business practices. Similar to the crack cocaine market studied by Fagan and Chin, violence is the implicit response to market-related infractions. Retributive behaviors must be focused and rational, however, because a cell manager must continue to relate in a civil and restrained manner to his other workers, customers, and peers (Fagan & Chin, 1990).

A good reputation is the most important business asset that the cell manager can possess (Bureau of Justice Statistics, 1992). There are few other tangible guarantees of good service that can be offered to the wholesale customer. Hundreds of kilos of cocaine and millions of dollars in drug proceeds change hands between the cell and its customers. Rules of engagement hold that the customer is physically accountable for the debt incurred by a cocaine transaction. Loss of face and reputation for the cell manager and the certainty of imminent and severe retribution for the offender are strong deterrents against violating the rules. The cell manager must preserve his reputation by gauging an appropriate and timely response to violations, in order to avoid the risk of losing the loyalty and confidence of both customers and workers. In this highest tier of the cocaine trade, credibility and reliability, as elements of a good reputation, are established with the understanding that

the cell manager, at wits' end, will resort to violence in a genuine dispute with a customer or cell worker.

During the Urdinola investigation, agents recorded a conversation between two of Jairo Ivan Urdinola's cell workers, wherein one worker related two separate and violent incidents involving Jairo Ivan Urdinola (referred to as "Ivan"), in which Urdinola found it necessary to flaunt his reputation for brutality (U.S. v. Urdinola, aff'd, 1993).

You know that the Mechanic's mother-in-law was abducted. They say she was abducted. The one that goes around in the wheelchair. And they didn't know who the old lady was. And the Mechanic went to see Ivan and Ivan called them all and told them that they had half an hour to let the woman go, or he was going to have their families killed. And that day, brother, they let her go. Right then and there. Ivan would have ordered them killed. I did not think, brother, that Ivan was so powerful.

And Jairo said, I had six sons of bitches killed. The other says, I had ten killed. Don Jose says, I have killed like thirty sons of bitches. And Ivan goes ahead and say, I have only killed five. And they said, oh, but five is nothing. And Ivan says, 5,000 sons of bitches. Everyone was so quiet.

Urdinola's reputation for brutality was well known both inside his organization and throughout the province of Cali. This reputation haunted cell workers, even in their distant United States assignments, and was sometimes referred to in casual conversation (U.S. v. Urdinola, aff'd, 1993):

B: Is it true when Ivan says, when Ivan says that he killed 5,000 people? Is that true?

- J: Are you kidding?
- B: He told me, "Listen, I killed...."
- J: Actually, he does not kill them himself. He has them killed.
- B: Yes, that's what I understood. That he has had 5,000 people killed so far.
- J: More! He passed that mark a long time ago.
- B: Ivan, Holy Mary, oh, what a shit.
- J: Up north, brother, and in Cali, they kill....
- B: Yes, he got rid of all the sons of bitches in that area. They say that on a single day he ordered 250 killed. Cleaning the city of street people and thieves. All that, brother.
- J: He killed the mayors, the secretaries [court clerks], lawyers, policemen, like crazy.
- B: Yes, the lives of others are worth nothing for them.
- J: Nothing at all.

In another intercepted conversation, two Urdinola cell workers, speaking in boastful tones, related the heavy-handed and often deadly methods used by Colombian traffickers to enforce organizational discipline (U.S. v. Urdinola, aff'd, 1993).

- C: You, better than anyone, know how the bosses are, and those men are very serious. At any given time they have someone killed.
- H: I know them, too. They are serious, and they laugh with you, and joke around, but....

- C: They hug you, and kiss you in your own home, but they even kill your perspiration odor, isn't it so?
- H: Brother, that's the law. You know how they call that? That's the Cosa Nostra law. That's how the Mafia works. You are my cousin, my brother, but if you mess things up, I kill you. That's how they are, brother.
- C: They have everyone killed. They are not fooling.
- H: Even the Italians fear us.
- C: Yes, the Colombian mafia is real bad. The Colombian mafia is for real men.
- H: They say that we are butchers. That's what the Italians say.
- C: It's for real men, brother. Because, let me tell you, that the bosses are serious. But, if you do something wrong, they really kill you, man. That's the way it is, brother.
- H: And when your conscience is clean, brother, you stand up. When you are truthful, brother, you stand up. Brother, you stand up on your truth and argue, and whatever, but when you are telling the truth. However, if you are not telling the truth, you are dead.

Managerial Responses to Violations of Normative Behaviors

Cell managers can exercise any number of options short of physical violence in resolving misbehavior in workers and customers. Disloyal or undisciplined cell workers would more likely be sent back to Colombia, alienated within and outside of the organization, and lose all hope of a reconciliation which would allow them to continue pursuing the economic goals which first brought them into contact with the cocaine trade.

A clear preference for nonviolence was supported by surveillance and wiretapped conversations during the Herrera investigation. Over 18 months, investigators became aware of the penalties that faced the disobedient worker, but rarely heard of their application.

The ultimate sanction would be kill him. But we really never saw that. What they would do is send them back down south. They just weren't working out. They got yelled at, or they wouldn't get paid. Financial penalties more than anything. I don't recall anybody doing anything outrageous that cost them their life.

DEA SA Michael DeFrancisci, NYDETF

Let's say you have a worker that's always drinking and getting into accidents. What they'll do is fire that person and send him back to Colombia. And that's it. They know what they're supposed to do. They're supposed to keep a low profile. If that person is always late, never on time, they'll fire that person. The person will not have to worry about his life, not unless he is doing something that jeopardizes the whole cell and the organization. If it's something like the person is just a goof off, he'll be fired just like any other job.

DEA SA Carlton Stirling, NYDETF

Using violence to resolve low-level discipline problems would be gratuitous and nonproductive. Murder would be condoned as a sanction to treachery, such as informing to the police, embezzling drug profits, or engaging in activity which threatens the continued existence of the cell. Under these conditions, violence would be viewed as a proportionate response.

Cell managers appear to refrain from violence and prefer mediation and economic coercion. Delinquent customers are subjected first to negotiation and may even be given

the opportunity to accept more cocaine from the organization, with the understanding that they surrender all or part of their sales profits in order to satisfy their outstanding debts from the previous sale.

Secrecy and loyalty are of unquestionable importance and form the essential character of the successful cell. These qualities allow the cell manager to handle risks which range from law enforcement pressures to internal threats of robberies and rip offs (Adler & Adler, 1980). If secrecy and loyalty are not adequately grounded in the routine operation of the cell, then virtually all aspects of cell activity are at imminent risk of disclosure.

Informants, criminal sources of information, spell disaster for the otherwise successful cocaine trafficking organization. Federal databases support this belief. Three-quarters of all bulk drug interdictions carried out by the United States Coast Guard and Customs Service result from prior intelligence information. The Federal Bureau of Investigation, as just one of several federal agencies targeting the upper level drug trade in this country, claimed to have at least 3,500 drug informants, more than half of whom provide information on upper level drug trafficking groups (Bureau of Justice Statistics, 1992).

The common organizational policy of leveraging employee families as a protective mechanism extends not only to new workers, but to seasoned employees, as well. During 1992, federal grand jury proceedings in Chicago during the Urdinola investigation (U.S. v. Jimenez et al., Gr. Jury Indict., 1993), Guillermo Leon Alzate testified that his own history

with the organization did not offer sufficient collateral for a promotion to manager of the Chicago cell.

Alzate said that, at one point, he went down to Miami, and Alvaro Gutierrez and his wife told him that "you are going to manage Chicago." And Mrs. Gutierrez then asked about Alzate's family as a sort of insurance, in case he would double-cross them, the Urdinola group, that is, and Urdinola being the boss of all bosses. Mrs. Gutierrez asked for information that would insure Alzate's loyalty to the group.

Workers present the most credible threat to the cell manager. As a result of their membership in the cell, they possess first-hand knowledge of the activities and distribution strategies of the cell manager. The cell manager searches for a sufficiently strong deterrent against worker disloyalty, a tool to insure that the worker will not compromise the cell. The cell manager is well aware that an arrest is a very lonely experience which gives rise to strong urges to cooperate with one's captors. A perceptive cell manager is not misguided by the belief that an arrested worker will remain loyal for any extended period of time and will likely turn to the use of implicit threats to the worker's family to deter the worker from cooperating with the authorities (Short & Strodtbeck, 1963).

When a worker is arrested, the bonds between the worker, the cell, and the cell manager are broken, and cooperation becomes a negotiable tool of considerable utility to both the arrested worker and enforcement authorities. To insure that the worker remains allegiant under these extraordinary circumstances, the cell manager invokes the threat of retribution against the worker's family. Families of cell workers, whether they reside in the United States or Colombia, become instruments of intimidation and coercion. Although

disassociated in every way from cell activity and product accountability, family members are nonetheless held culpable, as long as the worker is empowered through arrest to disclose information on the cell manager and the rest of the cell. In other words, innocents abroad are accountable to the organization for the disloyalty and poor judgment of workers.

During federal grand jury hearings in 1993 against the Urdinola organization in Chicago (U.S. v. Jimenez et al., Gr. Jury Indict., 1992), an interesting exchange occurred between an Urdinola cell manager, Alvaro Gutierrez (AG), and Assistant U.S. Attorney Rocco DeGrasse (RD). Gutierrez was of great potential value to the prosecution because of his rank and status as both a Chicago and a New York cell manager within Urdinola's U.S. operations. Considering his level of participation in the conspiracy, the severity of the charges against him, and the exacting penalties he would be exposed to under the federal sentencing guidelines, Gutierrez was in no better position to negotiate immunity in exchange for full cooperation and disclosure. Urdinola's well-earned reputation for brutality and retribution was a shadow that never left Gutierrez's side, even as he confronted the specter of life in prison. Fearing his own safety and that of his family in Colombia, polite, but uncooperative, he repeatedly declined DeGrasse's offer of the witness protection program.

AG: With all due respect, I do have the fear. I am not under any condition, or I'm not able to testify because of my fear of death, my personal fear, and my family's life.

RD: Okay, and do those family members reside here in this country?

- AG: No, in Colombia.
- RD: And without giving names, how many family members do you fear for?
- AG: Fifty, over 50 people.
- RD: So, both your immediate family and extended family?
- AG: I have nephews, yes, yes.
- RD: Let me ask you, if you are aware, I already did ask you if you were aware that he is testifying for the government? You knew that, right?
- AG: Yes.
- RD: He is Colombian, is he not?
- AG: Yes.
- RD: Does it surprise you for me to tell you that none of his family has been harmed?
- AG: Forgive me, but with all due respect, I have to tell you that I am not able to testify.
- RD: I understand that. I understand that. My question was, do you understand that none of his family has been harmed?
- AG: I don't know, because I don't know them.
- RD: Do you know that his family has been protected by the United States?
- AG: No, I didn't know.
- RD: Are you aware that some of your family could possibly be protected by the United States? Do you know? Are you aware? That's all I'm asking.
- AG: Yes, yes.
- RD: If they were protected, would that change your mind about testifying?
- AG: No, no, no. I'm sorry, but with all due respect, I can't.

RD: Even if the United States was to protect members of your family?

AG: It's impossible. I have too many relatives. One sister has 12 children. That's 12 nephews.

RD: You stated that you were concerned for your own safety?

AG: Yes, and my family's.

RD: As to you only, do you understand? Do you know that you could be put in a protective program while in jail? Has that been told to you? Would that change your mind if you were to be put into that program?

AG: I'm sorry, with all due respect, I cannot testify.

RD: What if I told you that, of all of the cooperating individuals in this case, none of their families were harmed after their arrest and cooperation. Would that change you mind?

AG: No, no.

The cell manager's ability to reorganize a cell endangered by a worker's arrest is crucial to the continued productivity of the entire organization in the United States. Intimidation tactics that come into play when a worker is arrested, the intent of which are to delay or prevent an arrested employee from cooperating with his captors for even a few hours, will permit the cell manager to dismantle the damaged components of his cell and disperse other cell workers until the threat has passed. After a time, which is determined by the extent and aggressiveness of the post-arrest investigation by the police, the cocaine distribution activities of a cell will resume with different workers, new stash sites, and fresh communications links between customers, cell workers, cell managers, and the home office in Colombia. The outcome of the arrest has, therefore, interrupted and displaced, but not eliminated, the operation of the cell.

Violence against undisciplined workers or customers is an anticipated, but infrequent, outcome of the unregulated and noncontractual nature of the wholesale cocaine market. Violence can be seen as either economical or political, depending upon its applicability to a specific circumstance. While most violence is sanctioned to further the cell manager's productivity goals, such as enforcing compliance of customer financial obligations, it also can be used in straightforward political fashion to maintain loyalty and intimidate cell workers and customers. Customers are drawn to the reputation of a cell manager if they perceive that the reputable cell manager will act quickly and thoroughly to remove obstructions to supply. If the cell manager can convince his customers and workers that there will be no hesitation to deploy rational force when it is justified, it is unlikely that the arrest of any cell worker or customer will assist in any short-term enforcement efforts against the cell or its customer line. Juan Casador recalled an incident where a cell worker transporting a multikilo shipment of cocaine committed a comparably trivial act of lawbreaking which resulted in an interdiction of a bulk drug shipment and an aggressive managerial response.

There was a guy that got caught running cocaine to New York. He stopped in Virginia to buy cigarettes, and got stopped. I don't know if it was in New Jersey or New York. For having cigarettes in the car without tax stamps. Looking through the car...as they searched the car to find more cigarettes...they found cocaine. So, they bailed him out of jail in order to kill him. They went through all the steps necessary to get him attorneys and bail him out of jail so they could kill him as an example. They don't really like people that do things that would complicate their situation.

The cell manager enforces the order of his cell through the application or threat of violence and upholds a monopoly claim to the use of physical force both inside and outside of the cell. The cell manager is aware that there is a transactional consequence to violence. While the deployment of violence by the cell manager against a worker may consolidate his control over the cell, it can also shake the faith of the customer line. Every act of violence is accompanied by certain risks and creates a negative sanction against the cell manager who is indulgent with its application. An act of force must be rational in its application and of the shortest possible duration, so that peripheral damage to the overall cell function or concerned customers is avoided.

A worker's strong belief that a cell manager may resort to violence against him or his family may carry more weight than its actual application, because dispensing force is a serious matter which may impact negatively on the cell manager and disrupt distribution and collection activities. While a worker's devotion, to and protection of, family is a sentiment manipulated by the cell manager to secure loyalty in the perilous distribution environment, the cell manager must also be aware that these threats have a deterrent value only in so far as they are judged as an appropriate response to the infraction. Once a worker or a worker's family is attacked in an excessive manner for a relatively minor transgression, the cell manager has exhausted the most severe sanction in the arsenal, leaving little or no inducement for that worker, or other cell workers, by their shared association to the cell manager, to remain loyal. Paradoxically, threats to family as a credible deterrent and management tool will maintain their value only as long as the cell manager responsibly resists their unwarranted use. When it is apparent to all, customers

and workers, that violence was the appropriate response to a worker or customer infraction, it will impact positively upon and extend the cell manager's reputation and bonds to his workers. In instances where violence against cell workers is either unreasonable or disproportionate, workers and customers will lose confidence in the cell manager's abilities. A cell manager who has either knowingly or unknowingly lost the trust and support of his workers or customers is faced with yet another external and uncontrolled threat to the security of the cell.

Cell managers are cautioned against using violence outside of the cell because of the response it can generate from other cells, customers, and the police. On the other hand, rational violence deployed outside of the cell may actually increase cell solidarity, particularly if the act is purposeful and directed to resolve otherwise irremediable interorganizational or customer dilemmas, or to remove obstructions to the business interests and well-being of the cell. Outward displays of force also remind the members of the cell workforce that they have single-minded and responsible leaders and act to deter internal code violations out of fear of punishment from a fearless cell manager.

One of the utilitarian motives behind reputation and intimidation is the enforcement of customer financial obligations. The value of bulk cocaine transacted at the wholesale level requires that good faith be extended to customers in the form of credit purchases, with payment in full anticipated at a mutually agreed upon time. Credit relationships between cell managers and wholesaler customers allow millions of dollars of illicit drugs to change hands on consignment.

It is common that wholesale customers, at one time or another, will experience delays in meeting financial obligations for cocaine purchases. These delays result from financial dilemmas with retail clientele. A cell manager, while appearing intolerant to such predicaments, will withhold sanctions from a delinquent customer as long as the customer genuinely attempts to resolve the debt. If the cell manager believes that he is being deceived by a customer, however, he will strike with dispatch to deter other customers from taking similar advantage and to remind them of the swift penalties for such actions.

During the Herrera investigation, NYDETF investigators were forced to take action against cell workers upon learning from intercepted conversations that they had been ordered to murder delinquent customers. Two separate incidents in September and October 1991 involved plots by the M7 leadership to kill customers who had allowed their cocaine payments to lapse.

On September 8, 1991, numerous intercepted conversations led NYDETF investigators to believe that a cell manager was conspiring to murder a Colombian customer who owed the home office \$2,000,000 (U.S. v. Herrera et al., aff'd, Oct. 18, 1990). Conversations revealed that the manager had spoken to the customer and convinced him to attend a meeting late that evening to discuss the debt. After speaking to the customer, the manager contacted two Medellin "sicarios" (assassins), Frankie Upequi-Palaez and Giovanni Lopez-Palaez, who were under contract to the Herrera organization in New York to handle internal security matters and enforce customer agreements. The manager also dispatched another cell worker, Henry Castano-Duque, as a driver. The plan held that the trio would pick up the customer and then meet up with the manager on the

Brooklyn-Queens Expressway. Once they were all underway, the manager would call Castano on the mobile phone and give him specific instructions.

As more information on the planned hit continued to unfold on the wiretap, NYDETF members rushed to intercept Castano's vehicle as it picked up the customer after midnight and then joined up with the manager's car on the Brooklyn-Queens Expressway. Edgy investigators in the NYDETF wiretap room radioed the surveillance team that the manager was talking to Castano and telling Castano that, when he stuck his hand out the car window, Castano was to take the next exit ramp. When Castano got to the bottom of the ramp, they were to shoot the customer, push his body out of the car, and make good their escape by driving back onto the highway.

As soon as this information was relayed to the pursuing police units, an NYDETF detective in the lead surveillance car anxiously reported that the manager was waving his hand outside the vehicle. Without hesitation, Castano complied with the signal, and the car sped off the next ramp with the surveillance team close behind. At the bottom of the ramp, Castano's car was blocked and surrounded by the NYDETF, and the occupants were promptly arrested. Investigators seized two loaded revolvers from a bag on the back seat between the customer and one of the hitmen. The customer thanked the agents for their intercession and then refused to cooperate further.

A month later, on October 30, 1991, wiretaps disclosed that two top M7 managers were plotting to kill two Dominican customers for failure to meet their payment schedules (U.S. v. Herrera et al., aff'd, Nov. 19, 1990). Intercepted telephone conversations led investigators to surveill a pay phone in Brooklyn, where members of the hit team were

overheard discussing the plot. Two cell workers, Jorge Humberto Lopez and Carlos Restrepo, were followed to a Brooklyn apartment, where they picked up two female workers, two children, and a gym bag. They all proceeded to Queens, where investigators stopped them as they moved to enter a second vehicle. A consent search of the first vehicle located a fully loaded Uzi submachine pistol, a silencer, and a loaded semiautomatic pistol in the gym bag. To maintain the integrity of the wiretap, the arrest was made out to be the result of a random police check. Lopez and Restrepo were charged with weapons possession, and the females were released.

Having established the reasonableness and relevance of violence to cocaine trafficking, it is interesting to note that several of the Miami respondents exhibited a personal disdain for the use of such tactics. Their personal aversion to violence did not lead to an overall condemnation of the practice, however, and they generally acknowledged its utility and relevance to achieve a greater goal of local market efficiency.

Chapter 7 *The Antagonists: Law Enforcement and the Cell Manager*

You are always suspicious, and you always are careful about it. And you are expected to get caught at any time. And if you are working here in the United States, if you are moving merchandise, deliveries, transportation, whatever, you always expect that something could happen to you at any time.

Oscar Fernandez

It is appropriate to ask whether patterns of change in legitimate organizations have parallels in the operation of Colombian cocaine organizations and their distribution cells. It is certain that law enforcement pressures applied against Colombian cocaine distribution markets produce a systems effect within the local cell population. Systems effects are apparent in routinized changes to the technical core of the cell and appear as uncoerced changes in communications links and other procedures. Even if these changes undermine law enforcement efforts, do they destabilize the cell?

In legitimate settings, environments do not react to the novice market entrant with forces so strong as to cause a sudden elimination of their organizational activity. In young criminal organizations, however, such forces are always present and eagerly prey upon the novice manager who has not sufficiently learned to avoid these predicaments (Cave & Reuter, 1988). Environmental forces that jeopardize cells are resource levels and law

enforcement. The vulnerable period necessary to learn to reduce risk and to develop competent knowledge of local market settings presents short-term opportunities for law enforcement intervention. In the Colombian cocaine distribution system, law enforcement is the mechanism which selects out of the population those cells operating under inferior managerial and logistical conditions.

A cell manager's experience is a valued commodity in cocaine organizations, since experience increases the ability to evade drug enforcement and satisfy customer demands. Cell managers learn by doing and through interdiction, which discloses enforcement strategies and targeted transportation routes (Cave & Reuter, 1988).

Cocaine supplies, although bountiful, are still subject to regulation through interdiction by law enforcement. Even if competitive pressures are lax or absent in the marketplaces for Colombian distribution, enforcement destabilizes distribution environments and forces cells to adapt, in order to sustain peak performance levels. Weathering constant environmental threats, distribution cells prevail through internal discipline and rigid procedures, without assuming the risks of drug stockpiles or linkages with other cells.

There will be greater enforcement against cell managers who pursue market expansion into the lower levels of the cocaine distribution system because of the opportunities created by increased transactional activity (Karchmer, 1992). As the distribution pyramid widens at the lower distribution levels, so does the risk of contact with law enforcement agents or "rip-offs" by less than honorable clientele or co-workers. Credit purchases, which simplify bulk transactions in the higher elevations of the trade, are

problematic in the lower levels, where disputes and violence take on a spontaneous character. Irresponsible cell managers who pursue additional profits by venturing down the distribution ladder relinquish control over external and internal risks and operate among clientele with little regard for security.

Because cocaine as a product line does not increase in complexity, managerial innovation in cells is evident in the refinement of the distribution process itself. Using the latest advances in communications technology can thwart interdiction and build customer confidence in product delivery. Factor in the cumulative social and business skills that the cell manager brings to the cell operation, and the cell has now acquired the necessary tools to achieve longevity in the marketplace. In the Colombian cocaine trade, longevity relates to the cell's ability to effectively carry out its distribution function, while keeping law enforcement at a safe distance.

Interdiction programs have their greatest impact during the process of importation and overland transportation, even though increased pressures and seizures over the past several years have not greatly impacted falling prices or appreciably obstructed supply lines (Cave & Reuter, 1988). To compensate for the risk of interdiction, transporters charge cell managers a risk premium, a price increase per kilo often generated in response to the risk of supply losses along transportation routes. At the discretion of the home office, this increase can either be absorbed by the organization or passed along to customers in an effort to maintain profit levels.

From time to time, increased enforcement pressures do produce significant product losses for Colombian trafficking organizations. Within some drug enforcement circles,

there is a lingering perception that bulk supply seizures are followed by local market increases in the delivered kilo price. For that to occur, it seems that interdiction to one organization must uniformly increase the fear and business costs of all the other market participants. In the face of bountiful supply, this is unlikely. When questioned on this topic, Raphael Lopez quickly pointed out that kilo prices are not increased simply to cover losses. Organizations that incur losses must still conform to the local market price when replacing lost or interdicted stocks or risk the loss of their customers.

Local market kilo prices are sensitive to the overall health of the local market. In other words, if the aggregate cocaine supply to a distribution market is somehow choked off, perhaps by effective source country enforcement programs, all local participants are affected, and the kilo price increases. However, if an individual participant suffers a loss in an otherwise healthy market, that is, markets fed by numerous supply sources, that participant must personally absorb the loss and move on. When an organization is unaffected by another local organization's interdiction troubles and yet uses that dilemma to victimize its customers through price increases, it is simply engaging in price gouging. The Miami respondents discussed some global effects that interdiction could have on a local market.

The thing is, we would not raise the price of cocaine because there was pressure. We would raise the price of cocaine because the pressure is costing us shortages. And it always does. Every time there's additional pressure which causes shortages, the people in Colombia become very temperamental. I remember when they had these big navy boats out in the Caribbean, and there was like some sort of blockade for drugs. The price went up, it jumped \$10,000 on a kilo.

Let's say, hypothetically, that there's five organizations in Miami getting 1,000 kilos each. And it's coming in weekly to Miami. That's 5,000 kilos. What if 1,000 of those kilos gets hit. Now you have for the same market 4,000 kilos. For the same market that you established for 5,000 kilos. So, because somebody else loses, you don't raise the price? We never raise the price on losses, because you can't. You raise the price on market, on shortage. You don't raise the price because you lost (cocaine). You don't do that. Because the reason is that if we lost 1,000 kilos, that's our tough shit. You know why? Because if we came back and wanted to raise the price from 15,000 to 15-5, and the other people are selling at 15, then yours are going to sit there. So, it's not us that dictates the price in anything. It's the market. It has always been the market. It will always be the market. Here's an example. Let's say Sony's building VCR's. And their factory burned down in Japan. Can they come out and raise the price on the same product? They have to be competitive with Panasonic. They have to sell the same product at the same price. So, the owner of the product incurs the loss.

Raphael Lopez

You know what? If my customers have two suppliers, another organization and me, and the other organization gets taken off, that's good for me. The customer only has me. I'll raise my price.

Oscar Fernandez

Under prevailing notions of enforcement effectiveness, increased pressure directed against mobile cocaine supplies would be expected to raise kilo prices and reduce wholesale demand to the victimized organization if that demand is price sensitive, or elastic. This is because nonaddicted consumers of cocaine are driven more by price than by need. Compare this idea with the addictive market of heroin abusers in the 1960's and 1970's that relied upon a price-insensitive, or inelastic, demand. The social consequence of effective heroin supply reduction strategies was increased criminal activity to offset higher prices and to satisfy addictive needs.

The upper levels of the cocaine trade present problematic issues to enforcement strategies based upon price elasticity. It is counterproductive to enforcement efforts that demand for cocaine is relatively inelastic and, therefore, relatively price insensitive. It is the aim of both supply and demand reduction programs to increase the price elasticity of the market. Under conditions of price elasticity, the market would destabilize, become competitive, sensitive to supply interdictions, and more violent as fierce price wars chased customers into the arms of other organizations. In time, cell revenues would drop, operations would slow, and kilo price instability would characterize the local wholesale cocaine market (Holahan, 1973).

Under conditions of price elasticity of demand, it would be unusual to see a cell manager engage in profit maximization where enforcement produces localized upward fluctuations in the cost of a kilo. Presumably, customers would engage in new supply searches under these circumstances. If price-inelastic demand prevailed, the kilo price would have less of an impact on sales, customers would reluctantly accept the effects of price fluctuation, and cell managers would not be forced to absorb higher import and transportation costs that interfere with profit maximization (Holahan, 1973).

Because the domestic market for drug transporters is often subcontracted and negotiable, it is reasonable to believe that not all price responses to enforcement pressures will be identical. Risk premiums imposed by fluctuating interdiction pressures along popular trafficking routes will appear as temporary and local increases in the kilo price. Stepped-up enforcement efforts along the border in southern California would do little to the landed kilo price of cocaine smuggled into Texas or Florida, unless seizures

substantially depleted international inventories. In the larger, urban distribution markets for cocaine, such as New York City, cells are replenished from supplies landed in California, Texas, Florida, or the easily accessible seaports at Newark and Brooklyn. Cell managers who are charged a premium by transporters for trips along high-risk overland routes must sell their kilos at the same fair market price as other cells sharing the distribution venue.

Other local cells may be supplied by importers landing in quieter smuggling regions. Cells supplied by these regions can offer greater guarantees of price stability and assurance of delivery to their customers because of lower levels of enforcement along their international and domestic smuggling routes.

During the 1970's, the 64 marijuana and cocaine smugglers studied by the Adlers devoted little energy to the development of countermeasures to avoid law enforcement attention (Adler, 1985; Adler & Adler, 1980). Today, Colombian cocaine distribution cells preempt enforcement opportunities for electronic and physical surveillance with a flexible core designed to accommodate routine changes or additions to their supportive components. Those tractable components utilize telecommunications and transportation technologies.

When Helmer Herrera's New York cell operation was dismantled in December 1991, the organization was well on its way to linking the home office in Cali with its Miami and New York distribution and money-laundering operations through a network of computers, modems, and facsimile machines. Oscar Gonzalez, a computer programmer, had been hired by Helmer Herrera in Colombia to create a computer program with which to store,

collate, and electronically transmit records of the organization's cocaine and money operations. Several mobile telephone conversations captured Gonzalez in the process of bringing the home office in Colombia on-line with the New York and Miami cells. Gonzalez installed computer systems, instructed Herrera's managerial personnel and bookkeepers in their use, and coaxed them to use the computer to transmit their financial and logistical records to Colombia (U.S. v. Herrera et al., aff'd, Aug. 8, 1991) :

7/16/91, 11:30 a.m. - Oscar called an unidentified female in Colombia and spoke about various computer databases and modems that they were using [to keep records of their cocaine distribution and money collection and laundering].

7/16/91, 12:17 p.m. - Oscar called Anthony in Miami, and Anthony told Oscar that he was having the lap top exchanged for a new one and that he would send the new one along with the system and contract with Ophelia.

7/16/91, 1:22 p.m. - Oscar called Ophelia in Miami, and Ophelia told Oscar that she would send three lap tops and asked Oscar to send money orders in 100's for taxes. Oscar then told Ophelia to send a fax with all debts pending regarding our business.

7/16/91, 5:06 p.m. - Oscar called an unknown female in Colombia, and Oscar told her that she was supposed to pick up the phone on the first ring and that she should know how to use the computer. The female said that she did know how to use it, but that the other machine [fax] did not work. Oscar then instructed the female how to connect several wires on the fax machine and said he would call again.

7/17/91, 11:22 a.m. - Gladys called an unknown male in Florida and told the male that her computer cable went down, and that she would fax it [the records] to him.

7/20/91, 11:17 a.m. - Oscar called Fernando in Colombia and told Fernando that he had balanced the loans and savings account and that he had analyzed each one's salary since the beginning of the year.

Gonzalez was also to carry out Helmer Herrera's vision of linking his organization with the Orejuelas and other major trafficking groups in Cali. These plans were undone, at least temporarily, by the arrests of 43 members of the New York cell in December 1991.

Law enforcement successes against Colombian cocaine distribution cells come about through the use of electronic interception techniques. A continual pattern of changes to the cell thwarts drug agents in their efforts to surveil or tap into the communications of cell workers. Routine procedural changes to the cell's technostructure continually alter the electronic signature of a cell. Failure to change pagers, mobile phones, or fax machines increases the cell's exposure to law enforcement efforts to detect such signatures (Bureau of Justice Statistics, 1992).

Cell workers must carry out their assigned tasks alone, whether delivering cocaine, picking up monies, buying money orders, or sitting in stash houses. Therefore, cell managers must establish well-defined and uniform procedures to be used when workers encounter actual or perceived security threats. Common security precautions practiced by cell workers include circling the block one or more times to detect surveillance before arriving at a stash site, encrypting telephone conversations, using pay phones to announce arrivals at stash houses, avoiding pay phones if privacy is not possible, and turning off beepers in routine police encounters. In the following passage, NYDETF surveillance agents describe the counter surveillance techniques employed by a Herrera cell worker (UM2) after picking up a payment from a customer (UM1) in a car switch, and delivering that payment to a money stash location in downtown Manhattan (U.S. v. Herrera et al., aff'd, Aug. 18, 1990).

On July 30, 1990, members of the NYDETF observed an unidentified male (UM1) park a blue Oldsmobile and use a pay phone on the corner of 54th Street and 3rd Avenue. UM1 made several calls to beepers from that pay phone, after which he received a call at that pay phone. A few minutes later, a second unidentified male (UM2) approached UM1 by the phone. UM1 handed UM2 the keys to his car, and UM2 got into the blue Oldsmobile. UM2 drove away in an erratic manner, cornering the block and pulling over suddenly in an effort to detect surveillance. After driving for ten minutes, UM2 parked the car at 55th Street and 3rd Avenue, one block from where he started. UM2 then took two cardboard boxes from the trunk of the car, and carried them on his shoulders into the building at 160 East 55th Street. A short time later, UM2 exited the building empty-handed, and drove in the same cautious manner to 53rd Street and 2nd Avenue, where UM1 was waiting. UM1 got into the driver's seat of the car, drove to 53rd Street and 3rd Avenue, where UM2 got out of the car. UM2 walked back to 160 East 55th Street and stopped to make a call at the pay phone at 55th Street and 3rd Avenue before he entered the building.

The next day, NYDETF investigators executed a search warrant at 160 East 55th Street, seized \$1,700,000, and arrested one stash house sitter named Sonia. The NYDETF investigators had initially intended to do a consent search of the apartment, a search which would require the verbal or written permission of the occupant, but were forced to obtain a court-ordered search warrant when the occupant of the apartment refused to answer the door. Waiting for the warrant resulted in a tense and dangerous six-hour standoff between the NYDETF and M7 cell workers.

The standoff began when Ramiro Herrera learned of the situation through frantic calls from the trapped house sitter. Herrera quickly dispatched his enforcer, Gigi, to the scene for an assessment. Angered that the apartment and worker were under siege and

that over a million dollars were at imminent risk of loss, Herrera discussed with Gigi opportunities to kill the cops before they could enter the apartment.

Throughout the course of the standoff, the NYDETF monitored the telephone activity between Ramiro Herrera (Mata Siete), Alonso Martinez (Jairo), Gigi, Sonia, and H7 (Helmer Herrera) in Colombia (U.S. v. Herrera et al., *aff'd*, Aug. 18, 1990). The decision to assassinate the police officers ultimately rested with Helmer.

7/31/90, 10:09 a.m. - Jairo received a call from Mata Siete, during which Jairo stated that a black guy was knocking on the door of the apartment where Sonia was. They then discussed how much money was in the apartment, and they mentioned 1.5 and 200. Mata Siete and Jairo talked about Charlie, a worker, and what if he was an undercover. Mata Siete told Jairo to go around and check it out.

7/31/90, 10:16 a.m. - Jairo has a conversation with an unidentified male [UM], during which Jairo tells the UM to dress well, bring enough money in his pockets, and to call him from the street.

7/31/90, 10:32 a.m. - Jairo called Mata Siete, and Mata Siete told Jairo to tell the girl in the apartment to stay put. Mata Siete stated that he thought the cops were outside the apartment.

7/31/90, 10:46 a.m. - Jairo called Mata Siete, and Mata Siete asked Jairo if he sent the person as instructed, and Jairo answered that he had. Mata Siete instructed Jairo to check very carefully and determine if the people outside the apartment are feds or burglars.

7/31/90, 11:09 a.m. - Mata Siete called H7 in Colombia using a mobile telephone, and said that they were having problems. Mata Siete stated that there was \$1.7 million in the apartment, and that Charlie [the worker that delivered the money the previous day] was either an undercover or was followed. Mata Siete told H7 that he thought the men outside the apartment were cops and that they were getting a warrant to hit the apartment.

7/31/90, 11:17 a.m. - Jairo called Mata Siete, and Mata Siete told Jairo that Charlie and Shorty [also known as Chori, the customer who made the car switch with Charlie] were followed when they made the drop the night before, and that there was \$1.7 million in the apartment. Mata Siete further stated that they have to use 20 apartments.

7/31/90, 12:06 p.m. - Jairo called Sonia in the apartment from his mobile telephone. Jairo told Sonia to take it easy, that they were looking out for her. Sonia stated that she had destroyed everything. [Following this call, Jairo called Sonia four more times over the next two hours in an attempt to reassure and calm her.]

7/31/90, 1:07 p.m. - Jairo called Mata Siete, and was told that Mata Siete was sending some "smart guys" to see who was outside the apartment. Mata Siete ordered that everyone be killed, whether or not they are cops.

7/31/90, 1:29 p.m. - Mata Siete called H7 in Colombia, and stated that it was strange that the cops had not hit the apartment. Mata Siete explained that Jairo had said that there was a man downstairs taking pictures. Mata Siete told H7 that if the cops did not do anything by three or four in the morning, they would get the girl and money out.

7/31/90, 2:16 p.m. - Jairo called Mata Siete, and Mata Siete asked Jairo how the police found out about the apartment, and when he [Charlie] went up [to the apartment], did anyone else go up with him or see him? Mata Siete told Jairo to call Gigi, and tell him to put a stop on that [call off the hit on the cops], because they were going to try and save it.

7/31/90, 3:13 p.m. - Jairo called Sonia at the apartment, and told her to stay in the bathroom and be still because the cops could not get into the apartment and that no one had the key. Jairo said that they were waiting for the cops to get tired, and they would get her out.

7/31/90, 3:16 p.m. - Jairo called Gigi, the enforcer, and told Gigi that "Pa" [Ramiro Herrera] put a stop on the hit and that they are waiting for the cops to get tired. Jairo explained that the girl could not get out because the elevators at the front and back of the building were being covered by the police, that the apartment was on the third floor, and the girl could not jump out of the window.

7/31/90, 5:29 p.m. - Mata Siete called Colombia and spoke to an unidentified male [UM]. Mata Siete told the UM to call Chorizo [also known as Chori and Shorty, the customer who paid Charlie], and tell him to move whatever he had. Mata Siete further stated that the police could not get into the apartment without a warrant, and they are waiting. He said that the girl is young and new, and that she had pictures, but no addresses.

Thirty minutes after this last conversation, NYDETF investigators armed with a search warrant forcibly entered Apartment 3F at 160 East 55th Street. They seized the money and took Sonia into custody. Investigators found small bits of paper believed to be traces of the records Sonia had destroyed earlier in the day. As before, to protect the existence of the wiretap, the raid was portrayed as a random incident. Sonia was later released without being charged.

NYDETF commanders had spent an anxious six hours in the "super plant" at the DEA's New York Division office in Manhattan. Forewarned of the likelihood of gunplay, the commanders were worried that they did not have a photo of the would-be assassin, Gigi, and did not know if he had accomplices scattered about the neighborhood. This escalated the concern of a sudden shootout between the surveillance team and Herrera's henchmen in the crowded East 55th Street neighborhood. They ordered the surveillance team to call off the operation and leave the area. On the street outside the apartment, the surveillance team dug in their heels and strongly argued against giving up. Shortly thereafter, the situation settled when a wiretapped conversation disclosed that Ramiro Herrera had canceled the hit.

On August 2, 1990, just two days after the seizure, Ramiro Herrera had established new stash locations and amended delivery and security procedures for workers carrying out money transfers (U.S. v. Herrera et al., aff'd, Aug. 18, 1990).

8/2/90, 3:52 p.m. - Mata Siete called Jairo, and over the next 20 minutes, Mata Siete and Jairo had a series of conversations that kept getting disconnected about the girl in the apartment, and the money seized by the police. Jairo stated that the police had let the girl go, but had taken the money. Mata Siete instructed Jairo to have the lawyer investigate how she got off, and if the police took the money.

8/2/90, 6:58 p.m. - Mata Siete answered Jairo's page, and Mata Siete told Jairo to tell the new people how to operate the apartment. Jairo stated that he had four more apartments ready. Mata Siete explained that the procedures would change when they were transporting \$1,000,000 or more. He wanted to be prepared for everything, with backup cars and people. Mata Siete told Jairo that if something happened in New York, he wanted the workers replaced with new people, and the old workers sent to other cities [where the Herrera organization also maintained distribution cells].

8/2/90, 7:57 p.m. - Jairo called Colombia and spoke to "55" [another brother of Helmer Herrera]. Jairo told 55 that the police let the girl go, but kept the money, and that they were sending the girl "over there" [back to Colombia] in two days. Jairo gave 55 his beeper number.

8/2/90, 8:04 p.m. - Mata Siete spoke to an unidentified male [UM] in Colombia. Mata Siete told the UM that Ruben had a beeper in Miami, and that Ruben was taking care of the arrangements for the new people coming from Colombia. Mata Siete then spoke to H7 [Helmer] about sending replacements, and changing the organization completely. Mata Siete informed H7 that it was definitely the cops that took the money, and that there must be an informant within the organization who is helping the cops. He stated to H7 that he had already sent three guys in three cars to Los Angeles and brought in replacements.

8/3/90, 12:33 p.m. - Mata Siete and Jairo had a conversation about the girl in the apartment from which the money was seized three days earlier. Jairo stated that the girl was released from the precinct on the same day, and that the feds had arrested her. Mata Siete told Jairo that the next time two or three cops will die, and that he had eight guys with grenades and .357's.

8/3/90, 7:02 p.m. - Mata Siete returned a page from Jairo, and Jairo said that he was getting money the next day. Mata Siete instructed him to leave money in the apartment from then on. Jairo stated that three different "rounds" [visits to customers to pick up payments] were being made by some guys, and Mata Siete was concerned about the way that the money was being carried. Mata Siete told Jairo that Mister [Luis Porras] had made too many mistakes, and therefore the police were on his trail. He instructed Jairo to send Mister and Sonia away as soon as possible. Mata Siete stated that the Cali organization and a lot of money are involved here.

It was a common security practice for cell workers to never be in possession of a weapon during the conduct of the cell's activities. This seems an odd regulation, given that workers are frequently in possession of cocaine worth millions of dollars in street value or are transporting drug proceeds in amounts of several hundred thousand to millions of dollars. From the cell manager's perspective, a simple explanation is found in a sound assessment of the workplace environment. Rip-offs or robberies are always possible from renegade Colombian gangs that prey upon cell workers, but these incidents are not common, because of the deadly response from the victimized organization. There is a much greater possibility of a chance encounter with a police officer, an encounter that could turn into a catastrophic loss for the cell if the police officer proceeds with a simple and legal pat down of the worker or consent search of the vehicle and locates the weapon. Once a police officer finds a weapon, the worker is taken into custody, and an inventory search into areas of a vehicle or person that would normally require a search warrant is now justified pursuant to arrest.

No, the majority of people that I've dealt with don't have any weapons on them. They don't carry weapons because if they are pulled over and weapons are found, then it just causes problems. If they have to take action

against somebody, they will usually contract out to have the problem taken care of. The workers really don't get involved in the violence. They'll contract out. The cell managers go to the organization leader in Colombia.

DEA SA Carlton Starling, NYDETF

Overlapping enforcement venues and the risk of confronting crime in the inner city areas has forced a general migration of stash houses to the suburbs. The quieter boroughs and townships of New York and New Jersey offer drug investigators nearly as many exciting interdiction prospects as the cities themselves. Cocaine transactions, money transfers, and car switches continue to occur in the urban areas, where trafficking activity still takes on the complexion of commercial activity.

They want to be in a middle to upper middle class neighborhood. They want to be away. When they have to do their business, beepers, communications, they go to Colombian hangouts in the city. They'll travel to those areas to make telephone calls or contact other Colombians. But when it comes to where they want to live or have stash houses, they don't want the product or money in those areas where there is crime. They want their stash locations in the upper middle class areas, where there are few burglaries or robberies.

DEA SA Carlton Starling, NYDETF

Workers from the Urdinola and Herrera organizations were considered among the most highly trained and disciplined labor forces that the DEA has confronted in a drug trafficking investigation. Their movements were deliberate and timed, and they continued to use vigilance and stealth, even when there was little reason for concern. The following passages from the Herrera investigation illustrate the conscientious manner in which workers were trained to operate.

There were times when we weren't following them, and we knew that nobody was following them. And they'd still get on the phone and say "we think we're being followed." They were taught to look for certain things. If they saw those certain things, then they were being followed. And at that point they'd pull the car over, and get out of the car. If they had nothing in the car, or, even if they had money in the car, they'd maybe take a shot. But, if they had drugs in the car, they'd pull over and park, and go to a subway train or get on a bus.

NYPD Detective Steven Peitler, NYDETF

On May 29, 1991, Mongo, a wholesale customer of the M7 cell, sent one of his own workers to drop off a large payment for a shipment of cocaine. Soon after arriving at a prearranged mid-Manhattan location, the worker spotted an NYDETF surveillance. The worker drove the car 15 miles into New Jersey and abandoned it in the crowded parking lot of a shopping mall. After seven hours, NYDETF investigators seized the vehicle and found \$1,600,000 in the trunk. The next day, Alonso Martinez and Ramiro Herrera discussed the incident (U.S. v. Herrera et al., aff'd, June 30, 1991).

May 30, 1991 - Jairo called Mata Siete, and Jairo said that he had spoken to Mongo again. Mongo said that the guy was able to get off the car, he left the car, and they [police] took it and no one was in jail. Mata Siete instructed Jairo to call Mongo and tell him that they are there to help each other, not blame each other, that nothing happened to their workers. So, it was Mongo's worker who had the heat when he came to pick up the car.

By adhering to procedure, Mongo's worker had acted with reasonable caution and concern and was not held accountable for the money loss. By leading the surveillance team well out of the area, both the Mongo and Herrera organizations were saved from

further scrutiny and damage by the police. This incident also clearly illustrates the ability of these organizations to absorb financial shocks in the interest of preserving an otherwise healthy customer relationship.

Another incident from the Herrera investigation reveals how disciplined workers reacted to even lower level security matters, such as random motor vehicle stops (U.S. v. Herrera et al., aff'd, Oct. 10, 1991).

9/22/91 - Willie told Jorge that Jairo said to call him for a beeper. Jorge asked what happened to his beeper. Willie said he lost it on the road because he was stopped [by the police] on the highway. He said that he knew that "when someone is stopped, you are supposed to throw it away."

A closer examination of the process of change in distribution cells is necessary. The routine "dumping" of mobile telephones, pagers, fax machines, and other communications devices is an example of a single attribute change to the cell, i.e., single, in the sense that it impacts one particular aspect of the cell's operation, such as telecommunications. Single attribute changes can occur as prompted responses to external threats, such as interdictions and arrests. These procedures are common practice in most cells and occur as periodic responses to a persistently hostile environment.

Multiple attribute changes describe more sweeping responses to external events, such as relocation of the cell workers and managers to another market venue or a decision to pull up roots and return to Colombia. Multiple attribute cell changes almost always are a response to an imminent threat from the environment. Single attribute changes manage the constant risks in the environment.

On June 28, 1990, members of the NYDETF seized \$5,000,000 from several New York City apartments operated by the M7 cell. This seizure set into motion a flurry of frantic, coded conversations among the top M7 supervisors tasked with implementing an organizational response to this event (U.S. v. Herrera et al., aff'd, July 26, 1990).

6/30/90, 5:17 p.m. - Jairo returned a page from Pancho, and told Pancho that he had changed his [pager and mobile phone] numbers.

7/1/90, 12:45 p.m. - An unidentified male called Colombia from a mobile telephone, and spoke with a second, unidentified male about making changes in the organization, and stopping everything at once so they could change personnel. They also discussed getting new apartments and garages for the cars.

7/1/90, 1:59 p.m. - An unidentified male called Hernan in Colombia. They discussed the money that was lost, and how upset they were about losing it. They were unhappy with Mister [Luis Porras, the top Herrera money manager in the United States] for losing the money, and talked about moving Jairo up in the organization, and moving Mister down. The unidentified male told Hernan that they sold two cars that were hot [compromised by police surveillance]. He explained that the "ugly ones" [the police] have the license plates of the cars, and that is how "everything started."

7/1/90, 5:14 p.m. - Mister called an unidentified male on the mobile telephone and gave him his new pager number.

7/1/90, 5:20 p.m. - An unidentified male called Jairo on the mobile telephone and said that he wanted Jairo to keep at least ten apartments and ten garages. The unidentified male instructed Jairo to get safe apartments and garages that cannot be traced back to the organization.

7/1/90, 6:29 p.m. - An unidentified male called Colombia from a mobile telephone and spoke to Patron. The unidentified male told Patron he believed that they lost the money because of poor management by Mister and "burned autos" that were reused. The unidentified male said that he wanted Jairo to take over operations, and that there will be a shipment coming at the end of the month. The unidentified male also stated that they wanted Jairo to take care of it. The unidentified male asked Patron to call

Mister and advise Mister that he is no longer going to run the money end of the operations in New York.

7/1/90, 9:25 p.m. - An unidentified male called Colombia and spoke to "Diego's father." The unidentified male explained that he was in New York, and that "we have lost 50 pesos [\$5,000,000] over here." The unidentified male went on to say that Mister is no good, and that he told Mister to give him all the phones, and to send the people [his workers] back to the town [Colombia]. The unidentified male said that "we have to tighten our belts so that they do what we want."

7/2/90, 10:06 a.m. - Mata Siete returned a page from Jairo, and told Jairo to get ready to start "taking money out" [sending money from cocaine sales to Colombia], and to have five or six people ready to receive the money. Mata Siete said that he wanted to start training people to receive money from different locations, and mentioned that a lot of merchandise [cocaine] is due to come in. Mata Siete asked Jairo if he had a right hand man. Jairo replied that he did. He then told Jairo to get ready to buy at least 20 cars and to rent apartments that would be used to receive the money.

7/2/90, 11:08 p.m. - Mata Siete returned a page from Jairo and they had a conversation about the organization. Mata Siete told Jairo to get that guy in the apartment and let him distribute merchandise [cocaine], but not to let him get involved with the other people [who handle money]. He instructed Jairo further to get about 20 telephones ready, get 15-20 more people, and more beepers. They discussed the fact that customers owed the organization \$3,000,000 and that they must collect.

Those still skeptical of the resiliency of these organizations should consider that just four days after suffering a devastating \$5,000,000 money seizure, Herrera's U.S. and Colombian managers had conceded the loss and were already discussed the continued operation of the cell in optimistic tones. These conversations revealed, that by July 2, the organization had reorganized, changed its communications, shut down stash locations and rented new ones, purchased new vehicles, fired and then replaced their top money manager, sent compromised workers back to Colombia, and stood ready to initiate cocaine

shipments and money-laundering activities. Actions to restructure the organization were not taken unilaterally by Ramiro Herrera (Mata Siete), but were implemented only after careful consultation and approval from his brother, Helmer (Pacho), in Colombia (U.S. v. Herrera et al., aff'd, July 26, 1990).

7/3/90, 12:02 p.m. - Mata Siete called Pacho in Colombia from a mobile phone and talked about restructuring the organization. Mata Siete explained that he was not happy with Mister and that those who do not conform to his wishes should be punished. Pacho was concerned that the call was being taped by the police. Mata Siete said that Pacho could contact him at a beeper that he has had for five years, which he is going to start up using again, and gave Pacho the beeper number.

7/3/90, 12:55 p.m. - Mata Siete called Guillermo in Colombia from a mobile telephone and discussed buying new cars for the organization and putting them in Guillermo's name. Mata Siete told Guillermo that he could reach him at a new beeper and gave Guillermo the number.

7/3/90, 11:51 p.m. - Mata Siete called Jairo [Alonso Martinez], and the two talked about money owed to them and getting telephones in apartments. Mata Siete told Jairo to get in touch with Mister to find out how to "send the money down."

7/4/90, 1:43 p.m. - Mata Siete called Jairo, and stated that they would have to change the terminology because "they [police] know them." He told Jairo to be careful, not to give out names or addresses over the telephone, and to get two or three phones so they can change them daily.

7/4/90, 7:32 p.m. - Mister [Luis Porras] called Mata Siete using a mobile telephone. Mata Siete advised Mister to get out of town, move daily, and get rid of old cars. Mister explained that he was taking care of the workers involved and that, when he was finished, he would leave town.

For a cell manager, the failure to recognize and react to emergent external or internal crises places all cell components at imminent risk and significantly lowers the

customer's assurance of delivery. Because cells operate in highly dynamic and menacing environments, cell managers must anticipate the need for the adaptive changes that will ward off those threats and design procedures which will routinize those changes.

The process of change must not be an adverse cell operation. It is an essential procedure without which survival would be unlikely. Procedures which implement changes to cell function and technology produce "transformational shields" which insulate the cell against the vulnerability of the transformation process (Miner *et al.*, 1990).

Adaptive cell processes describe both behavioral and mechanical responses to a risk environment. Whether actively engaged in cocaine deliveries or money collections or standing down between shipments, cell workers are equally vigilant in adhering to a daily routine that will not alert the community or police to the presence of criminal activity. To ease neighborhood suspicions at stash house sites, cell managers and their subordinate staff are sometimes encouraged by the home office to bring their families to live with them in the United States.

And we were very cautious with our families. I never invited anybody to my house. I tried to keep my kids and family away from everything. My kids never knew what I was doing. And I told my wife very little. But she knew. She would never agree with it, but she put up with it. But I tried to tell her, you know, the minimum. I told her to run the show at the house with the kids, and let me do the street. I usually left the house by eight, and came back by six, even if I didn't have anything to do. If I had to spend the time or the day at the mall, I would do it just because I want my neighbors to look at me like a normal person. I was dressed nice, get into my car, go to work with my briefcase, and come back. And we used to have our own businesses. You know, we used to just open a boutique, or open a restaurant, or open

anything as a front. Just to prove that we were working. But we didn't care about those businesses. We didn't even ask how much money we were making. It was just a front.

Carlos Jimenez

And he's going to be living in a very typical, affluent neighborhood. And he's going to be your next door neighbor. And you're not going to be thinking anything of this guy. And, usually, you're going to see him wearing a suit and a tie. Cause they like wearing suits and ties. And you're going to see him leave at eight-thirty in the morning every single day and go to his business. He may have a beeper company. He may go over to his girlfriend's. But his neighbor will see this man leave at eight-thirty in the morning. And you're going to see this guy return at five o'clock.

Raphael Lopez

The constant threat of law enforcement and the need to scrutinize worker behavior, particularly in the larger cells, may force cell managers to herd small groups of unmarried cell workers, both male and female, into apartments and houses equipped as dormitories in the more congested, urban distribution areas. Confinement in these dwellings, particularly if it continues uninterrupted for days or weeks, can lead to restless behavior, aggressiveness, and emotional disturbances among workers. Cell managers must maintain morale and avert outbreaks of cabin fever by furnishing an abundance of comforts: food, clothing, decent furniture, air conditioning, cable television, video games, and so on.

Cell managers will board male and female workers together in stash houses in order to masquerade them as young, married couples. In using this practice, Carlos Jimenez and Miguel Lopez were careful to set procedures for workers whose job it was to make cocaine deliveries and withdrawals to and from these locations.

I will have a nice home with a garage and all that, and I will have a family living there. I will have another guy just picking up merchandise from that house, and I will have another guy picking merchandise up from another house. I would not let those guys switch houses. I would try to keep them separate. That way people get accustomed to seeing one guy always, the same guy, so it's normal. When you start seeing different people, that's when the neighbors say, what the hell are these people doing every morning here? So you will have the guy in the morning go check the house around ten, or very early in the morning, six o'clock, seven o'clock...go to the house and get out of the house what you are going to deliver that day. Before you go to the house, I will know how many kilos I will need on the street. So I will know that I have to deliver 50 kilos to one guy, 60 to another one, 25 to another one, and I will just go and pick up what I'll need for that day. And the meetings have already been set for certain times. At ten o'clock I'm going to see Juan, at two o'clock I'm going to see Maria, and at six o'clock I'm going to see the other guys. I try to keep my schedule between nine to five. Latest, six o'clock. I don't like to see people working on the street at night. I don't like to pick up money at night. I like to pick up money or deliver merchandise when it's peak hours. Lunchtime, when it's busy, when there's a lot of traffic, when there's a lot of people on the street. That's the best way to do your deliveries. You don't look for empty spaces, you look for a very crowded place. The easiest way to deliver merchandise is when there is heavy traffic. When you take the Long Island Expressway, or you take the Brooklyn-Queens Expressway, or you take any expressway in New York, and it's heavy traffic or it's raining...it's a breeze. I mean, who the hell is going to stop you on the Long Island Expressway when you have 10,000 cars in there. You're not doing anything unusual. When there's traffic, you just follow the traffic, and you can stop and do whatever.

Carlos Jimenez

I had my own stash houses. Nobody went to them. I had the stash house people there. We went and picked up the customer's car that they were bringing from out of state to turn over to one of our drivers. We loaded it up, and the customer would take it back and hit the road. The thing I was most cautious with...if I'm taking a car to the stash house to be loaded, we would not be going in the middle of the day at twelve o'clock. Pulling in and out. Car after car after car. The pattern we would follow is, okay, if we got five cars going in, let's say, maybe one went at six o'clock in the afternoon, and one went at eight-thirty in the morning. And that's it. And then the next customer would have to wait until the next day. But I would not have cars at two o'clock in the afternoon pulling in and out of that stash house. Because I think that the neighbors will become aware of that, cars pulling in and out. So, it was very business-oriented. A car would come very early in the

morning, and before the neighbors would wake up it would be out of there. Or my driver would sleep over the night before, and the next morning he would be gone. Very, very methodically run. Very professionally run.

Raphael Lopez

In the larger, U.S. wholesale distribution markets, effective law enforcement must choose among multiple cell targets of varying experience and technical competency in the marketplace. By focusing enforcement efforts upon the most vulnerable targets, a Darwinian model of drug enforcement is created. This model implies that successful law enforcement will select out certain cells for survival by targeting the least experienced cells. Because experience and longevity are related to risk avoidance, law enforcement acts to remove the inexperienced novice entrant to the market (Cave & Reuter, 1988). As risks are increased and drug enforcement rids the wholesale market of the weakest members of the cell population, young cells are denied the opportunity to acquire experience, and barriers to discourage entry are created. Eliminating the less-experienced cell manager from the market not only transmits valuable lessons to the remaining cell managers, but it also affords them the opportunity to expand their market share and increase their profits as customers are set adrift from their interdicted suppliers. Under these conditions, interdiction would not drive prices up, the yardstick of good law enforcement, but would create an evolved market populated by the most experienced cells, cells that can best offer customers uninterrupted supply and lower prices.

Because most cell managers deal with just one importation and transportation group, interdictions which occur along the course of these transactions can result in short-

term scarcities for individual cells and their customers. These scarcities are overcome quickly if international stocks are available to replace interdicted supplies. Where cells propagate in the major wholesale markets of New York City, Chicago, Houston, Miami, or Los Angeles, a single supply interdiction has very little impact on the aggregate flow of cocaine into these markets. Search costs to locate alternate sources of supply are low in these larger markets, and wholesale customers quickly resolve service disruptions caused by supply interdictions by acquiring new suppliers.

If retail sales and prices remain stable in the face of increasing interdictions in the upper level drug markets and if wholesale customers do not absorb profit losses in the face of higher kilo prices imposed as a result of these interdictions, then some adaptive response to product losses must have been anticipated by the cell manager. Some of the responses available to the cell manager include using alternate smuggling routes, changing shipping dates and times, shipping smaller quantities along with more frequent shipments, and switching the method of transport from tractor trailers to cars, cars to pickups, pickups to panel vans, and so on. These simple and relatively low-cost adaptations are often sufficient to absorb interdiction effects and soften or eliminate their impact on the wholesale customers.

Colombian organizations can significantly reduce the threat of interdiction during the overland transportation of drug shipments by simply not placing all the eggs in one basket. Shipments can be divided and multiple techniques used for delivery. Cocaine trafficking organizations accept the possibility of supply losses and set about to minimize

damage to the cell by reducing the effects of any one interdiction. Carlos Jimenez illustrates the technique:

Say I have 5,000 kilos, right? So, I put 500 kilos in each trailer, and I send them, right? What's the possibility of you stopping every trailer, ten trailers? How many are you guys going to hit, one, two, three? The profit is so big that I can afford to get hit twice, or three times in the same trip and I won't lose any money. So you put ten trailers in, in at the border. You guys don't open every trailer. You open this one, then open another. All the border points get hit every day. You play with numbers. Numbers never lie. You have that. So, alright, you pop three thousand one day, but when you pop 3,000, 30,000 get through. So, there is no way for these guys to lose, because they can afford it.

Cell adaptation undermines enforcement strategies which focus attention on supply reduction. Law enforcement should not be deterred in their efforts against these upper level markets, however, because the continual need for adaptation or evolution to overcome enforcement strategies keeps the upper levels of the cocaine trade in a state of flux. Enforcement in U.S.-based, Colombian cocaine markets introduces a disequilibrium which accounts for almost 70% of the market-delivered cost of a kilo of cocaine.

Carlos Jimenez indicated that the alert cell manager will move decisively when he suspects that a worker's carelessness may have disclosed the cell's activities to the police, even without *prima facie* evidence to corroborate those concerns.

Anything that has to do with law enforcement is well received. If you tell them you got drunk and you have a headache, you have a problem. But if you tell them you see a cop next to your house, he won't even argue with you. He won't ask you twice, because it's his merchandise. That's his money.

Jimenez also related a story of a Chicago cell manager whose cell had been compromised by a law enforcement operation.

I knew a cell manager that got hit a lot in Chicago. A lot of hits. He knew that he was being followed. And when he told his boss, his boss thought he was being paranoid. And he kept telling the boss that he was being followed and what changes they were making to the cell. They were changing their stash houses, phones, and beepers. One day, he knew he was being followed and he brought them to a parking lot. Once in the parking lot, he left the car and walked out the back door. And even though he lost them, they still kept getting hit and it was because somebody had infiltrated his company. He didn't know that until it was pretty late.

On February 1, 1991, acting on wiretap information that Herrera's M7 cell was planning a bulk transfer of money, the NYDETF began surveillance on a cell worker. Investigators watched him back a car into the attached garage of a suspected money stash location on Harrow Street in the Forest Hills section of Queens. Three-quarters of an hour later, the worker drove out of the garage and was stopped by investigators. The worker had no identification, driver's license, or vehicle registration. Investigators impounded the car and sent the worker away until he could produce vehicle documents. They found no contraband in the vehicle.

This police encounter was followed by a flurry of mobile telephone activity between the fearful worker and Jairo, the M7 cocaine section leader. The NYDETF investigators interpreted these conversations to mean that they had stopped the vehicle after it had already delivered the money to the stash location. They went back to the house.

Four hours later, investigators watched another man and a woman emerge from the house, each carrying a large shopping bag. They walked three blocks to their car and

were stopped by task force personnel after driving a short distance. Once again, no one had personal identity or vehicle documents. The bags contained women's clothes.

Investigators deduced from the wiretap conversations that the two empty car searches had deductively exposed the NYDETF's knowledge of the Harrow Street stash location (the house was referred to as "Judio") to Jairo (U.S. v. Herrera et al., aff'd, Feb. 14, 1991). Investigators moved quickly to obtain a federal search warrant as Jairo desperately tried to move records and manpower from the house before it got "hit."

2/1/91, 4:35 p.m. - Jairo called Safiro, and asked him if he had gone to "Judio's" yet. Safiro said that he had not been there yet. Jairo told him to be very careful because the house was being watched. He instructed Safiro to take out one by one [the workers in the house], that they should all go together, except one should stay inside, and that some go in the car, and some walk the other way.

At 5:00 p.m., armed with a residential search warrant, agents and detectives raided the Harrow Street house. They found \$1,300,000, narcotics records, and 15 M7 workers. The workers, all illegal aliens, had been recently smuggled into the United States from Central and South America and were being temporarily housed while awaiting their cell assignments.¹

Safiro had never made it to the house. He called Jairo from a neighborhood pay phone and briefed him on the police raid at the house. Jairo moved decisively to protect

¹ The DEA believes that new workers were sent first to the Harrow Street residence for instruction in counting drug monies before they were sent out to occupy the many New York stash houses operated by the Herrera organization.

his two other stash locations, believing that the records seized at Harrow Street would lead police to the other houses:

2/1/91, 5:47 p.m. - Jairo called another stash house, and spoke to an unidentified male. Jairo told the male to get out of there right away and asked if the hairdresser had the addresses there. The male said he would check.

2/1/91, 6:01 p.m. - A few minutes later, Jairo called an unidentified male, possibly the hairdresser, and asked him if he had the addresses. The male said that they were in the house. Jairo told him to go get it, and hung up. Jairo then called the male back right away and told the male to "get to the house and burn everything - all the addresses." Jairo also said to go to "Pelugero's" [another stash house], and burn those addresses, too.

Throughout the Herrera investigation, M7 workers and section leaders played a game of cat and mouse with NYDETF investigators. M7 supervisors were unaware that their communications had been thoroughly penetrated, and most of the early seizures they suffered were chalked up to chance encounters with aggressive local enforcement. It was not until December 1991, with the arrests of cell manager Ramiro Herrera and his top subordinates, that the breadth of the plot against them was fully exposed. The home office stepped in and terminated the New York distribution operations for several months.

NYDETF investigators had to admire the persistent, worrisome character of the M7 leadership. Throughout the investigation, workers were never slack in their collective vigilance or in dedicating themselves to the tasks they were assigned. Even the lower cell workers kept surveillance teams on their toes. Mobile surveillance teams soon learned the bag of tricks that every worker relied on in conducting counter surveillance: driving against

the traffic on one-way streets, squaring the block (circling the block one or more times to detect surveillance) before arriving at a stash location or meeting site, and using mass transportation, such as subways, buses, and trains.

The random switching on and off of mobile telephones and pagers made the Herrera investigation a telecommunications nightmare for the case agents and detectives. Ramiro Herrera and his top managers would suddenly drop mobile telephones and pagers, leaving them inactive for lengthy periods, and then suddenly reactivate them (U.S. v. Herrera et al., aff'd, Sept. 18, 1990). One day the phones would be lively, and then all activity would suddenly stop. NYDETF lead agents on the Herrera case spent an inordinate amount of their time in federal district court seeking authorization to tap new phones and pagers or amending court orders to include newly activated devices. Between May 1990 and October 1991, agents came before the bench a total of 84 times to obtain judicial approval to wiretap M1 and M7 cell communications devices.

On July 31, 1991, Patricia Restrepo, also known as "Dolores," who was Ramiro Herrera's bookkeeper in New York, pulled up roots and moved from her East Side apartment to the West Side of Manhattan as a result of a worker's concern that he had spotted suspicious vehicles following him (U.S. v. Herrera et al., aff'd, Sept. 10, 1991). Restrepo's instincts had been correct. The worker had indeed "burned," or exposed, an NYDETF surveillance of Dolores' apartment.

8/6/91, 8:38 p.m. - Dolores called Resortes, and said "Remember where I used to live? I had to move out because somebody came with the rats, and we had to run out. One person who went to do a round came back with blue

ants [police].” Dolores stated that she had taken out all the music [computer equipment, mobile telephones, and records in the house]. Resortes told her to be careful.

During the Urdinola investigation, Ilbanober Ortiz, a bodyguard and assassin who had formerly handled personal security for Jairo Ivan Urdinola in Colombia, had been sent to Miami to assist with money-laundering activities. Soon after he arrived, Ortiz became suspicious that he was the target of police surveillance and set out to change his pager, telephone, and residence. A conversation to this effect was recorded in the presence of a DEA informant, identified as CS-4, and reported in an affidavit by DEA Special Agent Dave Tinsley (U.S. v. Urdinola, aff'd, 1993).

On January 9, 1992, CS-4 and Ilbanober Ortiz met with and subsequently entered CS-4's car and had a long conversation which was consensually-monitored and surveilled. During this conversation, Ortiz told CS-4 that he, meaning Ortiz, had made arrangements to have his cellular telephone number changed, due to the fact that he believed that he was the subject of a law enforcement surveillance. CS-4 had previously provided this phone to Guzman [a money launderer and cocaine distributor working for Urdinola in the Miami cell]. Ortiz further stated that he thought the police were attempting to identify his beeper number. Ortiz also stated that he had moved from his apartment as a further precaution. CS-4 then told Ortiz that he could arrange to have the phone number changed and then return the phone if Ortiz limited his use of the phone to business. Ortiz agreed to abide by this limitation. Ortiz told CS-4 that he wanted to start trafficking large amounts of cocaine in the near future.

Another transcript from the Urdinola investigation in Miami (U.S. v. Julio Fabio Urdinola, aff'd, 1993), details an intercepted conversation between Harold Ackerman and a New York cell manager for the Urdinola organization concerning a suspected police

surveillance which had lasted for several days. The apparent target of the surveillance was a cell worker whose job was to carry out cocaine deliveries to local customers. Acting on his suspicions, the cell manager (Mgr) conducted a counter surveillance on the police as they tailed his worker and then reported his observations and concerns to Ackerman (Ack).

Ack: When did they [the surveillance] get there?

Mgr: On Thursday.

Ack: Thursday? And they had not moved until today?

Mgr: They are following him [the worker], and they are following him in the white one [the worker is driving a recently purchased white vehicle]. And they saw him in the grey one [vehicle], too.

Ack: The man [a boss] says that perhaps it's from where they were bought [Ackerman is suggesting that the surveillance began where the worker purchased the two vehicles].

Mgr: I think so. They really had him covered. I saw them.

Ack: Man, I don't know, it's very strange.

Mgr: So, I'm not going to use those vehicles?

Ack: No. [Ackerman believes the vehicles are compromised and can no longer be used] So, what you tell me is positively true?

Mgr: Man, I was there. You know that I have a taxi. One of those private corporate taxis.

Ack: Yes.

Mgr: So, I told the guy [his worker under surveillance]...well, he called me and said, "This is what's going on," and I figured he was scared. I told him, well, go in front of me then. I went and parked at the corner and I saw him get there. He went into the parking lot, and [the police were] right behind him. And when he left the parking lot, [the police were]

right behind him. And while he [the worker] was in the parking lot, when he was taking the car out, a car [police vehicle] came and then another one. And they [the police] were talking to each other. And before the guy [worker] came out, the other one [second police vehicle] turned back to meet him somewhere else.

Ack: I see.

Mgr: I took down the tag numbers of the two cars. And when the boy left in the van, the man [police] was right on top of his door to see where he was going, and then followed him. And I called him [the worker] and told him, "Listen, this car is following you, two cars are following you." I missed one, there was three. I told him, "These two...are those two around there?" And he said, "Yes." Well, those are the ones. Park the car and scram. And he did just that. He left it in the back of a parking lot, and it will be moved from there. It will be moved.

Ack: I imagine that we can't get anything else from that man. [Ackerman alluding to the probability that the worker is burned, and can't be used further by the organization.]

Mgr: No, no.

The cell manager generates an immediate cell response to interdiction or arrest, whether that event takes place within his cell or within a cell from another organization. Juan Casador commented on how either event could affect overall cell operations.

Event inside the cell - Say that a cell worker made a delivery to someone, and that customer got busted and had access to that cell worker via telephone, beeper, or something like that. They might shut the whole thing down and shuttle that cell worker off to somewhere else or tell him just to lay low. They may decide to shut the whole thing down for a month or two. They shut down and start up pretty much on a whim. Whatever they decide is less of a security risk.

Event outside the cell - There would be no changes to the cell unless the people in Cali knew that there was some contact with that organization on

some level. Maybe the whole organization doesn't know, but maybe they know that there's something that will tie them together. That might stop them for a while, I mean, they'll certainly pick up people and move them right away.

According to Carlos Jimenez, cell operations might be suspended for a month or more during the recovery process from a supply interdiction or the arrest of a worker. In the interim, American lawyers hired by the home office will chase down police reports that might shed light on the circumstances leading up to the incident. Procedurally, these reports could be withheld from defense attorneys until certain preliminary court proceedings against the arrested worker are in progress. Therefore, a cell manager must anticipate the worst in the aftermath of any interdiction or arrest and has no choice but to tone down or halt operations until the cell's communications and logistical infrastructure can be changed.

When somebody gets hit, you change the whole structure. You get new codes, new phones, new beepers, new homes, new cars. I mean, I would change everything. It would take a month. The phones and beepers would take an hour, but you got to get new homes, you got to get new cars. That's a hell of a problem.

Carlos Jimenez

Jimenez also pointed out that the wholesale customers understand that they are also endangered by enforcement actions taken against their source of supply and need little persuasion from the cell manager to distance themselves from the cell until the threat has passed.

These problems are very understandable. If I call my customer and say, listen, I cannot deliver it to you because my man just got hit, he will hang up and not call me again until I call him. It is very understandable. You know why? Because I will say, listen, if you want me to deliver it today...okay, but if anything happens, you're responsible. You know what he's going to say? No way, Jose, I'll wait. I'm going to change my employees I'm going to change my phones. I'm going to get me a new this, a new that. You don't go through that with them. You don't tell them what you're doing. But you tell them you have a problem and you're going to fix it, and they wait. They'll probably tell you they'll wait, but they probably have a few more kilos from somebody else. Because at their level, they don't just need to buy from you, they can buy from anybody.

If a cell worker is arrested as a result of an interdiction, the cell manager is faced with two dilemmas: will the worker cooperate with his captors, and to what extent will that cooperation threaten the continued existence of the cell? As stated previously, the prudent cell manager must anticipate cooperation and assume that his cell activity has been compromised by the arrest. Confident that he has compartmentalized knowledge within the cell and limited interaction among the various cell sections, the cell manager must still shut down the affected section as a precaution, disperse the remaining workers in that section, and curtail or interrupt the flow of cocaine and monies to the unaffected sections until the full extent of the damage has been determined.

Initial concern by the organization for the arrested worker is genuine, but prompt financial and legal assistance to the worker masks the deeper motive of eliminating further opportunities for enforcement against the cell. In a May 30, 1991, conversation, Ramiro Herrera expressed concern that the seizure of 585 kilos from one of the cell's customers

earlier in the month might cause security problems for the cell (U.S. v. Herrera et al., aff'd, June 10, 1991).

5/30/91 - Mata Siete asked if Jairo had found out something about the Dominicans. Mata Siete said that he was worried because if "they did not have money for a lawyer, they could open up their mouths, and those people know us and could point us out on the street." Mata Siete told Jairo to try and get them a lawyer and then to call the guy to ask him how the case is going.

Once the cell has sufficiently reduced the threat of further damage from the arrest and the worker has been muzzled through legal representation or threats, then the worker may be cut off entirely from the support of the cell and forced to fend for himself.

They do not help people. They don't help their brothers. They don't help their sisters. If you go to jail, they'll do the minimum possible to string you along until you're sentenced. And then it's over. By that time, they've had a chance to move their people around and change things. Everybody that you had any dealing with are gone.

Juan Casador

If you are a nice person, you assist him as much as you can. If you're like 95% of the other ones, that's it, good-bye.

Carlos Jimenez

While international cocaine stocks and low search costs in urban markets insulate wholesale customers from the effects of upper level interdiction, cell managers do suffer short-term scarcities from interdictions of recently landed cocaine at the border or while en route to market. The price logic behind most law enforcement programs is that bulk seizures produce supply scarcities in distribution markets. Replacing these seized stocks raises the supplier's costs. Increased costs are then passed down through the distribution

system, in order to achieve expected profits at each level. These increased prices finally spill out into the street retail level, where drug enforcement ideology predicts reduced consumption, abstinence by regular customers, and dispirited new customers. This scheme will collapse if cell managers and organizations are willing to accept the losses of single interdictions in the interest of remaining price-competitive in the local market.

Triumphant upper level drug enforcement efforts often do little to disrupt lower level drug distribution because of bountiful supply, the competitive nature of the lower level markets, and the ability of intermediary drug markets to absorb the effects of upper-level supply interdictions. Successful upper level drug enforcement can temporarily affect demand at the wholesale level, to the extent that importers and transporters must furnish replacement stocks while maintaining delivery schedules to other markets. International inventories compensate for the danger of maintaining drug stockpiles in the wholesale marketplace and are readily available to diminish the effects of en route interdictions in the United States. Since U.S. consumption accounts for only half of Colombian production, international cocaine inventories are abundant, replacement costs are low, and there is little need for local market increases that could increase demand elasticity (Caulkins & Padman, 1993).

Because a cocaine shipment must traverse one or more countries en route to the United States border, a significant portion of the cost of a kilo of cocaine goes into the pockets of corrupted police and political officials. Once a shipment has reached the United States, police corruption has but a local utility, because it cannot guarantee the obsolescence of law enforcement along the broad and perilous front that most

organizations must travel to bring their product to the wholesale distribution market. In fact, official corruption may harbor a disutility to an organization, the survivability of which hinges on secrecy. This is because effective corruption relies upon the assistance of individuals who have already revealed a profit motive for treachery.

Because of the decentralized nature of law enforcement in the United States and overlapping drug enforcement venues, drug-related corruption among police agencies has consistently lacked a hierarchy and is most often confined to the lower levels of authority. Access here and there to a police agency can satisfy little more than the local needs of a select group of traffickers. Lacking the political complicity and administrative support which pervades the Central and South American countries that line the route of cocaine, systemic corruption will not sufficiently root in the infrastructure of American law enforcement.

I know at a couple of entry points that they [Colombian traffickers] felt comfortable because there were people in U.S. Customs that they had access to. I don't believe that they ever felt that there was access to the DEA, and I was never under the impression that there was access to the DEA, or the Justice Department law enforcement branches. I guess that would be FBI, DEA. No, I don't think they ever felt that there was an in there. I know that they had military people that they felt they were comfortable with. But I don't believe that they ever felt they had anybody at DEA.

Juan Casador

I know about corrupted people in Colombia, but I never heard about corrupted officials in the United States...never, ever.

Pablo Molina

Do Colombian cocaine organizations share information about current enforcement strategies? They do at the international level, where organizations share shipments and

transportation routes. There is less reason to believe that this mutual cooperation occurs in the local marketplace, where tactical enforcement programs can generally make life miserable for cell managers. The Miami respondents offered different views on sharing intelligence information on local enforcement efforts. Juan Casador was less than benevolent when in possession of sound intelligence, seeing a distinct advantage in holding onto insider information concerning enforcement activities.

That gives me an advantage. If I knew there was a project going on or something special, that law enforcement's doing something special, and I could get my people to tighten up and be real good? It would be in my best interest to have those other people over there be loose and goosey, and have law enforcement focus on them, or maybe take them down. Law enforcement might then figure that it accomplished something and go off and look somewhere else. No, I wouldn't share that information at all.

Recent punitive drug laws at the federal level and in the states, such as the racketeering and "drug kingpin" statutes,² have been characterized as cruel and inflexible. These laws do act to deter some Colombian cocaine traffickers in their decision to establish operations in venues under the authority of these regulations. A portion of the interview between the author (A) and Carlos Jimenez (CJ) highlights the effects tough drug laws have on some Colombian cocaine traffickers.

² For an excellent discussion of the retributivistic federal and state legislation and sentencing mechanisms used against significant drug offenders, read Diana R. Gordon, The Return of the Dangerous Classes: Drug Prohibition and Policy Politics (New York: W.W. Norton, 1994).

- A: If you were preparing to settle in a city, to bring your cell into a city, would local law enforcement pressures affect your decision? Say you had a choice of going to Miami, New York, or Los Angeles?
- CJ: Those three cities are the same. But if you tell me go to Michigan, I won't go to Michigan.
- A: Why?
- CJ: Because they say in Michigan that if you get caught with a kilo, it's 25 years automatic. They have tougher laws in Michigan.
- A: Are you talking about the "kingpin" charge?
- CJ: No, they charge you with whatever. So, you're never going to find a Colombian driving merchandise through Michigan. I recall that we used to have a customer in Detroit, Michigan, and we used to sell the Michigan guy through the guy in Detroit, and we used to tell the guys in Michigan to drive to Chicago to pick up the merchandise on their own.
- A: Are you saying that there wouldn't be a lot of organizations that would be willing to set up their operations in Michigan?
- CJ: I can tell you right now, I haven't heard about one. And we got offers. I mean, just to go there.
- A: Do you believe that these laws work?
- CJ: Yes, it works a lot when you think about getting charged with money laundering and you only do five years. Why do you think there are so many people involved in money laundering? Because five years are quicker than 20. If you put 20 years basic on money laundering or cocaine, I'll tell you that half the guys working now would quit. If you move the laws of Michigan to New York, I guarantee you that, first of all, you're going to fill the jails, and, second, the price will increase right away, I mean, it will double. Cocaine will be double, and the amount of cocaine will be less. Because, right now, I mean, I have friends and they deal drugs and all that shit because they laugh at the laws. They get a good lawyer and they go out. That's why everybody is involved in money laundering. Because the laws for money laundering are very simple. I mean how many guys get arrested, and in a couple of hours they're on the street again. Doing the same shit.

But if the laws were tougher, people will think about it. They're not going to stop it completely, but I guarantee it will be a hell of a problem to find good employees. Only the guys established with great, great organizations, they will stay. The little ones, they will have problems.

PART III

THEORETICAL APPLICATIONS

Chapter 8 Bringing Theory to Drug Industry Studies

This dissertation seeks to explain the organizational behavior, in general, and the managerial practices, in particular, of Colombian-controlled bulk cocaine distribution cells in the United States. To understand organizational structure and function, particularly the role of change, and the dynamics of decision making within the cell requires a synthesis of several core arguments found in the contemporary literature of both organized crime and organizational behavior in legitimate settings. Without adequate grounding in these areas, researchers of criminal groups may not detect even faint patterns within organizational populations with no hope of achieving classifiability, generalizability, and predictability, the fundamental criteria of the scientific method (McKelvey & Aldrich, 1983).

This section discusses the ecological and adaptation perspectives of organizational theory. Although illicit markets display many of the characteristics common to legitimate commodity markets, such as credit relationships, quantity discounts, and mechanisms which adjust local market prices for the length of supply lines, the unregulated and noncontractual nature of illicit drug markets suggests a reformulation of some theoretical assumptions regarding size and efficiency, size and mortality, competition, and other environmental influences upon survivability. For example, organizational largeness may be a liability, contrary to the ecological perspective, and the cell's ability to change may require refinements of adaptation theory.

Organizational Structure and Function

In searching and applying a suitable theoretical perspective from organization theory, a researcher of criminal groups must first choose among explanations that recognize either external constraints (environmental selection processes) or internal constraints (managerial-driven adaptation and learning processes) as having the upper hand in determining the structure of a criminal organization.

These explanations are grounded in several theoretical and research perspectives which emerged in the post-World War II period. Weber's (1947) emphasis on division of labor, specialization, and centralized authority in organizations helped define modern structural organization. His theory was concerned with vertical differentiation, hierarchical levels of organizational authority, coordination, and horizontal differentiation between organizational units (Blau & Scott, 1962). In this perspective, organizations are viewed as institutions, the rationality of which is maintained through organizational control and coordination. Rational organizations establish rules and formal authority to achieve goals and objectives.

Theory advanced over the last three decades offers systems analysis to explain the internal constraints on organizational structure and population ecology to advance the view of environment as the predominant structural force. According to Shafritz and Ott (1996), systems analysis connects all the elements of organizational production, such as inputs, manufacturing processes, and outputs with the environment, so that changes to one or more of these elements cause a disequilibrium which the organization seeks to

resolve through changes in the other elements. Systems analysis, oriented towards cause and effect, although complex and dynamic, cannot predict the impact that managerial decisions affecting one element will have on the other parts of the organization or on its surrounding environment. It does give a strong caution, however, that organizations must learn to adapt to their environments in order to survive. Where several organizations choose to adapt to an environmental influence in a similar way, it can be said that a systems effect exists within the population (Hannan & Freeman, 1977).

Unlike the unidimensional, static organizations of the classical perspective (Weber, 1947), systems theory introduced a dynamic environment to structural theory and applied biological explanations, such as natural selection, to the understanding of organizations in general (Hannan & Freeman, 1977; Thompson, 1967). Cause and effect, influenced by an environment no longer benign and neutral, now become multidimensional and complex aspects of organizational behavior. Building on Parsons' (1960) suggestion that organizations exhibit three levels of responsibility and control, technical, managerial, and institutional, Thompson's (1967) structural contingency view proposed that organizations were informal and open systems, interacting with and dependent on their domains for inputs and outputs. Because environments seemed always in motion, organizations needed to adapt to these uncertainties or risk failure. Managers attempted to reduce the uncertainty produced by adaptive change through discretionary behavior, and buffered environmental perils through stockpiling, warehousing, and collusion with other organizations (Thompson, 1967).

Aligned with the systems approach, contingency theory is situation-based and focuses upon the manager's review and detection of all the prevailing organizational technologies and environmental conditions in selecting an appropriate organizational action (Lawrence & Lorsch, 1967). In forecasting a course of action, managers must rely upon informational systems which keep them rapidly and accurately informed of the environment.

Much of contemporary organizational research is associated with the systems and contingency models. Applications of these theories which relate to this dissertation project refer to organizational change, adaptation, and survival and are identified as **organizational ecology** and **adaptation theory** (Singh et al., 1986).

The substantial body of research on the dominant current paradigm of **organizational ecology** is rooted in the works of Hannan and Freeman (1977), who sought an explanation for diversity within organizational populations. Organizational ecology evolved as an alternative to the prevailing adaptation perspective and advocates an examination of organizations that share a common environmental vulnerability, views change as risk-taking behavior, and seeks an explanation for organizational diversity (Hannan & Freeman, 1977; McKelvey & Aldrich, 1983). In the ecological perspective, the environment, not the organization, optimizes and selects organizations for survival. In categorizing organizations as dependent upon their environments, the process of change as a force internal to the organization is not a productive response and may increase the risk of failure (Hannan & Freeman, 1977).

The fundamental unit of analysis in organizational ecology is a population of

organizations (Wholey & Brittain, 1986; Young, 1988). Organizations possessing similar forms or outputs within a designated boundary are referred to as local populations, and aggregates of populations sharing similar characteristics as population communities (Hannan & Freeman, 1977). In the study of individual organizations, concentrated analysis begins at the suborganizational level and ascends to the local population.

Finding similar characteristics in organizational populations implies the presence of an organizational form, or species (Hannan & Freeman, 1977). Marschak and Radner (1972) analyzed form as an organization's ability to assess the state of the environment, and to formulate a productive response. Form arises from an organization's structure, roles, and guiding attitudes and beliefs (Hannan & Freeman, 1977). McKelvey and Aldrich (1983), argued against a dependence upon the all-unique or all-alike paradigms for organizational structure and described a population form where organizational members have highly similar, but not necessarily identical, attributes.

Marschak and Radner (1972) point out that the particular manner in which decision-making processes within organizations respond or adapt to internal and external inertial forces describes its organizational form. This concept of form is used to describe organizational decisions which, when translated into action, produce vertical or horizontal differentiated structures, occupational specialization, and complexity.

Theories related to **organizational adaptation** have occupied a prominent role in contemporary organizational theory and research (Cyert & March, 1963; Levine & White, 1961; Simon, 1957; Thompson, 1967). Simon (1957), in dismissing the rigid, classical, and instrumental view of the employee role within organizations, established a reasonable

criterion for organizational coping. Simon stipulated that organizations and managers are involved in problem facing and problem solving and engage in a process called "satisficing." Through satisficing, managers settle for reasonable, rather than optimal, alternatives in choosing among organizational actions, basing their decisions on the limited information to which they have access. In lieu of implementing optimal solutions, managers settle for acceptable ones and compromise decisions.

The theoretical approaches underlying an examination of these issues can be found in the various organizational theories related to organizational ecology. These theories are applied in research examining organizational failure and mortality, adaptive organizational change, limits to size, the need for structural differentiation, and competition and isomorphism.

The drug agents assigned to the investigations of the Herrera and Urdinola cocaine trafficking organizations were astonished by the unique ability of these large and sophisticated cell structures to implement change, while in the midst of illicit operations, and to survive years of intense law enforcement scrutiny and relentless pursuit through the process of routine changes to structure, membership and communications. Change was imminent when cells suffered interdictions or arrest, but occurred nonetheless in the normal course of activity, when little or no enforcement pressure was detected.

Growth and Decline Processes

Criminal organizations, like their counterparts in the licit realm, experience birth and death. For a legitimate organization, its life span is from its founding as a legal entity and

until it no longer functions as such (Singh et al., 1986). This definition is sufficiently broad to allow for periods of stagnation, which could occur when the productive function of the organization is purposely and temporarily disabled because of retooling, labor disputes and the like. Organizational birth or death may also be the consequence of a willful decision to enter or leave markets, changes in organizational form, corporate mergers or an action coerced by competitive pressures, bankruptcy, hostile takeovers, or closure by some other factor (Freeman, Carroll, & Hannan, 1983). In the experience of organizational birth or death, changing form can have an ambiguous character. Changing form may signal the death of an old organization and the birth of a new one (Freeman et al., 1983; Hannan and Freeman, 1977).

Because criminal organizations do not have legal foundations, their activities are not rooted in regulatory systems which limit innovation, productivity, or growth. Regulatory mechanisms at work in low-order, street-level cocaine distribution activity are territory, competition, and police intrusion. By contrast, in the upper levels of the cocaine trade, markets are ethnically closed, participants conduct business in contiguous, but peaceful, surroundings, and distribution venues are bounded only by the geographical spread of the customer line. For instance, one of the primary respondents managed a cell in Miami, but conducted the bulk of his distribution in the midwestern United States. He was unencumbered by concerns over territory and competition and restrained only by law enforcement and the continued demand of his clients. Considering that cocaine demand

has remained relatively inelastic over time and interdiction rates are consistently low (perhaps one out of every 100 cocaine shipments are seized), the respondent enjoyed a fairly carefree criminal lifestyle.

In order to explain organizational diversity, Hannan and Freeman (1977) imported biological models to formulate the selection-based, ecological view that organizational change is avoided. If it occurs, change is found to relate to increased rates of organizational failure. Some organizations simply cannot make the necessary strategic and structural responses required to maintain pace with changing environments, and soon succumb, as a result of the effort. This mortality rate, along with the founding of new organizations, are largely responsible for diversity within populations.

One proposition in assessing rates of organizational mortality is that younger organizations are more likely to fail because populations impose a liability of newness on the founding of organizations (Stinchcombe, 1965). Hannan and Freeman (1984) have questioned whether this trend may instead represent a liability of smallness, because new population entrants are not as large as more established population members. While oldness and largeness do not guarantee longevity in organizational populations, empirical studies do give strong support to the economic vulnerabilities imposed by both newness and smallness (Freeman et al., 1983; Haveman, 1993; Pfeffer & Salancik, 1978).

In illicit commodity distribution, an inverse effect appears. The covert nature of criminal activity turns largeness into a liability and smallness into an advantage. In Colombian cocaine cells, the cell manager must weigh the home office's desire for greater and greater profits, a goal fulfilled by expanding distribution activity, against the risk of

exposing a greater surface area of the cell to law enforcement because of an expanded labor force.

Every cocaine delivery and money pickup is a precarious venture into the public domain for the cell manager. The dangerousness of the environment in which cells must operate relates to the strength and aggressiveness of local drug enforcement. Random drug arrests and highway interdictions offer law enforcement a rare and very brief gateway into these hidden groups, an opportunity in which the group's "signature" can be detected, electronically intercepted, and surveilled. It is important to note that the Herrera and Urdinola investigations were both initiated following the arrests of workers and customers who became drug informants.

Change, Adaptation, and Survival

The adaptation view offers an antithetical explanation for organizational ecology, emphasizes action and change within organizations, and proposes that change is a positive reaction to a dynamic environment and enhances survivability (Cyert & March, 1963; March and Simon, 1958). The concept of organizational form can also serve as the blueprint of an organization's actions (Hannan & Freeman, 1977; Young, 1988). This blueprint consists of the structure and task roles which turn organizational inputs into outputs. Blueprints can be used to locate common forms which signify organizational populations.

Change, as a maladaptive response to the environment, is not an ecumenical view among organizational ecologists (McKelvey & Aldrich, 1983). The view of the inert and unresponsive organization (Stinchcombe, 1965) is challenged by some ecologists who believe that organizations adapt to their environments in an incremental and stable fashion (Astley, 1985; McKelvey & Aldrich, 1983). Empirical studies refute the extreme theoretical position of the ecological perspective, throwing support behind the contention that change may not be disruptive, nor does it increase organization mortality rates within populations (Singh et al., 1986). From the ecological perspective, Colombian cells would be powerless to resist external pressures, and it would be pure luck if a fatal confrontation with law enforcement was avoided.

Organizational ecology also fails to explain why organizational populations maintain their diversity if environmental forces select out organizations that change. This process should instead encourage survival among organizations that have similar characteristics and transform as a population (Astley, 1985).

Colombian distribution cells survive because of their remarkable ability to change. The peculiar array of mobile telephone, pager, and facsimile numbers in use by the cell at any given moment creates an electronic signature which identifies the cell, its managers, and operational activities. The routine process of changing these telecommunications devices effectively shields the cell from creating enforcement opportunities. By adhering to these procedures, astute managers enhance the survivability of the cell and create conditions under which the cell can expand its distribution activities without proportional increases in risk. These internal practices act to suppress external

pressures, behavior which strengthens the importance of the adaptation perspective of organization theory and its relationship to the conduct of criminal organizations.

Adaptation theory has a distinct management orientation, in that monopoly control over organizational decisions and behavior resides with top management. Colombian cell managers reduce environmental effects by buffering their organization against environmental shocks by adjusting organizational structure and implementing adaptive strategies (Thompson, 1967). Recognizing that the environment influences organizational behavior, managers scan the environment for opportunities and threats and then formulate strategies which allow their cells to adapt to dynamic external settings in ways that minimize disruption to structure and function (Hannan & Freeman, 1977). Therefore, cells adapt through learning, and cell managers learn by doing.

The extent to which this learning process produces variability in cell populations and selects some cells for survival over others is subject to debate. A dominant ecological issue in this debate involves those internal and external constraints which produce strong structural inertia against change and affect the flexibility of a cell to adapt to environmental fluctuations (Hannan & Freeman, 1984).

Under the concept of inertia as it applies to organizations in legitimate settings, environmental pressures are sufficiently strong that organizations would risk failure if they tried to implement adaptive and radical changes to strategy and structure (Haveman, 1993; Young, 1988). Where environmental pressures are strong and impose sudden or catastrophic changes on organizations, organizations which have specialized functions

display distinct advantages over organizations which perform generalized tasks (Hannan & Freeman, 1977; Wholey & Brittain, 1986).

Plotting the strength of inertial forces, Hannan and Freeman (1984) proposed that organizational investment, a lack of information on internal political conditions, and a historical resistance to change all act to produce strong internal pressures against adaptation. Considering that different organizations have different organizational investments, or "sunk costs"(Hannan & Freeman, 1977: 931), there are different levels of resistance to internal pressures which should produce variability within populations. Internal resistance to change is intensified by external forces, such as barriers to market entry and exit, lack of information on external conditions, organizational legitimacy, and a general market disequilibria produced by organizational populations which respond to these forces in different ways.

Strong managerial control, a strict procedural basis for action, and centralized decision-making authority by the home office act to suppress a cell's internal resistance to change and adaptation. This common trait among most Colombian cocaine distribution cells reduces variability in cell populations and should suppress the inertial forces reported by Hannan and Freeman (1984).

This dissertation disclosed the presence of some scripted behaviors in Colombian cells. These behaviors were largely related to reducing the threat of enforcement . An environmentally based theoretical perspective in organization theory suggests that external pressures, such as enforcement, might impact cells occupying a common venue in a very similar way (Astley, 1985; Hannan & Freeman, 1977). In that respect, some cells

would adapt in more optimum ways than others to their environments, with some cell managers exerting greater internal discipline and always keeping an ear to the ground for disturbances in the distribution environment. This is not to say that there is a set of blueprints to guide cell managers in the operation of their distribution cells. This project found no primer which would lead law enforcement to more efficiently allocate resources or even predict in which direction an investigation might progress. This relationship between the environment and a cell population would require a more sophisticated explanation, one which joins the perspectives of selection and adaptation (Singh et al., 1986).

Peter Reuter (1988) views drug enforcement as a Darwinian mechanism through which the weakest or most vulnerable drug organizations are selected out of the population as targets. It is the visibility of these weaker organizations, organizations suffering a managerial incompetence resulting in the lack of institutionalized adaptive change behaviors or an undisciplined and careless work force, that presents opportunities to drug enforcement. In terms of adaptation, these selected organizations are slow moving in their ability to change or procedurally faulted in implementing these changes. By removing the weaker members of the herd, the remaining competent population of cells is permitted to flourish and evolve in ways that sharpen the ability to resist such law enforcement intrusions.

It would be misleading if the reader was left with the impression that this process of selection was at work in the investigations of the Urdinola and Herrera cocaine trafficking organizations. In those investigations, the NYDETF and HIDTA/Miami seized

a passing opportunity, the interdiction of a shipment or the recruitment of an informant, and forged ahead with an investigation that would easily have exhausted the financial and logistical resources of virtually any other non-federal law enforcement agency. It was precisely the ability of the uncommonly large Herrera and Urdinola cells to adapt to the pressures of law enforcement that required the lead agents in those investigations to set aside many hours for the writing of dozens of court affidavits needed to keep track of the cells' constantly changing telecommunications signatures.

Strategic choice theory falls into line with adaptation, contradicting the ecological perspective by suggesting that discretion over actions is an internal process in organizations (Child, 1972; Oliver, 1988; Pfeffer & Salancik, 1978). Therefore, organizational diversity is the result of internal constraints. In strategic choice theory, cell managers, rather than the environment, make critical choices regarding their own structural design, leading to increased organizational diversity (Child, 1972). Other noted theorists also support this notion of organizational structures unencumbered by competition or other forms of organizational interaction (Pfeffer & Salancik, 1978). All in all, this theory, in agreement with the idea that adaptation produces positive outcomes and enhances survival, offers a suitable explanation for the strong centralized control by the cell manager over the productivity of the cell.

Size and Differentiation

Size is one of the most researched dimensions in organizational theory and has generated as much criticism of its utility as a theoretical concept (Mileti, Gillespie, &

Eitzen, 1977). Size is a concept which most commonly describes the number of employees in an organization and has been shown to proportionally relate to an organization's structural characteristics of vertical differentiation and decentralization of decision making and authority (Blau, 1970; Caplow, 1957; Mileti et al., 1977). Simply stated, as organizations grow, so does the complexity and bureaucratization required to accommodate this growth (Blau, 1970; Blau & Schoenherr, 1971).

Reasoning that size has embraced too many roles in the literature to attain specificity, some argue that organizational theory should abandon the general concept of size in favor of other dimensions, such as work capacity, volume, and success (Kimberly, 1976; Mileti et al., 1977). In predicting cell structure from size, size is thought to exert less of an influence on cell structure than do other variables, such as tasks and technology (Aldrich, 1972; Thompson, 1967; Woodward, 1965). Because cocaine as a commodity is relatively compact, easily concealable and transportable, and highly profitable, and because distribution chains are short (from the cell worker to the customer), relatively small cells can carry out the distribution of large quantities.

Size is also shown to relate to the amount of social control a leader can maintain over an organization and the frequency and scope of his decision-making processes. The larger the organization, the more difficult it is for the leader to maintain centralized authority over its operation. It is suggested that the frequency of decisions and the need to sustain centralized authority and social control in larger organizations cause bureaucratic structuring (Pugh, Hickson, & Hinings, 1969). Bureaucratic structures produce efficiency.

Size has also been shown to relate to the occurrence of differentiation in organizations (Blau, 1970, 1972; Child, 1972; Meyer, 1972; Mileti *et al.*, 1977), and that finding in the domain of legitimate organizations also relates to operational criminal entities, such as Colombian distribution cells. Organizations can be horizontally or vertically differentiated, depending upon the complexity of the tasks and size of the organization.

The task of an organization, rather than its size, may have the greatest impact upon the decision to differentiate labor (Dewar & Hage, 1978). Differentiated structures are essential for the control of work within large organizations. Bridging the control loss created by growth are new hierarchical levels staffed by personnel whose functions include the coordination of information between levels. Through his fundamental theorems, Coase (1937) informs us that transaction costs can be reduced within organizations by integrating workforces and technology previously subcontracted out to the hostile marketplace. Incorporating money laundering and transportation (normally, transportation is a subcontracted component in smaller, less productive cells) can save the organization time, money, and risky searches.

In the expansion of legitimate organizations, decentralization of decision making and authority is imposed upon organizations as a means to overcome problems of communication and coordination (Blau, 1970; Meyer, 1972; Mileti *et al.*, 1977; Perrow, 1972; Pondy, 1970). Distribution cells grow to the extent that the task demands of distribution and collection exceed the ability of the cell to carry them out. Expansion

occurs at the cost of face-to-face delegation of authority. As the size of the cell increases, so does the distance that information must travel among its subordinate levels (Williamson, 1967). Detachment from the lower production functions of a cell incurs a control loss for the cell manager, as less and less of the manager's authority is exercised at arm's length. A loss of accuracy also occurs as information is filtered down and across hierarchical levels. To counter this, a cell manager in an expanding cell, such as those operating in the Herrera and Urdinola organizations, practices decentralization by lengthening the scalar chain of authority along a secondary front of managers and by dividing labor with respect to the coordination of decisions. Faced with a decision to expand, the home office and local manager must consider the importance of this control and accuracy loss against the risk of an additional bureaucratic layer.

Increased size, bureaucracy, and the establishment of formalized rules and procedures, while contributing to growth and greater productivity in legitimate organizations, can create problems in their illicit counterparts. In contrast to the operative strategies of legitimate organizations, largeness in Colombian cells puts the entire cell at increased risk, because of the need for delegation of authority, differentiation of task roles, and a decentralized decision process resulting from the distribution of authority along a subordinate front of managers (Blau, 1970; Weber, 1947). Bureaucratization results from this need to defer authority and to localize the expertise required to resolve an array of security concerns that can rise up in the path of the cell's goals of successful cocaine distribution and money collection. As cells achieve the complexity that follows from bureaucracy, there is also increased formalization.

Increased cell size also means that the home office and local cell manager cannot make every decision affecting the performance of the cell. The cell manager must, to some extent, formalize his relationship to his section leaders and workers through the establishment of rules and procedures. When the cell manager internalizes these rules and procedures, they become ingrained in the behavior of his workers. The operational strategy of the home office is, therefore, communicated throughout the cell without the loss of control or the need for formalized relations by the cell manager (Haveman, 1993). Another concern for the cell manager is that subordinate authority levels also hold large increments of the cell manager's expertise and knowledge of the operation of the cell. While cell managers often remain distant from the criminal operations of their cells, subordinates who implement their policies in the field must interact daily with a hostile environment. With every movement of a cell worker, these increments of the cell manager's operational strategy are at risk of discovery.

Formalization offers practical benefits to the cell manager who is reluctant to form a lengthy chain of command. When a cell manager enforces the practice of rules and procedures, he also reduces the need for a broad delegation of authority to a subordinate layer of managers. Strict operational behaviors guide cell workers through the relatively simple tasks of delivery and collection. Perhaps one or two supervisors are necessary to oversee the day-to-day conduct of these operations. This generally explains the small size and highly disciplined nature of distribution cells, two of the most common characteristics of the Colombian cocaine trade in the United States.

Competition and Isomorphism

Findings in this project strongly suggest that Colombian cocaine distribution cells in the United States are noncompetitive and bear some structural similarities within local cell populations. Operating within an oppressive environment to some extent encourages the organizational form in which many cells are roughly cast. To appreciate the absence of competition in the Colombian cocaine trade, some thoughts on the nature of competition in legitimate industry are necessary to provide the setting for the anomalous operations of Colombian cells.

Organizations, both legal and illicit, exist in environments which are either stable or dynamic. The environment is the marketplace for the service provided by the particular organization. Stable marketplaces may be perfectly competitive, distributing homogeneous products under demand conditions which readily absorb all units of output. Dynamic marketplaces produce uncertainties for the organization, such as the intensity of competition and fluctuating levels of supply and demand. Organizations must find ways to cope and adapt to these irregularities.

Ecological dimensions that have been found to influence the contraction and expansion of organizational populations include population density, density dependence, organizational concentration, and the demand for the common organizational resources (Boeker, 1991). The carrying capacity of the environment, determined by the level of resources in that environment, sets limits on the number of organizations that can function in that environment (Hannan & Freeman, 1977). Population density is defined as the

number of organizations of a particular type and has been used to establish rates of organizational founding and failure under the effects of competition (Baum & Oliver, 1992). Density dependence would be expected to predict that the level of population density is proportionally related to the competitive influences upon organizations within the population (Hannan & Freeman, 1989). The density dependence dimension, however, appears to ignore the impact of organizational concentration on the levels of competition, organizational size, and market share (Boeker, 1991). Carroll (1985) suggested that economic concentration, describing a market situation where few organizations dominate the market share, may give rise to barriers to entry, because resource allocation will not tolerate novice entrants.

Competitive pressures are generated within organizational populations as long as the amount of available resources is not overcome by the carrying capacity of the environment, that is, when the demand for resources exceeds supply (Hannan & Freeman, 1977). If the joint demands of a population of organizations are exceeded by the level of resources, then competitive pressures are absent (Astley, 1985). If resources remain limited and there are no barriers to organizational entry or expansion, then competition must ensue. Under competitive pressures, organizations acquire uniformity, because only the most competitive forms will emerge (Astley, 1985).

Colombian cocaine distribution operates in relatively oligopolistic environments. In its prime, the Herrera organization was supplying as much as 60% of the cocaine reaching New York City. The Urdinolas had a similar stranglehold on the Chicago and Miami markets in the early 1990's. Despite these near monopolistic market conditions, there were

few, if any, barriers to entry for the hard-charging Colombian cocaine entrepreneur in those distribution sites. Competition appears to be a concept mislaid in the Colombian cocaine distribution market, because agreements over supply, customers, and territory are brokered in Colombia. The largest organizations formed provincial coalitions in Colombia, arrangements that also created a higher mediating authority for disputes in foreign markets. Every single Colombian distributor in every single local market could trace his supply to one of these trafficker alliances and, generally speaking, these alliances held claims to whole cities: New York and Miami to the Cali organizations and Los Angeles to the Medellin organizations.

Continued low production costs and poor eradication efforts in Colombia have sustained ample supply levels to virtually all the major U.S. markets. With bountiful supplies, few barriers to entry, and little or no competition in these markets, many of the ecological dimensions that restrain the growth of legitimate organizational populations have no influence upon Colombian cocaine markets.

It is a peculiar characteristic of the wholesale cocaine marketplace that customers maintain loyalties in the face of moderate price differences. This is because these price differences are generally market-wide and imposed under conditions that often prevail in source countries, or along smuggling routes. For the customer, there is an inherent danger in conducting searches in the cocaine trade for alternate sources of supply. A search exposes knowledge of one's criminal participation and distribution capacity to individuals who have not been proven to be trustworthy. While the need to hide and restrict knowledge of cocaine distribution may be a factor in customer loyalties, customers do not

hesitate to press negotiations over kilo prices with cell managers or the home office. This study found that negotiations often resulted in differential treatment among local customers that caused kilo prices to fluctuate as much as 10-20% within an organization.

The cell manager and home office still balance loyalty and profit in determining to what levels cocaine prices may be increased for individual customers and the ability of those customers to tolerate those increases. It is the loyalty of customers that allows for their economic exploitation from within the cell and sustains oligopolies within local markets.

As long as cocaine cartels engage in durable and collusive agreements over supply and price, their foreign markets will remain stable and flourish. Collusion at the organizational level maintains the noncompetitive environment in local distribution markets, and violations are dealt with quickly and with deadly consequences.

Another important concept is that of isomorphism, where relatively similar characteristics are found within a population of organizations (DiMaggio & Powell, 1983; Hannan & Freeman, 1977; Oliver, 1988). While ecology-based arguments hold the environment responsible for organizational structure, competing views on isomorphism locate causal factors in competitive pressures and in organizational interactions which produce interconnected collectivities (Hannan & Freeman, 1977; DiMaggio & Powell, 1983; Oliver, 1988). Isomorphism may appear in an organization through a variety of processes, such as coercion, imitation, or professional interrelationships (Oliver, 1988).

In Colombian cocaine distribution in the United States, isomorphism is a population-level dimension where cell populations exhibit similar characteristics. Isomorphism occurs

because cells experience common enforcement pressures and distribute the same commodity. Because relatively few sources supply entire markets, large and small organizations share a similar expectation of access to supply. With all of these external and internal factors being comparable in cells across market populations, cells tend to develop isomorphic traits (Astley, 1985; Hannan & Freeman, 1977; Oliver, 1988).

Organized Crime

As early as 1988, before American drug enforcement had fully gauged the U.S. operations of a second formidable, but quieter and businesslike, Colombian cocaine coalition in Cali, the U.S. Attorney General was sufficiently impressed by the corporate practices of their emerging distribution networks to characterize them as "shadow versions of legitimate enterprises" (Florez and Boyce, 1990). Colombian cells offered credit terms, quantity discounts, and insured product delivery to their customers. Losses in which the customer was held blameless were promptly replaced without further expense. Findings in this project indicate that Colombian cocaine trafficking organizations have fewer qualities in common with traditional organized criminal groups, such as La Cosa Nostra (LCN), than they do with licit commodity industries in the United States.

Every aspect of Colombian cell activity supports the transfer of an illicit commodity. Other organized criminal groups, such as LCN, can also be legal service providers, although these services may be awarded through illicit means. Bid rigging and kickbacks gain highly profitable contracts for LCN groups to conduct licit activities, such as

construction, casino infrastructure support, waste management, and other environmental consulting services. Because cocaine is an imported commodity in the United States, Colombian traffickers have little or no need to interact with the same licit and illicit industries that support the criminal operations of LCN groups. In fact, Colombian traffickers conduct short-term business relationships with American enterprises only in cases where they may expedite the flow of cocaine to the distribution market. Prominent examples are trucking and rental vehicle companies, storage facilities, and real estate offices.

In Colombian cocaine distribution, the recruitment of cell workers generally follows ethnic and cultural lines. This practice serves no purpose, other than to advance the productivity goals of the cell by bonding the worker to the task at hand and making his extended family accessible and accountable for his actions during his tenure with the organization. Unlike other ethnic mafias, membership in Colombian cells requires no adjunct ceremony or rite which would impart a strong belief system, a sense of fraternity, or other means of interconnectedness to its members. Although the ranks of many international cocaine trafficking organizations are related through blood lines or social bonds from Colombia, this project found that the vast subordinate pool of cell labor came to the United States with no motive other than personal gain. As seen in the research subject profiles in Chapter 5, few of the participants in these organizations carried the burden of a prior criminal history. Their appearance and conduct in the community would inspire little or no suspicion from the average police officer.

Another dynamic in U.S.-based Colombian cell structures is the hidden nature of their commerce. Unlike the illicit activities of traditional organized crime in the United

States, which cross over into the public domain through illicit forms of pressure, such as extortions and takeovers and low-order vice crimes, such as gambling, narcotics, and prostitution, Colombian cell managers absolutely forbid the participation of their workers in such activities. These crimes generally involve relationships and confrontations with individuals who have no cause to be loyal to the illicit commodity provider. Customers in vice criminal activity are not motivated by concerns of personal or family safety, concerns which are manipulated effectively in the Colombian cocaine trade to discourage cooperation with law enforcement.

In the United States, the covert nature of Colombian cocaine trafficking organizations also reduces their public recognition and status as an organized criminal group. Popular perceptions of organized crime in America arise from the "Mafia mystique" (Smith, 1975, Albin, 1992). These perceptions grow out of America's captivation with LCN as the monolithic and archetypical organized crime structure and activity. This is not to make light of the pernicious effects of LCN activity on American society; LCN groups have penetrated the political and corporate landscape in the United States, making the process of their extrication and eradication a painstaking and seemingly interminable task.

Colombian cells do share an economic motive with other organized criminal enterprises. Cells also have a business focus and exist to promote market activity for the purpose of distributing illicit goods and services (Southerland and Potter, 1993; Reuter, 1983).

A prominent difference between Colombian cocaine trafficking groups in the United States and traditional Italian-American groups like LCN is the apparent inability of the

Colombian drug traffickers to organize broad-based official corruption to support their activities in this country. By contrast, LCN successes in establishing profitable levels of corruption in its criminal activities are probably attributed to its native character and entrenchment in the American political and industrial complex.

The ethnic diversity and decentralization of American law enforcement act to resist corruption in its ranks from Colombian traffickers. En route to a U.S. distribution market, an overland bulk shipment of cocaine may pass through dozens or perhaps hundreds of overlapping law enforcement venues. Each locality is similarly empowered to arrest and impose severe penalties on drug offenders or relinquish prosecution to the federal government, where the penalties are made even harsher by the lack of a parole system.

Colombians fear the American judicial system above all else. This fear provoked a wave of police murders, bombings, and political assassinations in the 1980's when it appeared that Colombia would relent to U.S. demands to extradite drug lords to stand trial in the United States.

Interviews of the primary respondents in this project found that there is no large-scale or system-wide drug corruption in the United States and that American drug enforcement is generally considered to be effective, aggressive, and incorruptible. Where corruption did occur, perhaps involving a customs agent in Miami or a border patrol officer in Texas, it was typically confined to border entries and rarely had an impact on any other component along the long domestic routing of a shipment of drugs.

In the cases of Colombia and Mexico, systemic corruption requires a hierarchy and bureaucracy sustained by the enormous diversion of drug profits. In these countries, there

is a strong criminal-political nexus to the character of drug trafficking. Unfortunately for the Colombian cocaine cartels, this characteristic of the trade did not take hold in the United States.

The presence of domineering national police forces in Colombia and Mexico with widespread patrol and investigative responsibilities presents unique opportunities for corruption. For instance, one corrupted police commander may rule over an entire province in Colombia and could unilaterally act to divert enforcement away from overland cocaine trafficking routes and allocate resources to areas that would have little impact on the local drug trade. The Cali cartel has effectively pursued this strategy to facilitate the flow of cocaine through Colombia and Mexico to the United States. On the other hand, the late Pablo Escobar of the Medellin cartel isolated law enforcement by preferring lead over silver, electing to clear any obstructive police presence with assassinations, ambushes, and bombings.

Ironically, the international policies of the United States Government may legally facilitate drug trafficking in much the same way as border corruption. The U.S. certification of Mexico's fight against drug trafficking, even in the face of continued evidence of complicity by Mexican politicians, military officials, and the police, allows for continued strong support of the North American Free Trade Agreement (NAFTA). NAFTA was designed to reduce economic barriers and open commerce across the Mexican-American border, a goal which has dramatically decreased border inspections of commercial vehicle traffic. Because much of the Colombian and Mexican marijuana and cocaine enter the United States aboard commercial means of overland transportation, the NAFTA agreement

has also had the unintended consequence of making the U.S. border more porous to drug trafficking. This argument raises the issue that a risky and costly drug cartel effort to corrupt U.S. officials cannot open cross-border drug trafficking more effectively than prevailing U.S. government policies have done, without coercion, expense, or peril to the trafficking organizations.

According to Southerland and Potter (1993), the structure and function of a criminal organization constitute the logic underlying the adaptive response to the environment in which it resides. This project found that, while continuous adaptation effectively manages the day-to-day risks of cell activity, environment remains an important structural determinant in Colombian trafficking organizations operating in the United States. Similar to organizations in legitimate settings, Southerland and Potter argued that centralization, complexity, and formalization are also structural determinants of criminal organizations.

Centralization indicates where authority and decision-making processes are positioned within the organization, either through a unity of command or by the relative participation of the membership in specifying organizational goals and objectives. Centralization also relates to organizational size and compartmentalization of task roles to reduce the threat of disclosure to law enforcement (Reuter, 1983). Common practice within the Colombian cocaine trade to reduce the size of distribution cells also restricts the need to defer authority and decision making to a subordinate level. In the case of the Herrera network in New York, cell size became unmanageable, and interdictions increased when too many workers sought guidance from too few supervisors. The Herrera organization might have minimized the damage of the intense DEA investigation through

the establishment of other cells and the appointment of other cell managers.

The extent of the division of labor and specialization within an organization determines its complexity. The Herrera and Urdinola organizations became formalized through the establishment of rules and procedures which guided their membership activities. Formalization in those organizations also correlated to age because growth, as a consequence of their longevity in the trade, led to the establishment of rules and procedures where cell managers could not conduct constant oversight.

Within the contemporary literature on organized crime, several paradigms advance explanations of structuring and adaptation in criminal organizations (Cressey, 1969; Smith, 1980). Smith (1994) identifies three models of organized crime theory, which select either hierarchy, ethnicity and cultural connections, or the economy of the enterprise itself as the driving force behind organizational behavior. In the third model, the activities of the criminal group are organized in a manner which advances the profit motive of the group.

Most organizations involved in commodity distribution, regardless of legitimacy, engage in profit maximizing (Southerland & Potter, 1993). The distinction between legal and illegal activity is often limited to the nature of the distributed commodity (Reuter, 1983). Commodity type is, therefore, a useful criterion in distinguishing between licit and illicit enterprises. Smith (1980) sorted all organizations by aligning them along a spectrum of legitimacy. Southerland and Potter (1993) used commodity type in imputing the following three characteristics upon criminal organizations:

1. distribution of a good for profit;
2. distribution satisfies a public demand;
3. illegal nature of the good.

The risks which accompany field studies of organized criminal groups, such as Colombian trafficking organizations, as well as problematic sampling and ungeneralizable results, have obstructed an empirical test of many of the propositions of organized criminal behavior. Predictive statements about these criminal organizations are thus confined because of the dangerously unstable environments which surround much of their illicit activity. Despite these methodological shortcomings, mathematical and econometric modeling (Cave & Reuter, 1988; Caulkins, 1992; Caulkins, 1994; Caulkins and Padman, 1993; Caulkins, Crawford, and Reuter, 1993) have offered an insightful analysis and reasonable portrayal of the productivity within such groups, while eliminating the risks of participatory observation (Adler, 1985; Williams, 1989). These studies have used political and economic models to understand organized criminal activity through descriptions common to legitimate business entities. As a result of this body of work, the study of organized criminal groups has emerged from sole dependence upon the law enforcement perspective, a relatively narrow vision of this criminal activity which has flourished in the decades since Cressey's powerfully influential study.

The Miami respondents in this project offered a unique view of the dynamics and complex organizational components and practices involved in America's most successful and profitable illicit commodity market. Criminologists, economists, and law enforcement

practitioners are provided with a more sophisticated and comprehensive look at task environments, resource allocation, illicit commodity transactions, the lack of competition and violence, and the problems confronting law enforcement. Even under the most intense enforcement scrutiny, Colombian cocaine organizations have survived and proliferated in this country. There can be little debate that their successful management practices and strategies mark them as a species *sui generis*.

National Drug Control Policy

The consistent availability and overall consumption of cocaine over the last couple of decades have fashioned the unique system of Colombian distribution in the United States. Cocaine was the illicit commodity in this project, but the findings were less concerned about drug typology than about the growth markets which sustain their distribution and the organizational and local managerial practices which shape those markets. Highly evolved distribution markets, aggressive customer lines, and low risk levels all lead to the disheartening conclusion that the Colombian trafficking groups could easily pull this country in the direction of a new scourge by swapping cocaine for another drug.

Demand has not been factored into this supposition; neither have the socioeconomic factors which relate to the levels of consumerism we have suffered over the years. Poverty, race, individual psychology, adolescent and adult curiosity, and thrill-

seeking are all synergistic characteristics of drug use when matched with availability, affordability, and the euphoric properties of the drug.

Although we have created an enormous and capable military complex in this country, we hesitate to deploy that force under any circumstances other than those which we fear will radically impact our way of life. Operation Desert Storm acted decisively under the real threat that the Iraqi military machine could barrel-roll over North Africa and the Middle East, seizing or destroying valuable oil resources that could appreciably affect the standard of living in the West and cause this country to be economically extorted in ways that we could not tolerate.

The United States is governed by politicians, not militarists. The country has, in fact, survived the drug onslaught which gathered momentum in the 1960's. Although we have declared war upon drug use and drug traffickers, we have invested little labor into the fray, and the billions we spend annually has not effectively turned the tide of the drug war in America's favor. At the same time, the United States government engages in a saber-rattling, love-hate relationship with the Southern Hemisphere, holding back millions in aid from drug source countries, the enforcement efforts of which have come up short against our list of demands.

These thoughts do not set the table for an argument supporting legalization. Legalization will accomplish nothing more than selectively adding other dangerous intoxicants into a society already burdened and outraged by the consequences of alcohol consumption. Drug markets will not disappear after legalization; neither will the criminal

participants on either side of the Caribbean seeking relief in far less profitable, legitimate opportunities.

Our main adversaries in the drug war, the Colombian and Mexican drug trafficking groups, have shown remarkable resilience in adapting to U.S. enforcement programs. Over the course of 30 years, the Colombians have shifted from marijuana to cocaine to heroin. Similarly, Mexican bumper crops of marijuana, which dwindled under a U.S.-sponsored eradication program in the 1970's, have long since given way to a cocaine partnership with the Colombians. The Mexicans also hold an unchallenged lead in methamphetamine production and distribution in the United States.

It is precisely the adaptability and polydrug character of these international drug trafficking groups that render legalization an ineffective option in drug policy. For instance, as cocaine demand has leveled and even slackened in the United States, the Colombians are now pumping out record quantities of homegrown heroin. Not only is it ingested in the same ways as powdered and crack cocaine, but it costs half as much per dosage and offers greater euphoric effects. In turn, new markets for cocaine have now sprung up all over Europe, where the Colombian organizations can sell cocaine at three or four times the kilo price in the United States.

At the Colombian level of cocaine distribution, kilo price cannot be tied to enforcement effectiveness. Unlike the lower levels of the drug trade in this country, aggressive drug enforcement does not displace the drug trade or drive it indoors in ways that would separate a distributor from a customer. Colombian cocaine distribution does not

cross over into the public domain, and customers are far more likely to be loyal to reliable supply sources and less likely to engage in risk-laden, competitive price searches.

The U.S. drug enforcement effort against Colombian cocaine markets should continue in an unrelenting way. Without enforcement, there is no regulatory mechanism for importation and distribution at this level of the drug trade. The absence or reduction of drug enforcement would herald precipitous drops in kilo prices nationwide. As it stands now, perceived risks of interdiction and arrest are responsible for as much as 70% of the kilo price as it is routed to the distribution market.

Drug enforcement performs an important function as the sole regulator of illicit drug markets. Increased enforcement pressures upon wholesale markets may also have the unintended consequence of increasing the efficiency and competency of market participants. Because U.S.-based, Colombian-controlled cocaine markets are largely noncompetitive, increased law enforcement pressures also encourage agreements among home organizations that share these markets. These agreements pool intelligence information and distribute the risks along smuggling routes for all the shareholders in bulk cocaine shipments sent to the United States.

It is plausible that effective drug enforcement not only encourages cartelization among home organizations, but also acts as a Darwinian tool in U.S. distribution markets by selecting the most competent cells for survival. Effective drug enforcement targets the most vulnerable, or least experienced, cells. Enforcement might offer some unusual benefits to local cell populations, but it should be pointed out again that the risks of drug

enforcement to Colombian cocaine traffickers act to double or triple the landed price of a kilo of cocaine.

In the larger brokerage markets, the sheer volume of inbound cocaine shipments, the proliferation of cells, and the diffuse nature of their activities all combine to overpower scarce enforcement resources. Because a local population of cells competes for law enforcement attention owing to the law enforcement tradition of selecting out of the population the most vulnerable cells, the majority of experienced cells are left behind to prosper and sustain the strength of the market (Reuter, 1988). It is unfortunate that good interdiction in the face of adequate replacement stocks does little more than create the illusion of successful drug enforcement, and it is unlikely that present levels of enforcement will cause the collapse of any Colombian cocaine market in the United States. More than likely, cells will continue to accumulate valuable experience and information about enforcement strategies and adapt to the relative intensity of those strategies through periodic changes to their electronic signatures.

Eliminating a trafficking organization's cell infrastructure requires that investigators be adequately armed with the financial, technical, and labor resources required to carry out the task. Considering that the Helmer Herrera investigation consumed the talent and experience of dozens of drug task force personnel for over two years, required thousands of hours of surveillance, as well as an unprecedented number of wiretaps, one understands the enormously difficult and complex chore facing upper level drug enforcement in this country. Also, consider that the Herrera and Urdinola organizations, after suffering a devastating blow to their international operations at the hands of the

NYDETF and HIDTA, respectively, were able to reestablish their cells, reconnect to supply sources, and meet the needs of stranded customers within a few months. It is no wonder that this level of the cocaine trade is the exclusive domain of federal agencies.

It is a dilemma for enforcement in this realm that OCDETF's (Organized Crime and Drug Enforcement Task Forces), HIDTA's (High Intensity Drug Trafficking Area task forces), and other multi-agency efforts can bring their energies and resources to bear against only a very few targets. These task forces perform brilliantly against their targets; however, the vast majority of cell managers and their cells are left to flourish. In addition to supporting these accomplished investigative bodies, the Office of National Drug Control Policy (ONDCP) should also continue to encourage and financially support independent local, county, and state police efforts to pursue drug transportation and upper level cocaine distribution organizations.

Because the density of cocaine distribution organizations and transportation systems appreciably thins out at the upper levels of the cocaine trade, a cell can sometimes become the target of multiple drug enforcement agencies as numerous and overlapping enforcement groups take aim at a closed community of local Colombian traffickers. Where manpower, logistical resources, or outside agency prejudices make task force participation impractical or undesirable, it is essential that police administrators periodically convene "working groups" to determine if investigative conflicts exist. Working groups should forge unobstructed pathways in the mutual interest of investigator safety and as a means of producing successful investigative outcomes for all group participants.

This project can be said to be original, not because of its subject matter, but

because of its access to a special sample of cocaine traffickers. Contemporary and relevant research of the upper level Colombian drug trade by Peter Reuter, Jonathan Caulkins, Kevin Jack Riley, and Rensselaer Lee, notable among others who have expended considerable energies in this realm, have made landmark contributions to the literature and have brought discomfort and doubt to those blind adherents of policies related to either supply or demand reduction.

This project calls for a category of work devoted to the scholarly research of upper level drug markets. As in studies of the lower levels of the drug trade, upper level research must not only have access to market participants, but should also be grounded in an analysis of the industry in which the participants have operated so successfully. Drug industry analysis is generally not a primary motive of research initiated by the enforcement agencies themselves. Drug agency-initiated research can often go adrift when findings do not agree with prevailing administration policies, budgetary controls, and resource allocation levels. Acknowledging these shortcomings, federal and state agencies should continue to be encouraged through government research funding priorities with outside peer review and other financially based incentives to participate as research partners or sponsors in sound academically driven research of the drug industry. The common ground between the drug agency, funding source, and the researcher is to seek innovative techniques and policies to reduce the threat of drugs to American society. It is hoped that this project can serve as an early reference to such an effort directed at that level of the drug trade and that the findings which have been proffered here will be supported or challenged by similar studies and qualitative interview processes.

Chapter 9 Summary and Conclusions

Colombian cocaine distribution in the United States is rooted in an intricate arrangement of collaterals and referrals. One does not enter this industry, as a worker or customer, without being properly sponsored. This vouching process places strict accountability upon the sponsor, who thereafter may be forced to assume debts for the loss of drugs or monies, should those losses be attributed to the behavior of the sponsored customer or worker.

Credit cocaine transactions do not occur unless the recipient can post sufficient collateral. Sometimes, collateral appears in the form of material assets, but almost always the guarantee is backed up with the lives of close kin, who are unknowingly beholden to the employer for the duration of the family member's association with the organization. The ability to make credit purchases appears to be related to quantity. Credit purchases under ten kilos were unusual among established customers of the distribution cell. In the Herrera investigation, cell workers occasionally developed their own customers and did supply smaller quantities at higher kilo prices.

Every movement of product (money or drugs) transfers accountability to the possessor. While this accountability is strictly enforced by the home office, there are reasonable explanations for loss, such as random interdictions. As long as the loss cannot be traced to irresponsible behavior on the part of the cell manager or his workers, and police reports do not reveal advance intelligence information or the use of informants, the

loss is simply written off as ill fortune and is promptly replaced.

The use of violence between and within U.S.-based, Colombian cocaine distribution cells is uncommon and is deployed only when all other means of mediation are exhausted. Violence is used in a manner which is rational and focused, and which promotes an economic goal for the organization. Delinquent payments account for the majority of premeditated violence against customers. In these circumstances, violence, or the threat of same, serves both to recover the debt and to maintain the status and reputation of the cell manager, while generally deterring this behavior in other customers and cell workers.

Colombian cocaine distribution cells survive through routinized tasks which buffer the groups against constant environmental threats. In contrast to a popular theoretical perspective, which advances the view that organizational change has an ecological source and increases mortality, cell changes produced by routinized tasks are designed to have a positive outcome. Cell behavior strongly supports the adaptation perspective of organization theory.

There appears to be collusion at the highest levels of major cocaine trafficking organizations in Colombia to set an uncompetitive, market-delivered kilo price. The market-delivered price includes all international processing, freight forwarding, warehousing, and U.S. overland transportation, if required, as well as a margin of organizational profit.

The wholesale kilo price is subject to local negotiations among the customer, cell manager, and home office. Other add-ons can include the cell manager's profit margin or commission. Local customer negotiations are used by the cell manager to offer price

differentials or quantity breaks to good customers. Because wholesale kilo price differentials based on customer preferences can range from 10-20%, the prudent cell manager will often involve the home office in these negotiations and defer customer complaints over price to Colombia.

Upper level drug enforcement efforts in the United States, particularly at the local market level, are rarely unified across agency lines. Lacking this coordination, which is often the result of competition among the various agencies, enforcement pressures on local markets do not achieve the intensity that would affect the market-delivered or wholesale kilo price established by the home office. The primary respondents in this study generally agreed that drug enforcement pressures in Colombia have more of an impact on kilo price in the United States. National crackdowns on the cocaine trade in Colombia, such as those which occurred in the aftermath of the 1989 assassination of presidential candidate Luis Carlos Galan in the late 1980's, were dramatic in their impact upon supply, to the extent that cartel processing and export operations were temporarily halted, and U.S. consumer markets were forced to feed off existing inventories in Mexico. As a result, wholesale kilo prices skyrocketed in local markets in the United States. This finding promotes the continued U.S. financial support of Colombia's drug control efforts.

Appendix A

Interview Protocol

DEMOGRAPHIC VARIABLES:

The following demographic questions will be asked at the end of the interview session.

Personal:

1. Age _____
2. Sex _____
3. Race _____
4. Ethnic background _____
5. Marital status _____
6. Place of birth _____
7. Present religious preference _____
 - a. Religion in which you were reared _____
8. Educational level _____

Family Background:

9. Parents marital status _____
10. Age of father _____ Level of education _____ Occupation _____
11. Age of mother _____ Level of education _____ Occupation _____

- | 12. | No. of siblings _____ | Male or Female | Education Level | Occupation |
|-----|-----------------------|----------------|-----------------|------------|
| | _____ | _____ | _____ | _____ |
| | _____ | _____ | _____ | _____ |
| | _____ | _____ | _____ | _____ |
13. Were your parents ever involved in criminal activities? What type?
14. Were any of your relatives ever involved in criminal activities? What type?
15. Parents combined annual income.
16. Type of community where you were raised.
17. While you were growing up, did you belong to any groups, clubs, or gangs?
18. When did you leave home?
19. Did you use drugs when you were growing up? What kind?

INTERVIEW STUDY GUIDE

The following questions are provided as a guide for the interview process of the primary sample. Each member of the sample will be permitted to elaborate in his/her responses. Depending on those responses and the status of the respondent in the wholesale drug trade, the order and wording of the questions may be changed, and some questions may be omitted entirely. The headings and subheadings under which the questions are grouped represent the various topics to be studied in the research process.

ORGANIZATIONAL SKILLS

Personal

1. How long have you been associated with the cocaine distribution business?
2. Why did you choose to enter this business? (Status, money, excitement, danger?)

3. How did you first get into the distribution business?
4. Did you have any special qualifications for this job? Why were you selected, and not others?
5. What other jobs in the business did you have prior to your present one?
6. Did you have to serve any apprenticeships along the way?
7. How long did you intend to stay in this business?
8. What would cause you to leave?
9. Have you ever confided in anyone outside of the cocaine business about your activities?

Cell Workers

1. How did you select your employees? (Kinship, fraternal, technical, or violence skills)
2. What were the different types of jobs your employees performed?
3. How did you pay your employees? Cash? Drugs?
4. Did you pay your employees a salary or commission per shipment? How much?
5. Were employees' salary payments made in the U.S. or in Colombia? Does the employee have a choice in this matter?
6. In an average month, how much time was actually spent moving drugs?
7. How did your cell occupy itself between shipments?
8. How was interest and discipline maintained between shipments?
9. Did you allow your employees to sell drugs on their own?
10. What were your operating costs? (For vehicles, stash houses, employee salaries, etc.)

11. Did you prefer male or female workers? Mixed? For what reason?
12. How old were your cell workers?
13. Did you delegate authority to your cell workers?
14. Were your workers satisfied with their living conditions? Salary? Why, or why not?
15. Did any of your workers leave the cell while you were in charge? Under what circumstances?
16. Did any of your workers carry a weapon? Under what circumstances? (In response to a specific cell task, etc.)
17. Did your employees receive any special training in preparation for working in wholesale cells?
18. To what extent were your employees involved in decision making in the cell activities?
19. Did you permit socializing between your cell workers and customers or competitors?
20. Did anyone in the cell have the ability to make unilateral decisions on matters related to distribution or money collection?

Distribution Function

1. In what type of community did you establish your cell distribution activities? Why there? Did you have a choice, or was it assigned to you? Assigned by whom?
2. When you started, what quantities did you distribute? (Level at market entry.)
3. Did you select a particular distribution venue because of proximity to supplier, higher profits, kinship ties to the region, law enforcement pressures, etc.?
4. How many types of drugs did your cells normally distribute?
5. Did you order a shipment from a supplier in Colombia, Mexico, or the United States?

6. How often were shipments sent to your cells? (On a preset schedule or in response to a customer order?)
7. What was the average size of a cocaine shipment?
8. What planning preceded a shipment of drugs?
9. Once you sent a shipment, how long did it take to actually reach the customer?
10. By what method did you transport drugs overland from the border to your customer? Did your own cell workers carry out this task, or did you have a transportation subcontractor?
11. If you were a subcontracted transporter, what would you charge per kilo? What would cause you to raise or lower that price?
12. If you used your own cell workers to transport supplies cross-country, how much did that service cost you in trucks, air or marine freight, and the hiring of additional workers?
13. [If transported by overland commercial...] What type of drivers did you employ, Hispanic or non-Hispanic? Why did you choose those drivers?
14. What portion of your time was spent in the United States for business reasons related to your cell distribution activities? How much time in Colombia was devoted to these activities?
15. Did you operate a legitimate business to cover your drug distribution activities?
16. Did you ever ship more than your customers needed or requested? What did you do with the surplus? (Short-term inventory, rapid search for new customers, in-country sale to another organization?)
17. Is there a debriefing or critique of the operation after the delivery?
18. Did your job entail both cocaine distribution and money-laundering activities? Were monies turned over to an outside contractor?
19. What would cause you to lower or raise the price of a kilo?
20. In the spring of 1990, the price of cocaine rose suddenly in New York City. Were you aware of this price increase? Do you know why it occurred? Did you raise or lower your kilo price accordingly?

21. Did you try to maximize your profits by pushing your customers to accept more or by incorporating subcontracted tasks, such as transportation, to reduce costs?
22. What would you do if your supplier was arrested or just stopped shipping to you? How long would it take you to locate another supply source?
23. Have you ever received more kilos than you could sell? If so, what did you do to get rid of the surplus? Sell to a competitor? Reduce prices to a customer?
24. Did any of your shipments go to just one customer?
25. If you received a smaller shipment than you needed, would you distribute at the same price per kilo you normally would charge, or would you search among your customers for the highest bid?
26. How often did the kilo price fluctuate? Why did this occur?
27. Did you model your cells on others from other organizations that were successful?

RELATIONAL SKILLS

Market Environment

1. How many levels of distribution are there from your cells to the street user? How much cocaine is typically exchanged in each transaction at each of these levels?
2. Did you have to clear your decisions in advance with a higher up in your organization? How many people were ranked higher than you in the organization? What were their jobs?
3. What types of decisions could you make without receiving prior authorization from superiors?
4. How much profit per kilo did you get?

Source-Country Suppliers

1. Where did you order your cocaine from?
2. Did you search for the cheapest supplier?
3. Did you get your shipments on consignment? If so, why don't your suppliers require advance payment or a down payment?
4. Did other suppliers like yours require payment in advance, and under what conditions?
5. Was your supplier always able to meet your needs?
6. How often did you experience changes in the kilo price from your supplier? Do you know what caused those changes? Interdiction? Increased or reduced demand?
7. Did you have an alternate supplier?

U.S. Wholesale Customers

1. Where did you find your customers?
2. What qualities did you look for in a potential customer?
3. How did you screen prospective customers? Are new customers vouched for by old customers or independently recruited?
4. How long did it take you to develop your customer line?
5. How many customers did you have?
6. Were you always able to meet your customers' needs?
7. Did you have an influence on the price that your customers sold cocaine?
8. What is the predominant ethnic background of your customers? Gender?
9. Did your customers order more or less as the price went down or up?

10. If your customers were forced to find another supplier, how long would it take them? How would they start to search for one?
11. Did you allow your customers to negotiate a kilo price, or did you always demand one price?
12. What behavior in a customer would cause you to stop his supply (drug-abuse problems, lifestyle [high-profile]), irrational use of violence, poor business practices, failure to meet financial obligations, etc.?
13. What were the size of your customer's distribution networks, and how did they distribute cocaine?
14. What was the smallest amount you would be willing to sell to a customer? (Sales for social purposes are excluded, because they are of a nonbusiness nature and have motives other than pure profit.)
15. Did you anticipate your customer's needs?
16. Did you ever lose customers when you raised your price? Did you ever lower a kilo price to lure a customer, regardless of quantity?
17. Are your customers loyal to you or do they also buy from other suppliers?
18. How did your customers pay you? Credit relationship, payment schedule, COD?
19. What keeps your customers from looking for other suppliers?
20. What would a customer do to continue business if a supplier was arrested?
21. What were the lowest and highest price per kilo you sold to a customer? What was the reason for these price fluctuations?
22. Think of your best customer. Why did you prefer him over the rest: quantities purchased, fulfills financial obligations in timely fashion, or loyalty and familiarity? Apply this to the worst customer.
23. Would you share information on law enforcement programs with your customers?

Relations to Other Organizations/Supervisors

1. How many cell networks like yours operated in your U.S. distribution area?
2. Did these other networks precede your entry into the market or come after you were established?
3. Did these other networks impact on your business in any way?
4. How long did these other networks stay in business? What would cause them to shut down their distribution activities?
5. What type of relationship did you have with other supervisors like yourself?
6. Did you have an agreement with supervisors of other cocaine organizations which allowed you to distribute in a given area?
7. Were the other supervisors also Colombian? Were they male or female?
8. What did the other networks charge their customers per kilo?
9. How big and how many were the cells that the other organizations had in your distribution area? What quantities of drugs did these networks move? How many customers did they have?
10. Did you ever supply cocaine to another network competitor? Under what circumstances?
11. Did you ever have to buy cocaine stocks from another network or supervisor to fill your own customers' immediate needs?
12. Did you ever refer a customer with a short-term need to another supervisor or network?
13. Is there an agreement among supervisors operating in the same distribution region to set the same price per kilo?
14. If you incorporated transportation into your cell function and did not subcontract that component, would you offer this service to other organizations distributing in your region? What would you charge them for that service?

15. Would you share information on law enforcement programs or strategies with other networks or supervisors?
16. Did you know your counterparts in the other organizations? Socially or because of the business? From Colombia or met them in the U.S.?
17. Can you describe the method of operation of the other cell managers, organizations, or cells?
18. How would you have ranked your organization against the others? (For assurance of supply and delivery, credit terms, etc.)
19. If you knew another supervisor socially from Colombia, would that affect the way you dealt with him in a business relationship in the U.S.?
20. Did you ever feel threatened by the distribution activities of another organization operating in your area of distribution? Why, and what caused it?
21. Did you ever engage in a price war with another organization to expand a customer line?
22. How often did you communicate with other supervisors or organizations, and what prompted the communication?
23. How would you describe your relationship with other supervisors/organizations operating in your own U.S. distribution areas: friendly, social, business only, unfriendly, confrontational?

REPUTATIONAL SKILLS

1. What actions would you take if a customer did not pay on time?
2. What is the most common use of violence within cell groups, towards customers, and among customers?
3. Why and how often was violence used in the other organizations distributing in your area?
4. Were the more experienced organizations less violent?
5. What would happen if a cell worker was found to be cooperating with the police?

6. What power did you have over your workers to prevent them from compromising the network to either the police or rival wholesalers.
7. Did you ever take disciplinary action against a worker? Under what circumstances? How did you resolve it? Did you know of other organizations taking disciplinary action against a cell worker?
8. Did you ever take action against another organization's cells or cell workers? Under what circumstances?
9. What keeps a worker from leaving your cell: loyalty, money, intimidation, etc?
10. How is violence avoided with other organizations operating in the same market area? Is there a system in place to settle disputes between organizations operating within the same market? Are these disputes settled in Colombia?
11. How often did you see disputes between organizations erupt into violence or death? Why was violence used in these cases?
12. Would you take action against a customer that changed suppliers?

ADAPTIVE RESPONSES TO LAW ENFORCEMENT

1. Did you receive any special training in how to avoid law enforcement or interdiction?
2. Did you ever change the way you did business as a result of information about law enforcement operations or strategies?
3. If another organization suffers a large seizure of drugs, what effect does this have on your own cell distribution activities? How do the other organizations respond?
4. What is the largest seizure you can recall in your area of distribution? Did you change your business activities as a result? Did other cells change their business behavior?
5. In retrospect, what would you have done differently to avoid law enforcement attention?

6. **When a drug supply is interdicted, when and how is it replaced? If the supply was purchased by you on consignment, are you responsible for its loss? How long does it take to replace a shipment? How do you continue to fulfill your customers' needs? Can you borrow or purchase another organization's stock to remedy the short-term scarcity?**
7. **When did you realize that law enforcement was aware of your distribution activities?**
8. **While you were running your cell network, how did you view the police?**
9. **Did you change the way you did business in response to an interdiction or arrests of other organizations?**
10. **Was your cell network affected by large cocaine seizures in other parts of the U.S. unrelated to the operation of your own network?**
11. **If one of your employees was arrested by the police while performing drug distribution activities for you, what changes would you immediately make in your own activities? Would you assist the arrested worker? How? What would be your long-term concerns as a result of the arrest?**
12. **When a shipment is interdicted, does a customer wait for a new shipment or quickly search for another supply source? If a customer goes to another supply source, will he return to the original supplier when he receives a replacement shipment?**
13. **How long does it take to replace an interdicted shipment?**
14. **Did the quantities and frequency of your shipments change when there were a lot of interdictions or aggressive enforcement going on in the U.S.? How about aggressive enforcement in Colombia?**
15. **Did you ever receive intelligence information about U.S. drug enforcement programs and where they were operating? Where did you get the information from? Colombia? Other organization? Corrupted officials in Colombia or the U.S.?**
16. **What would you do if a customer was arrested before he could pay you for his supply?**
17. **What did it cost to reorganize a cell after an interdiction? Did you ever change the structure of your network?**

18. If you had a shipment seized by the police, what would be your first concern: cell security, customers, replacing the shipment?
19. Did law enforcement pressures, such as supply interdictions, either to your own cell or to another network, ever cause you to change the way you treated your customers? Did it ever effect the price per kilo to your customers? Did law enforcement pressures ever restrict your access to your supply? If you answered "yes" to any of these questions, indicate when it occurred and how long it lasted?
20. Did American drug enforcement pressures affect your decision to settle in a particular wholesale market?
21. What concerned you more: compromising behavior within your own cell network or drug enforcement pressures by the police? Why?
22. What changes took place in cells when they became threatened by something outside the cell?

Appendix B (English) Consent to Interview

You are being asked to participate in a research study titled "The Life of a Cell: Managerial Practice and Strategy in Colombian Cocaine Distribution in the United States." The purpose of this study is to gain a better understanding of the ways in which the leaders of wholesale cocaine distribution cells organize and direct the cocaine distribution activities of their cells within a market region.

If you decide to participate in this study, you will be asked to take part in a lengthy interview process which may last one to two days. The DEA Special Agent or Task Force Detective with whom you are familiar will be present during the interview, but will not participate in the interview. You will be asked questions that will request you to comment on your own experiences and observations.

Your true name will not be revealed in the study, not even to the researcher. The researcher will give you a codename, which will be used to identify the information you provide. This codename will not in any way resemble a nickname, street name, or describe you physically. At some time during the interview, you will also be asked to provide some personal history information. This information will be used by the researcher only to compare you with other participants in this study and will not identify you.

With your permission, the interview will be tape-recorded. The tapes will be used by the researcher to accurately report your information. Until the study is complete, the tapes will be placed in a secure package accessible only to the researcher and will remain in the physical possession of the DEA. At the conclusion of the study, the tapes will be destroyed.

It is important for you to know that your participation is completely voluntary. You will be free to refuse or stop the interview at any time.

Do you have any questions?

If you have questions later, please feel free to contact me,

Rick Fuentés

Ph.D. Program in Criminal Justice

CUNY/John Jay College

201-882-1055

Please read the following paragraph and, if you agree to participate, please sign with your codename only in the designated space below.

I understand that any information obtained from me and used during this research study will not reveal my actual identity or association to a specific criminal event.

Signature _____ Date _____

Witness _____ Date _____

Researcher _____ Date _____

Appendix C (Spanish) Consent to Interview

A usted le estamos pidiendo a participar en un estudio titulado "El Impacto de los Diferentes Estilos de Gerentes en la Distribucion Efectiva de Cocaina a Nivel al por Mayor." El proposito de este estudio es para obtener un mejor entendimiento de las diferentes maneras con que los dirigentes de las celulas de distribucion de cocaina llevan a cabo sus actividades en sus areas de distribucion.

Si usted decide participar en este estudio, le pediremos que tome parte en un largo proceso de entrevistas que tomaran uno a dos dias. El agente especial de la DEA o el detective de la unidad con quien usted esta familiar estara presente, pero no participara en la entrevista. Si es necesario, un interprete de espanol aprobado por la DEA estara presente para asistire durante la entrevista. A usted se le preguntaran preguntas que requieren repuestas de su experiencias y observaciones.

Su nombre propio nunca sera revelado durante el estudio, ni aun al el investigador. El de el estudio le dara un nombre codigo, para identificar su informacion durante el estudio. El nombre codigo no sera un nombre que pudiese identificarlo a usted de ninguna forma o lo pueda describir. Durante la entrevista le pediremos que usted nos proveere alguna informacion de su historial personal. Esta informacion sera utilizada solo para comparar a usted con otras personas en este estudio.

Con su permiso la entrevista sera grabada. Estas grabaciones seran usada por el entrevistador de el estudio para obtener la informacion correcta durante la entrevista con usted. Las grabaciones seran escuchadas solo por el entrevistador del estudio y seran asegurada y tendran acceso solo de el. Para mas seguridad de su identidad, las grabaciones seran selladas y en la posesion de la DEA. Al final de el estudio, las grabaciones seran destruida.

Es muy importante que usted sepa que su participacion en este estudio es completamente voluntaria. Usted tendra el derecho de negar o detener la entrevista en cualquier momento.

Usted tiene alguna pregunta?

Si usted tiene alguna pregunta mas adelante, favor de llamar de Rick Fuentes, al 201-882-1055. Si tiene algunas preguntas de su derechos durante esta entrevista, pueden llamar a la oficina de el programa, John Jay College of Criminal Justice CUNY al 212-237-8449.

Por favor de leer las siguiente lineas. Si decide participar, firme con el nombre codigo solamente en la linea siguiente.

Yo entiendo que la informacion obtenida de mi sera usada para el estudio y ninca revelera mi identidad o asociacion con un evento en particular.

Firma _____ Fecha _____

Testigo _____ Fecha _____

Investigador _____ Fecha _____

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Affidavits:

SA Michael DeFrancisci, 90-CR-1332-McLaughlin, May 18, 1990.

_____, 90-CR-1332-McLaughlin, June 20, 1990.

_____, 90-CR-1332-Dearie, June 20, 1990.

_____, 90-CR-1332-Dearie, July 26, 1990.

_____, 90-CR-1332-Spatt, August 19, 1990.

_____, 90-CR-1332-McLaughlin, September 18, 1990.

_____, 90-CR-1332-McLaughlin, October 18, 1990.

_____, 90-CR-1332-Dearie, November 19, 1990.

Det. Sgt. Joseph Chinaea, 90-CR-1332-Dearie, December 18, 1990.

SA Michael DeFrancisci, 90-CR-1332-Dearie, January 17, 1991.

_____, 90-CR-1332-Unknown, February 14, 1991.

_____, 90-CR-1332-Unknown, June 10, 1991.

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Alonso Martinez, 91-CR-1332-S3, October 21, 1992.

Patricia Restrepo, 91-CR-1332-8, October 20, 1992.

Alfonso Yepes-Moreno, 91-CR-1332-26, October 13, 1992.

United States v. Carlos Alberto Jimenez et al., *case unreported* (N.D. Ill. 1992).

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Affidavit of SA Dave Tinsley, 93-CR-033-Highsmith, 1992.

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