AUTHENTICATED
U.S. GOVERNMENT
INFORMATION
GPO

NATIONAL DRUG CONTROL POLICY: DRUG INTERDICTION EFFORTS IN FLORIDA AND THE CARIBBEAN

HEARING

BEFORE THE

SUBCOMMITTEE ON NATIONAL SECURITY, INTERNATIONAL AFFAIRS, AND CRIMINAL JUSTICE

OF THE

COMMITTEE ON GOVERNMENT REFORM AND OVERSIGHT
HOUSE OF REPRESENTATIVES

ONE HUNDRED FIFTH CONGRESS

FIRST SESSION

JULY 17, 1997

Serial No. 105–73

Printed for the use of the Committee on Government Reform and Oversight

U.S. GOVERNMENT PRINTING OFFICE

46–177 CC WASHINGTON : 1998

For sale by the Superintendent of Documents, U.S. Government Printing Office
Internet: bookstore.gpo.gov Phone: toll free (866) 512–1800; DC area (202) 512–1800
Fax: (202) 512–2250 Mail: Stop SSOP, Washington, DC 20402–0001

COMMITTEE ON GOVERNMENT REFORM AND OVERSIGHT

DAN BURTON, Indiana, *Chairman*

BENJAMIN A. GILMAN, New York
J. DENNIS HASTERT, Illinois
CONSTANCE A. MORELLA, Maryland
CHRISTOPHER SHAYS, Connecticut
STEVEN SCHIFF, New Mexico
CHRISTOPHER COX, California
ILEANA ROS-LEHTINEN, Florida
JOHN M. MCHUGH, New York
STEPHEN HORN, California
JOHN L. MICA, Florida
THOMAS M. DAVIS, Virginia
DAVID M. MCINTOSH, Indiana
MARK E. SOUDER, Indiana
JOE SCARBOROUGH, Florida
JOHN B. SHADEGG, Arizona
STEVEN C. LATOURETTE, Ohio
MARSHALL "MARK" SANFORD, South Carolina
JOHN E. SUNUNU, New Hampshire
PETE SESSIONS, Texas
MICHAEL PAPPAS, New Jersey
VINCE SNOWBARGER, Kansas
BOB BARR, Georgia
ROB PORTMAN, Ohio

HENRY A. WAXMAN, California
TOM LANTOS, California
ROBERT E. WISE, JR., West Virginia
MAJOR R. OWENS, New York
EDOLPHUS TOWNS, New York
PAUL E. KANJORSKI, Pennsylvania
GARY A. CONDIT, California
CAROLYN B. MALONEY, New York
THOMAS M. BARRETT, Wisconsin
ELEANOR HOLMES NORTON, Washington, DC
CHAKA FATTAH, Pennsylvania
ELIJAH E. CUMMINGS, Maryland
DENNIS J. KUCINICH, Ohio
ROD R. BLAGOJEVICH, Illinois
DANNY K. DAVIS, Illinois
JOHN F. TIERNEY, Massachusetts
JIM TURNER, Texas
THOMAS H. ALLEN, Maine
HAROLD E. FORD, JR., Tennessee

BERNARD SANDERS, Vermont (Independent)

KEVIN BINGER, *Staff Director*
DANIEL R. MOLL, *Deputy Staff Director*
WILLIAM MOSCHELLA, *Deputy Counsel and Parliamentarian*
JUDITH MCCOY, *Chief Clerk*
PHIL SCHILIRO, *Minority Staff Director*

SUBCOMMITTEE ON NATIONAL SECURITY, INTERNATIONAL AFFAIRS, AND CRIMINAL JUSTICE

J. DENNIS HASTERT, *Chairman*

MARK E. SOUDER, Indiana
CHRISTOPHER SHAYS, Connecticut
STEVEN SCHIFF, New Mexico
ILEANA ROS-LEHTINEN, Florida
JOHN M. MCHUGH, New York
JOHN L. MICA, Florida
JOHN B. SHADEGG, Arizona
STEVEN C. LATOURETTE, Ohio
BOB BARR, Georgia

THOMAS M. BARRETT, Wisconsin
TOM LANTOS, California
ROBERT E. WISE, JR., West Virginia
GARY A. CONDIT, California
ROD R. BLAGOJEVICH, Illinois
CAROLYN B. MALONEY, New York
ELIJAH E. CUMMINGS, Maryland
JIM TURNER, Texas

EX OFFICIO

DAN BURTON, Indiana

HENRY A. WAXMAN, California

ROBERT CHARLES, *Staff Director and Chief Counsel*
SEAN LITTLEFIELD, *Professional Staff Member*
IANTHE SAYLOR, *Clerk*
RONALD STROMAN, *Minority Counsel*

CONTENTS

	Page
Hearing held on July 17, 1997	1
Statement of:	
Banks, Samuel, Deputy Commissioner, U.S. Customs Service; James Milford, Acting Deputy Administrator, Drug Enforcement Administration; and Rear Adm. Norman Saunders, Commander, Seventh Coast Guard District, U.S. Coast Guard	27
Gingrigh, Hon. Newt, Speaker, U.S. House of Representatives	1
Girard, Peter, group supervisor for cargo theft, Miami Seaport, Office of Investigations, U.S. Customs Service; Mike Sinclair, Chief, Miami Seaport Cargo Inspection Team, U.S. Customs Service; James H. Wallwork, commissioner, Waterfront Commission of New York Harbor; Edward V. Badolato, chairman, National Cargo Security Council; and Arthur Coffey, international vice president, International Longshoremen's Association	90
Letters, statements, etc., submitted for the record by:	
Badolato, Edward V., chairman, National Cargo Security Council, prepared statement of	111
Banks, Samuel, Deputy Commissioner, U.S. Customs Service, prepared statement of	29
Barrett, Hon. Thomas M., a Representative in Congress from the State of Wisconsin, prepared statement of	20
Coffey, Arthur, international vice president, International Longshoremen's Association, prepared statement of	119
Gingrigh, Hon. Newt, Speaker, U.S. House of Representatives, prepared statement of	5
Goss, Hon. Porter J., a Representative in Congress from the State of Florida, prepared statement of	66
Grassley, Hon. Charles E., a U.S. Senator from the State of Iowa, prepared statement of	86
Hastert, Hon. J. Dennis, a Representative in Congress from the State of Illinois, prepared statement of	13
Milford, James, Acting Deputy Administrator, Drug Enforcement Administration, prepared statement of	40
Ros-Lehtinen, Hon. Ileana, a Representative in Congress from the State of Florida, prepared statement of	58
Saunders, Rear Adm. Norman, Commander, Seventh Coast Guard District, U.S. Coast Guard, prepared statement of	50
Shaw, Hon. E. Clay, Jr., a Representative in Congress from the State of Florida, prepared statement of	63
Thurman, Hon. Karen L., a Representative in Congress from the State of Florida, prepared statement of	23
Wallwork, James H., commissioner, Waterfront Commission of New York Harbor, prepared statement of	96

NATIONAL DRUG CONTROL POLICY: DRUG INTERDICTION EFFORTS IN FLORIDA AND THE CARIBBEAN

THURSDAY, JULY 17, 1997

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON NATIONAL SECURITY, INTERNATIONAL AFFAIRS, AND CRIMINAL JUSTICE,
COMMITTEE ON GOVERNMENT REFORM AND OVERSIGHT,
Washington, DC.

The subcommittee met, pursuant to notice, at 1:10 p.m., in room 2154, Rayburn House Office Building, Hon. J. Dennis Hastert (chairman of the subcommittee) presiding.

Present: Representatives Hastert, Souder, Mica, LaTourette, Barr, Barrett, Cummings and Goss.

Also present: Representatives Ros-Lehtinen, Diaz-Balart, Goss, McCollum, Shaw, Weldon, and Senator Graham.

Staff present: Robert Charles, staff director and chief counsel; Sean Littlefield, professional staff member; Ianthe Saylor, clerk; Jean Gosa, minority staff assistant/administrative clerk; and Ron Stroman, minority counsel.

Mr. HASTERT. The Subcommittee on National Security, International Affairs, and Criminal Justice will now come to order. Before opening statements are delivered, I'd just like to say that we have a vote. So I'm going to recess this meeting. I expect to be back here in 15 minutes. Then we will proceed. The committee is in recess.

[Recess.]

Mr. HASTERT. Ladies and gentlemen, before making opening statements and the rest of the delegation here from Florida have the opportunity to make their statements, I'd like to recognize Speaker Gingrich for his remarks.

As you know, the drug issue remains one of the top priorities for the Speaker and certainly is at the top of his agenda. It's certainly an honor to have him before us here today. Mr. Speaker.

STATEMENT OF HON. NEWT GINGRIGH, SPEAKER, U.S. HOUSE OF REPRESENTATIVES

Mr. GINGRICH. Well, first of all, let me thank you, Chairman Hastert, for holding this hearing and for working with the Florida delegation and for allowing me to testify. I also want to thank the members of the Florida delegation for specifically bringing the problems they are facing in fighting drug trafficking before the Congress.

Any time a Member of Congress, a committee of Congress, or any citizen of America discusses the drug crisis in our country we succeed in building public awareness about this current national crisis.

The current rate of drug use in this country and the resulting social problems of crime, physical abuse, and lost human potential demand immediate and decisive action on our part.

I have said consistently that I think we can make America virtually drug-free by 2001. To some people that seems an outlandish statement. But look at the facts. When I was in high school, less than 3 percent of the country used drugs of any kind. There was a presumption that you would live in a drug-free neighborhood and go to a drug-free school, such a presumption that no one even had signs advertising it.

I believe that we can get back to that kind of America that most of us grew up in. And I think that we owe it to our children and grandchildren to do that. Can we achieve a virtually drug-free America? Yes. Can we achieve a virtually drug-free America with a bureaucracy and social policy and intellectual theory that is wrong? No. So what is the solution?

First, we need to build public awareness and support that drug abuse in America is out of control and the administration's meager efforts to control the problem have failed miserably.

We must not confront this crisis with the mind-set of merely controlling the current level of drug use. There is no acceptable number of addicted or dead children. We must approach this crisis with one thought in mind—completely eradicating drugs.

Second, we must have a plan to win. We must channel our country's outrage into a comprehensive, centralized plan to prevent our children from using drugs, help those who are users to quit, and attack the pushers of poison that fuel our drug epidemic.

After a 65 percent decrease in drug use over 14 years, there has been a 150 percent increase in drug use since 1992. The decline began with Nancy Reagan's Just Say No program. Getting the message out works. Jim Burke, director of the Partnership for a Drug-free America, will tell you with absolute statistical proof that if children see and hear antidrug messages on television and radio, in school lessons and in their local community, we can drive down drug use by a third.

We simply need a constant bombardment of the message, "Don't do it." In every school we ought to be talking about drugs. We ought to have organizations like the Fellowship of Christian Athletes in every community talking with kids as athletes about drugs.We ought to have radio and television advertising communicating our message.

Then we ought to have effective rehabilitation that largely means faith-based rehabilitation. We must take Rob Portman's Drug-free Communities Coalitions and help every community start one of their own.

We must educate and cure in order to stop the demand for drugs in America and we must take control of our border, which is what this hearing is all about today.

We will not tolerate drug dealers crossing the American border. Senator Lott and I have a bill that says, if we convict you of carry-

ing a commercial quantity of illegal drugs into the United States, you get automatic life without parole. But if you are convicted of having done it more than once as a professional narcotics dealer, you get a mandatory death penalty.

That changes the equation of risk. Malaysia and Singapore are places with a very low drug rate. Why? Because they are very tough on people who bring drugs into their country. We need better coordination and more money at the border. We need the Border Patrol, the Coast Guard, the Drug Enforcement Administration, the National Guard and Customs to act in concert as one unit.

But what do we have? We have disconnected strategies, with no overall framework to win the war on drugs. While we have directed our resources to the Southwest border with initiatives such as Operation Gatekeeper, we have simultaneously disarmed ourselves in the Caribbean basin. Funding for interdiction in the Southeast dropped 43 percent from 1992 to 1995. There has been a substantial decrease in the number of radar planes and shallow water vessels in the area, resulting in easy maritime access to Florida for drug smugglers. Is this the way to win the war? No. We must work smarter and exercise consistent leadership at every level.

But as we examine the enormous scope of this problem, we cannot simply decide to spend more and be satisfied that we have done our job. We must figure out what has worked and what hasn't and focus our resources on what has worked. We must untangle the Federal agency jurisdictional problems to eliminate overlap.

I urge today that as you look at the surge of drug trafficking and related problems facing the State of Florida, you make recommendations on how best to redirect resources and solve inefficiencies.

Let me close with this summary thought. We have spent, according to one estimate, $279 billion at the State, Federal and local level on the war on drugs since 1982. And we have done it almost precisely like Vietnam. It is an uncoordinated, chaotic, bureaucratic mess, with inadequate thought at a strategic level and no centralized command and control.

We fought World War II by mobilizing the Nation, gathering the resources, insisting that responsibility was indivisible and command was singular, ensuring the job got done.

You will, I know, Mr. Chairman, be, later on this fall, looking at reauthorizing the office of the drug advisor. And that's what he is. He's not a drug czar. He has no power. What I will be urging is two things. And I hope all the folks that are here representing very important government agencies will take these into account as they make their recommendations. We need to set as our goal winning by 2001, decisively, clearly. That's, by the way, a long way off by the standards of most of America's wars. It's very important to remember. All of World War II on the American side is December 7, 1941 to the fall of 1945. Less than 4 years to win a global war.

So we're not talking about something that's impossible. We're the most powerful Nation in the world, with the largest economy on the planet. We have the most sophisticated communication systems and we keep talking as though this is hopeless.

So, first, let's set the goal and say to every agency involved, "What will it take?" Second, we should allow no constraint except

the Constitution to block us. Obviously we want to protect every constitutional liberty. Within that framework we should set whatever penalties are needed. We should organize whatever bureaucracies are needed. We should reorganize bureaucracies as they are needed. We should set annual goals and targets. We should fire people who don't make those targets. We should hold people accountable. We should win.

And winning is simple. Winning is children growing up in a drug-free neighborhood going to a drug-free school living a drug-free life without drive-by killings.

And let me just close by pointing out that the groups that have the most at stake are the minority communities, who have seen a generation of young men go to jail because their country failed to protect us from outside sources that were selling us drugs.

If we'll be serious on education, on prevention, on rehabilitation, and on enforcement at the border, and if we will go after the drug dealers at every point, including their money, and do it effectively—and I know the distinguished chairman from Florida, Mr. McCollum, is going to be looking on the money laundering issue—we can win this. But we need to win it the way we won World War II—decisively, effectively, thoroughly, and swiftly. Because that's the only way you mobilize the American people.

I'd be glad to take any questions.

[The prepared statement of Hon. Newt Gingrich follows:]

TESTIMONY BEFORE THE HOUSE GOVERNMENT REFORM AND OVERSIGHT COMMITTEE SUBCOMMITTEE ON NATIONAL SECURITY, INTERNATIONAL AFFAIRS AND CRIMINAL JUSTICE

Hearing on the Threat of Increased Drug Trafficking In and Around the Florida Coast

SPEAKER NEWT GINGRICH

July 17, 1997

First, I want to thank Chairman Hastert for holding this hearing and allowing me to testify. I also want to thank the Members of the Florida delegation for specifically bringing the problems they are facing in fighting drug trafficking before the Congress. Anytime a Member of Congress, a Committee of Congress, or any citizen of America discusses the drug crisis in our Country, we succeed in building public awareness about this current national crisis. The current rate of drug use in this country, and the resulting social problems of crime, physical abuse and lost human potential demand immediate and decisive action on our part.

I have been heard recently making the outlandish statement that I think we can make America virtually drug-free by 2001. What do I mean by that? When I was in high school, less than 3 percent of the country used drugs of any kind. There was a presumption that you'd live in a drug-free neighborhood and go to a drug-free school. I believe we can get back to that kind of America that most of us grew up in. We owe it to our children.

Can we achieve a virtually drug-free America? Yes. Can we achieve a virtually drug-free America with a liberal bureaucracy and social policy and an intellectual theory that is wrong? No. What is the solution?

First, we need to build public awareness and support that drug abuse in America is out of control and the Administration's meager efforts to "control" the problem have failed miserably. We must not confront this crisis with the mind set of merely controlling the current level of drug use. There is no acceptable number of addicted or dead children We must approach this crisis with one thought in mind, completely eradicating drugs.

Second, we must have a plan to win. We must channel our country's outrage into a comprehensive, centralized plan to prevent our children from using drugs, help those who are users to quit, and attack the pushers of poison that fuel our drug epidemic.

After a 65% decrease in teenage drug use over 14 years, there has been a 150% increase in teenage drug use since 1992. The decline began with Nancy Reagan's "Just Say No" program. Getting the message out works. Jim Burke, Director of the Partnership for a Drug Free America, will tell you with absolute statistical proof that if children see and hear anti-drug messages on television and radio, in school lessons, and in their local community, we can drive down drug use by a third. We simply need a constant bombardment of the message: Don't do it.

In every school we ought to be talking about drugs, we ought to have organizations like the Fellowship of Christian Athletes in every community talking with kids, as athletes, about drugs. We ought to have radio and television advertising communicating

our message. Then we ought to have effective rehabilitation that largely means faith-based rehabilitation. We must take Rob Portman's drug free communities coalitions and help every community start one of their own. We must educate and cure in order to stop the demand for drugs in America.

And we must take control of our border -- which is what this hearing is about today. We will not tolerate drug dealers crossing the American border. Senator Lott and I have a bill that says if we convict you of carrying a commercial quantity of illegal drugs into the US, you get automatic life without parole. If you are convicted of having done it more than once as a professional narcotics dealer, you get the death penalty. That changes the equation of risk. Malaysia and Singapore are places with a very low drug rate. Why? Because they are very tough on people who bring drugs in to their country.

We need better coordination and more money at the border. We need the Border Patrol, the Coast Guard, the DEA, The National Guard, and Customs to act in concert. But what do we have? We have disconnected strategies with no overall framework to win the war on drugs. While we have directed our resources to the southwest border with initiatives such as Operation Gatekeeper, we have simultaneously disarmed ourselves in the Caribbean basin. Funding for interdiction in the Southeast dropped 43% from 1992-95. There has been a substantial decrease in the number of radar, planes, and shallow water vessels in the area resulting in easy maritime access to Florida for drug smugglers. Is this the way to win the war? No. We must work smarter and exercise consistent

leadership at every level.

But as we examine the enormous scope of this problem, we cannot simply decide to spend more and be satisfied that we have done our job. We must figure out what has worked, and what hasn't. And focus our limited resources on what has worked. We must untangle the federal agency jurisdictional problems to eliminate overlap.

I hope that as you examine today the surge of drug trafficking and related problems currently facing the state of Florida, you can make recommendations on how best to redirect resources and solve inefficiencies.

Remember we must fight the war on all fronts: where drugs are produced, where they come into our country, where our kids have access to them, and wherever or however our kids find it acceptable to use them. We won World War II because we fought on all fronts -- in Europe, on the ground, in the air and at sea. We must bring those same principles to the war on drugs. I think this hearing is a great start and I hope many more will follow.

Thank you again for inviting me here today.

Mr. HASTERT. Any questions for the Speaker? The gentleman from Florida.

Mr. SHAW. I have just a—not a question, but a comment. I want to associate myself with the remarks of the Speaker and everything he said. I wrote a paper not too long ago called, "Blueprint for Victory." And it was taking that same position. And that is that there is not a resolve in this country, and there never has been through several administrations, to actually win the war on drugs.

And that is something that is obtainable. I quite agree with the Speaker when he says that we should stop at nothing short or—except the possible violation of the Constitution in meeting that objective.

It is absolutely ridiculous that the strongest country that has ever been on the face of this earth is kowtowing to drug producing countries, countries that are allowing this to go on within their own borders, and that we do not really exert ourselves as the world leader and really stop of nothing short of illegalities under the Constitution in seeing that our objectives are carried out.

That is the greatest threat to the future of this country. I can tell you, in these drug-producing countries, if they were producing bombs, if they were producing germ warfare, chemical warfare weapons, we would be in there taking them out, even though the chemical warfare weapons would probably never be used against the United States.

The weapons of drugs are being used in the United States. And just one last thing that I think is tremendously important and I think everyone should really realize, if these crack sales were going on in our upper white middle class neighborhoods, we would have a much stronger resolve in this country than we have today.

And I think that what this is doing, it is destroying a whole generation, particularly of minority populations. We should not allow this to happen, and we should see that we will stop at nothing to see that we do cure this problem and meet the objectives that the Speaker has referred to, and that is by becoming a drug-free Nation in the very early years of the next century. Thank you, Mr. Chairman.

Mr. HASTERT. The gentleman from Florida, Mr. McCollum.

Mr. MCCOLLUM. Thank you very much, Mr. Chairman. I want to commend the Speaker. He knows from my personal conversations and working with him on this matter how impressed I am with the dedication with which you are serving us on this issue, Mr. Gingrich.

I want to ask one question for clarification. Assuming that our planners involved in the drug war in the administration come forward, as we all hope they do in the next few months, and that we join them in a mission to interdict 80 percent of the drugs coming to this country before they get here—doing what is necessary on the demand and the supply side to win the war on drugs by the year 2001—are you prepared as the Speaker to do whatever is necessary to direct the resources that undoubtedly will have to flow to accomplish this goal, which obviously is an enormous goal in terms of actually winning the war?

Mr. GINGRICH. We are very committed to meeting the requests of this administration to win the war. In fact, we are in—Chairman

Kolbe of the appropriate subcommittee is actually prepared to offer more resources, for example, for the TV and radio advertising program than the administration asked for.

I would say the administration, if you will tell us the specific achievements you think can be gained, the size of the resources you need, the grant of authority you need and the restructuring of bureaucracy you need, we will do everything we can in the Congress—and I think Senator Lott shares this on the Senate side—to get through as rapidly as possible, enabling this country to win the war and protect our children. Absolutely.

Mr. SHAW. Well, Mr. Speaker, we're the front door for the war on drugs down in Florida, and we really appreciate that commitment. Thank you, Mr. Chairman.

Mr. HASTERT. The gentleman from Florida, Mr. Goss.

Mr. GOSS. Thank you, Chairman Hastert. Mr. Speaker, thank you very much for taking this initiative and being with us today. There are two areas I'd like to followup, if I may, sir.

One has to do with the question of the commitment of the resources of the U.S. Congress to what I will call intelligence architecture. I think that we all know that with interdiction, if you have good information, you have a much better chance of a life-saving, cost-saving, successful outcome.

And I think that is a very important part of this initiative. I don't want it to be overlooked. Because I think if we do have that architecture and implement it properly we will have very fine results. That is probably going to take a commitment to rearrange some things.

Second, we have noticed as we have tried to take a look at the war on drugs in the past, as you've pointed out, it has been less than successful. Talking to Bill Bennett, he told me that he had testified before 43 separate committees of Congress. I would suggest that means we're going to have to change a few things on the Hill, too. And I would like to know that we have your support for recommendations that are going to come along those lines as well.

Mr. GINGRICH. Yes. Let me say on the first item that I believe it is nothing less than a scandal, the degree that we have failed to use our capacity to build both an intelligence and an interdiction capability, which clearly if this had been the Soviet Union we would have done.

If we had applied assets in a systematic manner over the last 15 years we would currently have an American-controlled, American-operated network throughout all of the drug regions. And we would clearly have over the Caribbean, for example, 24-hour-a-day capabilities. We just would not have tolerated it if it was the Soviet Union.

So if this is real war and we are really determined to win we have to build an American-controlled, American-operated intelligence capability anywhere we need it. We need to be capable of operating in those regions. We need real time 24-hour a day surveillance capabilities to sustain whatever level of interdiction effort is required to meet the appropriate goals.

Mr. HASTERT. Mr. Speaker, thank you very much for being here. The gentleman from Wisconsin, Mr. Barrett.

Mr. BARRETT. Thank you, Mr. Chairman. I appreciate the fact that you're here, Mr. Speaker. I'm sorry I wasn't here for your testimony. As you know, we have two votes going on. But I understand in part of your testimony you indicated that the right way to approach this problem is the Nancy Reagan Just Say No approach.

Mr. GINGRICH. As a part of it.

Mr. BARRETT. As a part of it. And consistent with that, Gen. McCaffrey has indicated his desire to have essentially a widespread media campaign, something that I think would be quite effective. And I'm wondering whether that is something that you would support.

Mr. GINGRICH. Yes. I had mentioned I think—I appreciate the question—I had mentioned just before you came, I think, that we have in the appropriate subcommittee of Appropriations allocated, actually, more money than Gen. McCaffrey has asked for, determined to try to ensure that we have more than enough resources.

I've worked very, very close with the Partnership for a Drug-free America and Jim Burke in trying to make sure that it was the right direction to go in. And I think because of the changing nature of television and radio, frankly, that this is the right thing to do to reach young people. And we know statistically that it works very dramatically.

Mr. BARRETT. OK. Well, I'm happy to hear that, because I think that's an important part of this program. Thank you. I yield back.

Mr. GINGRICH. Thank you.

Mr. HASTERT. Thank the gentleman from Wisconsin. And to the gentleman from Georgia, just let me say that we have the chairman of the Intelligence Committee here, we have the chairman of one of the Subcommittees on Crime, and the commitment of Bob Barr, who is another member of this committee, to do the money laundering issues.

I think we have a good start. And we really appreciate your leadership in this. And we'll be working with you very closely. Thank you very much for being here.

Mr. GINGRICH. Thank you.

Mr. HASTERT. I would like, first off, to welcome all the members of the Florida delegation who have joined us here today. These members have served as our leaders in the war against illegal drugs and it's because of their leadership that the 105th Congress is making genuine progress in the face of our most insidious national security threat.

Today's hearing comes at an important time. The citizens of our Nation have been shocked in recent years as we continuously see the encroachment of drugs, drug related crime and street gangs. No longer are any communities insulated from the problems that we used to think were confined only to the big cities.

A year ago on behalf of the U.S. House leadership I began trying to pull together Republicans and Democrats committed to finding real and lasting solutions to our Nation's drug problems. One item stands out from this. Every aspect of the drug war is interconnected. One aspect hooks onto another like a chain link fence.

We have to attack every link. And the success or failure of our policies in any specific area drastically effects the success or fail-

ures of our policies in all areas. Our committee has worked hard in the past year to change Washington's thinking on this issue. I think we're starting to make a difference.

One month ago, Congress passed and President Clinton signed into law the Community Anti-Drug Coalition Act of 1997. This law, which our committee worked hard to pass, will provide millions of dollars of desperately needed Federal funding to local antidrug groups and communities across America.

But more importantly, communities and groups who have worked to pull themselves up by their own boot straps that have something going for it that want to be part of the solution and not part of the problem. Community groups will now be able to apply for and receive more resources to aid them in their work—in fact, up to $100,000 per community—in antidrug coalition work.

In the months ahead I hope that the bipartisan cooperation in this war will carry forward. As the Congress works, and the White House, to develop new comprehensive approaches to fighting and winning the war on drugs, our children's future and our country's hang in the balance. What we discuss here today will help us formulate a winning antidrug strategy.

And today's hearing focuses on drug interdiction efforts in Florida and the Caribbean. Over the past few years the drug interdiction focus has been on the Southwest border. I was there this week. It's improving. We're doing a good job. We need to keep our focus there. But we also need to attack the other problems that drugs have infested.

However, we must not lose focus on the creating and maintaining a sound overall border policy. And we tend to look at drug control efforts in bits and pieces, also. It's time for both the executive and legislative branches to commit ourselves to looking at securing our entire southern border and our northern border in one comprehensive and cohesive plan.

This committee has done a good job. I wouldn't have been able to do it without the bipartisan help and support that we have in this committee. This isn't a Republican issue. It's not a Democrat issue. It's not a House issue. It's not a Senate issue. It's an issue that is the very heart and soul of the survival of our future and our children.

So I appreciate the Florida delegation being here today and talking about their specific problems. I also appreciate the gentleman from Florida who has been a co-worker in this issue. And I now turn over to Mr. Barrett for an opening statement.

[The prepared statement of Hon. J. Dennis Hastert follows:]

OPENING REMARKS OF
CHAIRMAN J. DENNIS HASTERT

Hearing of
The Subcommittee on National Security,
International Affairs, and Criminal Justice

"National Drug Control Policy: Drug Interdiction Efforts in Florida and the Caribbean"

July 17, 1997

First off, I would like to welcome all of the Members of the Florida delegation who have joined us today. These Members have served as our the leaders in the war against illegal drugs. And, it is because of their leadreship that the 105th Congress is making genuine progress in the face of our most insidious national security threat. John Mica and Ileana Ros-Lehtinen have both served as distinguished Members of this Subcommittee for the past two sessions of Congress. I want to also note that Karen Thurman served admirably as the Ranking Member of this Subcommittee last session and remains engaged in this battle. I have also had the good fortune of working with Members such as Bill McCollum, Clay Shaw, and Porter Goss in this effort. These Members, and the entire Florida delegation, serve their constituents, and the nation, ably in confronting this vital national security issue.

Today's hearing comes at an important time. Citizens of our nation have been shocked in recent years, as we continuously see the encroachment of drugs, drug-related violence, and street gangs. No longer are any communities insulated from the problems that we used to think were confined to big cities.

As a parent and former high school teacher of 16 years myself, I feel this problem is devastating and will require effort by all of us to reverse. We must wake up to our collective responsibility in meeting this threat -- and, get serious about fighting drugs. More, we must finally resolve to win – to permanently end this battle, with a lasting victory. The recent surge in teen drug use illustrates the importance of this battle.

One more point, these kids aren't someone else's kids, in someone's else's city, they're **our kids**, in **our communities.** If they are already in trouble with drugs now, while they are in school, what's to make us think that they will kick the habit later in their lives? Numerous studies have shown that the earlier a young person gets hooked on drugs, the more negative and longer the impact drugs will have on them. The story is now the same wherever you go.

A year ago, on behalf of the U.S. House leadership, I began trying to pull together Republicans and Democrats committed to finding real and lasting solutions to our nation's drug problems. During the time that I have been

involved in this effort, this Committee has traveled throughout our nation to see how drug use is being combated. We have also consciously looked for solutions in the places where these dangerous drugs are produced, including remote and dangerous places in South America and Asia. We have learned a lot about the nature of the drug problem in America and abroad. But one item stands out. Every aspect of the Drug War is interconnected - one aspect hooks to another like a chain-link fence. We have to attack every link. The success or failure of our policies in any specific area drastically affects the success or failure of our policies in all areas.

Today, I am pleased to say, Washington is waking up to the problem. Our Committee has worked hard in the past year to change Washington's thinking on this issue; and I think we are succeeding. We are rededicating ourselves to fighting drugs on all fronts as this nation once did during the heyday of the Reagan Administration's "War on Drugs" and "Just Say No" campaigns. One month ago, Congress passed, and President Clinton signed into law, the Community Anti-Drug Coalition Act of 1997. This law, which our Committee worked hard to pass, will provide millions of dollars of desperately needed federal funding to local anti-drug groups in communities across America. Community groups will now be able to apply for and receive more resources to aid them in their work, in fact, up to $100,000 per community anti-drug coalition.

In the months ahead, I hope that the bipartisan cooperation in this war will carry forward, as the Congress works with the White House to develop new, comprehensive approaches to fighting and winning the Drug War. Our children's future, and our country's, hangs in the balance. What we discuss here, today, will help us formulate a winning anti-drug strategy.

The drug interdiction focus over the past few years has been on the Southwest border. And, there is good reason to keep a secure Southwest border. However, we must not lose focus of the importance of creating and maintaining a sound overall border strategy. We tend to look at drug control efforts in bits and pieces. It is time for both the Executive and Legislative branch to commit ourselves to looking at securing our entire southern border in one comprehensive and cohesive plan. The tendency is to place resources where the immediate needs are. This is not the most effective way for us to approach this vexing problem. As we weaken one area of our border in favor of another we leave a hole that will inevitable open itself up to increased illegal drug trafficking. And, it appears that this is what has happened in the recent history of our drug control efforts.

One of the questions that this Subcommittee has been focused on is how can we possible expect to cut off drug supplies to this country over a southern border which alone occupies 3,500 miles, and one that deals with not only land, but the air above it and the waters of the Caribbean and the Gulf of Mexico. It is

also my belief that without a vigorous, comprehensive, and well coordinated source nation strategy we are throwing dollars away on border and transit zone efforts.

Before I turn to Mr. Barrett for his opening I want to make a special mention of my appreciation of the work of Congressman John Mica of Florida. John came to me over a month ago and recommended that we hold this hearing and include the entire Florida delegation. He has met with numerous drug enforcement officials in Florida and the Bahamas and has served as a true leader in the War on Drugs. John, we thank you for your attention to this issue and service on this Subcommittee. You have been an important voice on these issues for some time.

Mr. BARRETT. Thank you, Mr. Chairman. Mr. Chairman, with the demise of the Cali Cartel, new independent drug traffickers in Colombia are increasingly using the Caribbean transit zone to transport drugs into this country. These Caribbean drug transportation routes flow directly into south Florida, with devastating consequences.

According to the 1997 Miami High Intensity Drug Trafficking Area Threat Assessment, there has been a 30 percent increase in cocaine smuggling and a 27 percent increase in marijuana smuggling into the south Florida region this year.

This increased flow of drugs into south Florida is occurring at a time whether, according to the GAO, funding for U.S. drug interdiction efforts has declined, undermining the ability of law enforcement agencies to track and intercept drug traffickers.

Moreover, many poor Caribbean countries simply do not have the resources necessary to effectively combat multi-billion dollar drug operations. This is an untenable situation, requiring immediate attention.

Since Colombian drug traffickers are increasingly using the Caribbean to transport drugs into the United States, additional anti-drug resources for south Florida may be required. It is important, however, that any additional resources be part of a comprehensive regional plan to limit drug trafficking within the Caribbean transit zone.

In this regard, I look forward to hearing the testimony of our expert witnesses regarding the most important components of such a plan and what, if any, additional resources may be required.

In addition, Mr. Chairman, I'd like to quote from a statement that I will ask unanimous consent to be read into the record from our colleague, Karen Thurman, who was the ranking member of this subcommittee last session. And what she said is, "One of the first things that I learned from listening to Gen. McCaffrey, DEA, and other experts, is the balloon analogy. When you squeeze one part of the balloon, the other part expands."

When the United States emphasized interdiction efforts in the waters off Florida, drug trafficking shifted to the border with Mexico, so the Bush administration responded by putting more anti-drug personnel to the Southwest. Now we see the purveyors of death are returning to Florida and the eastern Caribbean with impunity.

Gone are the small twin engine airplanes. In their place we see more and more cocaine in containerized cargo vessels; and their ports of entry are in Florida. I am convinced that, once again, the American people must respond to this shift in drug trafficking. That means that Congress must provide the resources to deal with the current influx of illegal drugs—more custom inspectors, more and faster vessels for the Coast Guard, more DEA agents, more prosecutors.

As the threat shifts, so must our response. Drug traffickers recognize no law, no boundary, and no political party. In the past, Democratic Congresses shifted assets to areas of need during Re-

publican administrations. Today, a Republican Congress must ensure that Florida does not again become the focus of illegal drug traffickers. I would ask unanimous consent to have Mrs. Thurman's entire statement read into the record. Thank you, Mr. Chairman.

[The prepared statement of Hon. Thomas M. Barrett follows:]

OPENING STATEMENT OF REP. THOMAS BARRETT
RANKING DEMOCRATIC MEMBER
SUBCOMMITTEE ON NATIONAL SECURITY,
INTERNATIONAL AFFAIRS AND CRIMINAL JUSTICE

HEARING ON DRUG INTERDICTION EFFORTS IN FLORIDA

JULY 17, 1997

Mr. Chairman, with the demise of the Cali Cartel, new independent drug traffickers in Columbia are increasingly using the Caribbean transit zone to transport drugs into this country. These Caribbean drug transportation routes flow directly into South Florida with devastating consequences. According to the 1997 Miami High Intensity Drug trafficking Area Threat Assessment, there has been a 30 percent increase in cocaine smuggling and a 27 percent increase in marijuana smuggling into the South Florida region this year.

This increased flow of drugs into South Florida is occurring at a time when, according to GAO, funding for U.S. drug interdiction efforts has declined over 40%, undermining the ability of law enforcement agencies to track and intercept drug traffickers.

Moreover, many poor Caribbean countries simply do not have the resources necessary to effectively combat multi-billion dollar drug operations. This is an untenable situation, requiring immediate attention.

Since Columbian drug traffickers are increasingly using the Caribbean to transport drugs into the United States, additional anti-drug resources for South Florida may be required. However, it is important that any additional resources be a part of a comprehensive regional plan to limit drug trafficking within the Caribbean transit zone. In this regard, I look forward to hearing the testimony of our expert witnesses regarding the most important components of such a plan, and what if any addition resources may be required.

Mr. MICA [presiding]. Thank you. And thank you also for your commitment to this effort. Without objection, Mrs. Thurman's complete statement will be made a part of the record. Also, the record will remain open for other members of the panel or members of the Florida delegation to submit opening statements for the record.

[The prepared statement of Hon. Karen Thurman follows:]

STATEMENT OF REP. KAREN L. THURMAN (D-FL)
GOVERNMENT REFORM & OVERSIGHT
JULY 17, 1997

DRUG TRAFFICKING IN FLORIDA

Mr. Chairman, I appreciate the opportunity to return to this Subcommittee to discuss a matter of deepest concern to all Americans. In the previous Congress, I served as the ranking Democrat on this Subcommittee. During that time, your predecessor--my friend Bill Zeliff--held almost 40 hearings on the continuing drug problem.

One of the first things that I learned from listening to Gen. McCaffrey, DEA, and other experts is the balloon analogy: when you squeeze one part of the balloon, the other part expands. When the US emphasized interdiction efforts in the waters off Florida, drug trafficking shifted to the border with Mexico. So, the Bush Administration responded by putting more anti-drug personnel to the American Southwest. Now, we see that the purveyors of death are returning to Florida and the Eastern Caribbean with impunity. Gone are the small twin-engine airplanes; in their place we see more and more cocaine in containerized cargo vessels, and their ports of entry are in Florida.

I am convinced that, once again, the American people must respond to this shift in drug trafficking. That means that Congress must provide the resources to deal with the current influx of illegal drugs: more Customs inspectors, more and faster vessels for the Coast Guard, more DEA agents, more prosecutors.

As the threat shifts, so must our response. Drug traffickers recognize no law, no boundary, and no political party. In the past, Democratic Congresses shifted assets to areas of need during Republican Administrations; today, a Republican Congress must ensure that Florida does not again become the focus of illegal drug traffickers.

Mr. MICA. I will now recognize myself and then yield to members of the Florida delegation by prior agreement for any remarks they have. I wanted to make a couple of comments as a member of this committee.

First of all, the reason for this hearing today is the request, specifically, of the Florida delegation to examine the status of Federal efforts to combat illegal drugs in Florida and the Caribbean region. We just heard from the Speaker. Some of you may not know the background of his involvement or of the involvement of the chairman of this subcommittee, Denny Hastert.

This subcommittee is part of the Government Reform and Oversight Committee. And 2½ years ago the Speaker charged the full committee and this subcommittee with the responsibility of putting all the pieces of the puzzle that make up our war or made up our war on our Federal effort on the drug front into a cohesive effort. That effort first was led by Bill Zeliff, who chaired this subcommittee.

The Speaker specifically directed Denny Hastert, who now chairs the subcommittee, to be the coordinator, because this is a multi-jurisdictional question, as you heard. There are 20-some agencies and almost every cabinet level activity plus numerous committees of Congress involved in an effort—the Speaker wanted this effort coordinated.

Denny helped lead the effort and now he chairs the subcommittee responsible for the effort. They have worked with the appropriators and the authorizers to make certain that the resources are there. You can just look at the difference that—in the commitment that's been made by the Congress.

So I want to compliment the Speaker, who has left us, also Mr. Zeliff and our current chair, Mr. Hastert, for their efforts.

As a member of the subcommittee, I recently visited south Florida and the Bahamas with the staff members of our subcommittee and also the Intelligence Committee to examine the status of our drug control efforts.

My visit and the subsequent report to the subcommittee confirmed my worst suspicions—and after meeting with customs, DEA officials in the Bahamas—that Florida is in fact experiencing an explosion in the volume of drugs coming through that area and through the Caribbean.

In certain instances, valuable assets have been taken from Florida. We have an urgent need for increased assets and manpower so that our men and women in the field can address the influx of drugs into Florida via maritime cargo and by air. If you've attended these hearings before you've seen my newspaper articles.

What happens in south Florida or the Caribbean is also reflected in my area. I have sort of a parochial interest. This is a headline I brought before this committee a number of times in 1996, a year ago. July 14, it says, "Long Out of Sight, Heroin Is Back Killing Teens."

We've had an unprecedented number of deaths of young people by heroin in central Florida. This article is from Wednesday, April 16, a few months ago. Orlando, No. 2 in cocaine deaths. And then last week I have a new addition to the collection: "Hooking Amer-

ica: Heroin Is Purer." It says that the supply of heroin on the U.S. streets has doubled in the past decade, according to DEA.

In the Orlando area, heroin overdose went from zero in 1993 to 30 last year. More teens die locally of overdoses than any other major U.S. city. In that regard, I asked this week of Barry McCaffrey, our drug czar and head of Office of Drug Policy, to designate central Florida as a high intensity drug traffic area.

I've also written the committee of jurisdiction, the Appropriations Committee. I hope not to have to use a legislative method to get that designation. We see what's happening in the Caribbean and letting our guard down is now affecting us dramatically in my back yard, in my district in central Florida.

Those are basically my opening comments. I do want to say that this—echo the comments of the chair, that this is indeed a bipartisan effort and that we try to approach this in a manner that will benefit the children of America and those who face this plague that is now on the streets of Florida and across our Nation.

Those are my opening comments. I'd like to yield now to the gentleman from Miami, Mr. Lincoln Diaz-Balart. Thank you.

Mr. DIAZ-BALART. Thank you, Mr. Chairman. Mr. Chairman, I am very concerned about what I perceive as this administration not confronting the Cuban Government as a major enemy of the effort to shield America's frontiers from the drug threat.

There is no doubt that the Castro dictatorship allows Cuba to be used as a trans-shipment point for drugs. I was deeply disappointed in June 1996 when DEA Administrator Constantine, testifying before the House International Relations Committee, said that there is no evidence of the Government of Cuba being complicit in the drug smuggling business.

On the contrary, there is no doubt that the Castro dictatorship is in the drug business. Castro and his top aides have worked as accomplices for the Colombian drug cartels; Cuba is a key transshipment point.

In fact, last year—1996—sources in the DEA and/or Customs Miami field office stated to the media—and I have a copy of video in my office to this effect—that more than 50 percent of the drug trafficking detected by the United States in the Caribbean proceeds from or through Cuba.

Now, it's very worrisome when even you, Mr. Chairman, are told by our officials during your trip, as you subsequently told me, that this is not the situation. So there is a confrontation. There is a conflict that must be brought to a head at some point between what local folks in drug enforcement admit and what our top officials are saying and even telling Members of Congress.

This is a very serious matter, because this can no longer continue. If, for a political reason, as I believe is the case, there has been a decision to cover up the participation of the Cuban regime in drug trafficking, that is extremely serious.

So I am very happy that this hearing is taking place, and that we will continue with efforts such as this. The reality of the matter is, one, because past administrations identified Cuba as a major trans-shipment point for narcotics trafficking, it was integrated into the larger interdiction effort. By contrast, under the existing

strategy, no aggressive efforts have been made to cutoff this pipeline, despite the growing awareness of its existence.

In April 1993, the Miami Herald reported that the United States attorney for the southern district of Florida had drafted an indictment charging the Cuban Government as a racketeering enterprise and Cuban Defense Minister Raul Castro as the chief of a 10-year conspiracy to send tons of Colombian cartel cocaine through Cuba to the United States.

Fifteen Cuban officials were named as co-conspirators and the defense and interior ministries were cited as criminal organizations. This is a draft indictment that exists in the southern district of Florida.

Just last year the prosecution of Jorge Cabrerra, a convicted drug dealer, brought to light additional information regarding narcotrafficking by the Castro dictatorship. Cabrerra was convicted of transporting almost 6,000 pounds into the United States, sentenced to 19 years in prison and fined over $1 million.

He made repeated specific claims confirming cooperation between Cuban officials and the Colombian cartels. His defense counsel has publicly stated that Cabrerra offered to arrange a trip under surveillance that would actively implicate the Cuban Government in narcotrafficking.

So evidence such as this exists. For some reason it's being covered up. And I think it's about time, Mr. Chairman, that we get serious about this matter. And I would hope that the witnesses today do not continue to whitewash this issue, ignore this very serious matter, and because of political instructions from above, come and ignore a very serious matter. Thank you, Mr. Chairman.

Mr. MICA. I thank the gentleman and thank him for his comments and participation in the panel. We've lost some of our participants with votes and other committee meetings, but we do want to go ahead and proceed with our next panel. And as they come I'll either let them participate and submit their statements at that time or later on.

I'd like to call our second panel. Our second panel today is Samuel Banks—Samuel Banks is Deputy Commissioner, U.S. Customs Service and Mr. James Milford, Deputy Administrator of the Drug Enforcement Administration. Also, we have Rear Adm. Norman Saunders, Commander of the 7th Coast Guard District, U.S. Coast Guard.

Gentlemen, this is an investigations and oversight subcommittee of Congress. We do swear in our witnesses. If you'll stand, please, and raise your right hands.

[Witnesses sworn.]

Mr. MICA. The witnesses answered in the affirmative. Gentlemen, it's also the custom of our investigations and oversight subcommittee and panel to allow you 5 minutes to present oral remarks. If you have lengthy statements, we'd be glad to include them as part of the official record of this hearing. We will begin by recognizing Samuel Banks, Deputy Commissioner, U.S. Customs. Welcome. You are recognized, sir.

STATEMENTS OF SAMUEL BANKS, DEPUTY COMMISSIONER, U.S. CUSTOMS SERVICE; JAMES MILFORD, ACTING DEPUTY ADMINISTRATOR, DRUG ENFORCEMENT ADMINISTRATION; AND REAR ADM. NORMAN SAUNDERS, COMMANDER, SEVENTH COAST GUARD DISTRICT, U.S. COAST GUARD

Mr. BANKS. Thank you, Mr. Chairman, members of the subcommittee. It's a privilege to appear before you today to discuss the U.S. Customs Service efforts to support the national drug control strategy by shielding the Nation's borders from drug trafficking.

As been mentioned over the last few years, we've focused a lot of our resources and attention on drug smuggling on the Southwest border. To counter that threat, we shifted over 800 enforcement officers and over $150 million in technology and equipment to enhance our intelligence, inspectional and investigative efforts along that border.

While that border continues to warrant our most determined efforts, there is compelling evidence that drug organizations are increasing trafficking through the Caribbean and south Florida.

Although seizure statistics are only an indicator of trends, in fiscal year 1996 Customs seized over 75,000 pounds of cocaine in south Florida and over 24,000 pounds of cocaine in Puerto Rico. This was almost a 100 percent increase in cocaine seizures for south Florida, and it represented 40 percent of all the cocaine seized nationwide.

In view of this increasing threat in early 1996 we introduced Operation Gateway and began shifting more resources into Puerto Rico. And even the Government of Puerto Rico provided $2.5 million, which helped us fund 57 new positions. This year, with congressional support, we had $28 million that we've put into Puerto Rico to add additional positions, aircraft, vessels, and a variety of other support.

The outcome this year has been a 34 percent increase in cocaine seizures. Now I'm also aware that the committee has expressed an interest in the internal conspiracy threat at the airports and seaports in the south Florida area. There's no question that it's a very real and very serious threat. Personnel working for the airlines, steamship lines and others involved in the handling of cargo can circumvent our normal targeting and security system. It's estimated that 48 percent of the cocaine seized this year in air cargo and aircraft at Miami International involved internal conspiracies.

Our seaport teams also face similar problems, but we have two officers that are going to testify later who can elaborate on that.

So there is no question that the threat of drug trafficking in the Caribbean and in the Southeast is growing. I know that we're being pressed hard to put additional resources down there. The fact of the matter is that our budget has virtually remained static, with some gains for inflation, over the last 4 years.

We have substantially increased our enforcement resources in the Southwest and Puerto Rico. Most of that has been done by shifting, internally, resources to try to deal with the high threat areas. There have been some very hard, painful tradeoffs that we have made, not just to us but also to the public we serve.

In lieu of bigger budgets, what we are aggressively pursuing is new, creative ways to deliver on our counterdrug enforcement mis-

sion. First, we're using computers and sophisticated information technology to target the high risk shipments. When you get as many planes and as many containers and as many people that we face every day, you've got to be able to pick the ones that are of the greatest risk. We also use a vast array of technology to support our aviation, marine, inspection, and investigative efforts.

Second, we are building much better partnerships with other Federal, State and local law enforcement agencies. I would say especially DEA and the Coast Guard. We are cooperating on virtually every front, from intelligence sharing to combine and coordinated deployment of resources and equipment to joint investigative initiatives.

ONDCP and the DOD is helping us build new technologies, such as large x rays for ocean containers. The National Guard is invaluable to boost our inspection and intelligence programs. Even our Blue Lightning operation, which ties us with State and local police in south Florida, is a textbook example of cooperative law enforcement.

Third, we are building partnerships with industry. We have over 3,200 carriers, airlines, steamship lines, truckers that are participating with us in a carrier initiative program to stop dope from being put on board commercial conveyances. Working with us and law enforcement overseas, these carriers were instrumental in the seizure of over 60,000 pounds of narcotics over a 2-year period.

We are now working with exporters, importers, shippers and others in the United States and in countries like Colombia and Mexico to expand this program.

In closing, Mr. Chairman, and subcommittee members, I want to thank you for inviting me to talk about the hardworking and dedicated men and women of the Customs Service who are guarding our borders. These people were responsible for discovering 82 percent of the heroin, 57 percent of the cocaine, 55 percent of the marijuana seized in this country last year—over 1 million pounds of illegal drugs.

We have no more important job than protecting America's schools and America's communities from the scourge of narcotics.

Thank you, Mr. Chairman.

[The prepared statement of Mr. Banks follows:]

Statement of Samuel H. Banks
Deputy Commissioner
U.S. Customs Service

Before the
United States House of Representatives
Committee on Government Reform and Oversight
Subcommittee on National Security, International Affairs
and Criminal Justice
July 17, 1997

Mr. Chairman and Members of the Subcommittee, I would like to thank you for your interest in drug smuggling in Florida and the Caribbean and for inviting me here to address you on the United States Customs Service's drug interdiction efforts in these areas. This is an issue that is of paramount importance to Customs because drug interdiction is second to none in our Agency's priorities.

It is an honor to join my colleagues from the Drug Enforcement Administration and the United States Coast Guard to outline our important and complementary roles. As the agencies primarily involved in the Nation's drug interdiction and enforcement efforts, our mission is not only to disrupt the flow of illegal drugs through seizures and arrests, but also to dismantle drug organizations via investigations throughout Florida and the Caribbean.

The Caribbean and Puerto Rico

Based on their strategic locations, South Florida and the Caribbean have emerged as focal points along the Southern tier of the United States for the introduction and transshipment of illegal drugs. In response to the increased smuggling activity in and around Puerto Rico, the Customs Service has implemented Operation Gateway. The mission of Operation Gateway is to advance a complete and unified securing of Puerto Rico, the U.S. Virgin Islands, and their surrounding waters and airspace from drug smugglers. It is a plan that commits a sizable investment of funds, personnel, and equipment by Customs, with support from the Government of Puerto Rico. Since Operation Gateway began on March 1, 1996, Customs drug enforcement activities in Puerto Rico have increased dramatically. There has been a 131 percent increase in the examination of full inbound containers, as well as a significant increase in the examination of containers destined for export. Further, in the first year of Gateway, Customs seized 30,340 pounds of cocaine, a 30 percent increase over the prior year.

In Fiscal Year 1997, Customs appropriations provided by Congress include an additional $28 million to further develop Operation Gateway. Those funds, in addition to the $3.65 million provided by the Government of Puerto Rico, have funded 20 new enforcement positions, two light helicopters, additional flight hours, increased vessel operations, more high-tech equipment, temporary detailing of employees, special operations, and an upgraded intelligence facility which have successfully impacted upon drug smuggling organizations operating in that area. Additionally, two C-12 aircraft with maritime search radar will be assigned to Florida and two to Puerto Rico.

Florida

During the last year, concurrent with the success of Operation Gateway and the success of Operation Hard Line along the Southwest Border, the Customs Service has continued to see vigorous smuggling activity in Florida. This activity has been observed especially in commercial cargo at the three major seaports (Miami, Ft. Lauderdale and Jacksonville) as well as in freighters and other smaller vessels possibly off loading drugs in the Florida Straits and along both the Gulf and Atlantic Coasts.

Because of its proximity to the Caribbean, Central American transhipment countries, and South American source countries, Florida has historically been a principal area for drug smuggling. The immediate threat to Southeast Florida has intensified and expanded as the percentage of high-risk cargo the seaport of Miami receives is higher than other seaports, and the airport has developed into the second busiest international airport in the nation. Drug smuggling organizations are not only taking advantage of this increased flow of international traffic but are also increasing their private marine and air smuggling activities.

The seriousness of the present drug threat in South Florida has been evidenced over the past year by seizure activity. Customs cocaine seizures in South Florida doubled in Fiscal Year 1996 to approximately 75,000 pounds. This represents 40 percent of Customs cocaine seizures nationwide. More smuggling activity will likely be funneled into Florida and other high-risk ports of entry as Customs enhances its air and marine operations in and around the Caribbean with funding received for Operation Gateway.

Air and Marine Operations

In South Florida, Puerto Rico, and the U.S. Virgin Islands, Customs aircraft play a critical role in the detection, surveillance and apprehension of drug trafficking aircraft and vessels. Customs aircraft routinely fly radar patrol operations designed to detect and track suspect aircraft departing South America en route to islands in the Caribbean. Customs aircraft, based at the Caribbean Air Branch in Puerto Rico and the Miami Air Branch, track and conduct surveillance of suspect aircraft and vessels and assist in bringing about an end-game by U.S. and/or foreign apprehension forces.

Customs aircraft and aircrew play an integral role in interdicting smuggling attempts via aircraft and vessels. Customs P3 AEW's conduct routine patrols off the coast of South America to detect drug laden aircraft and vessels departing for the Caribbean transshipment locations. Once detected, suspect targets are tracked by Customs P3 and Citation interceptor/tracker aircraft.

During 1996, private aircraft smuggling incidents in South Florida showed a steady increase over 1995 and a marked increased from the number of events reported in 1994. Florida experienced one-third of all drug-related private aircraft incidents in the United States during 1996. Additionally, there was a shift in the affected areas of the state from 1995 to 1996; 65 percent of the air events recorded in 1996 occurred in the Southeast quadrant, as opposed to the 1995 total of 57 percent in the Southwest.

In the maritime arena, the prevalent theme observed in 1996 seizure data and intelligence updates was the versatility of smugglers in transporting drugs. Methods of smuggling ranged from plain view or nominal concealment on pleasure craft, to complex concealment on board fishing vessels or sailing vessels, to freighter off-load activity, and airdrop, and ship to ship transfer. On 30 occasions, Customs discovered abandoned or floating bales of cocaine or marijuana at points including Ft. Walton Beach, Ft. Pierce and Key West.

There has been a resurgence of non commercial vessel activity between the Bahamas and South Florida which has resulted in vessel chases by Customs marine units attempting to apprehend small "go-fast" type boats from Bimini. These vessels are typically 22 to 30 feet in length and are equipped with large single or twin outboard engines designed to reach speeds in

excess of 60 to 70 miles per hour. This type of marine smuggling activity mirrors marine smuggling methods in Puerto Rico.

Small off-load boats, primarily shrimpers and fishing vessels, are receiving contraband from mother ship freighters remaining offshore. In most instances the cocaine is packaged in waterproof pouches, and transferred between the vessels on a rope, utilizing brass rings to secure the packages. The two vessels subsequently separate, and crewmembers aboard the smaller vessel pull the cocaine aboard. The average weight of a bale of cocaine packaged in this manner is approximately 65 pounds and it can be transferred in a matter of minutes. The seizure of 13,200 pounds of cocaine from the merchant vessel LIMERICK was the largest seizure off a commercial cargo vessel in the Caribbean. The contraband on board this freighter was to be off-loaded to small vessels.

During Fiscal Year 1996, a total of 24,314 pounds of cocaine and 30,315 pounds of marijuana was seized by Customs marine enforcement personnel in Florida. These trends have carried over into 1997 and are documented by significant seizure activity in Southeast Florida during the first few months of this year. For example, in January, 507 pounds of cocaine were found floating offshore of Ft. Lauderdale, and February, 1,346 pounds of marijuana were discovered in a hidden compartment on board a sailing vessel.

Projections for 1997 point toward a continued heightened degree of marine smuggling based on recent elevated seizure activity. Factors impacting this threat also include the increased use of high technology items such as communications and navigation equipment. In fact, satellite telephone equipment was found on a drug-laden vessel near Puerto Rico. Such a unit can be purchased for less than $10,000. Other factors impacting this threat include the continued development of counter-intelligence capabilities by smugglers and a steady increase in the smuggling of contraband via vessel. While this is currently the preferred method of transport, a return to the use of aircraft or combined air and marine smuggling ventures is anticipated.

Internal Conspiracies

The Customs Service has also been confronted with an emerging smuggling threat relating to "internal conspiracy" organizations that attempt to circumvent Customs targeting and examination processes by removing drugs from cargo containers prior to inspection.

There have been several recent U.S. Customs investigations in South Florida and Puerto Rico whereby dock workers and personnel who are working for airlines or steamship companies have used their position and unrestricted access at ports of entry to engage in drug smuggling activities and conspiracies. By the nature of their jobs, these groups become familiar with all import and export processes and related enforcement activities. They use this knowledge to remove the contraband prior to our border searches.

For example, as cargo undergoes the "entry process" into the United States it is vulnerable to theft and pilferage. Cargo in the ports of entry, Free Trade Zones, centralized examination stations, and consolidated freight stations is at its most susceptible to theft and internal manipulation for drug removal as the cargo awaits the clearance process.

From a law enforcement perspective, the role of pier and airport personnel in cargo conspiracy investigations is significant. Targeting of shipments for examination by the Customs Service is largely predicated on information about commodities, importers, and exporters. In internal cargo conspiracies, such considerations are not relevant to the targeting done by Customs inspection personnel. Such conspiracies not only by-pass inspection, but also create a false record of no contraband being found and no cargo being stolen.

The presence of numerous sea and air cargo establishments in South Florida and Puerto Rico, with a daily influx of freighters and flights from source and transshipment countries, makes this method of smuggling a significant threat. During 1996, over 45,000 pounds of cocaine were seized in the commercial ocean cargo environment in South Florida. Subsequent investigations and analysis led to the conclusion that a significant amount of the drugs were to be removed by dock workers. This smuggling method involves the insertion of the drugs with manifested cargo belonging to legitimate importers. The dock workers attempt to remove the drugs either while the containers are still aboard ship or at the container yard prior to inspection and release by Customs. Drugs seized by Customs from these groups of dock workers ranged from 50 to 6,000 pounds. As such, it is believed that smuggling involving the use of dock workers is responsible for a significant amount of cocaine and marijuana that enters the United States through South Florida. Various cartel subgroups have also likely created parallel relationships with other pier personnel as well as airport and airline personnel.

The Customs Service has established the following goals to combat cargo internal conspiracies:

- Identify and prosecute the personnel involved in internal cargo conspiracies (both drug and theft).
- Identify and prosecute organized crime associates that provide leadership and protection for these conspiracies (both drug and theft).
- Disrupt the drug import facilitation capacity provided by organized crime to the cartels.
- Deploy non-intrusive inspection technologies to scan fully loaded sea containers.

These goals will be accomplished through the use of task forces comprised of federal, state and local law enforcement personnel and a partnership with the Department of Defense, various manufacturers, shippers, carriers, and others in the international trade community, as appropriate.

Industry Partnerships

Through the use of industry partnership programs like the Carrier Initiative Program and the Business Anti-Smuggling Coalition (BASC), Customs has also enhanced its ability to deter and prevent drugs from entering the United States. The Carrier Initiative Program is a joint initiative with world wide commercial transportation industry to prevent and deter smugglers from using company conveyances to transport narcotics into the United States. Presently, over 3,200 air, land and sea carriers have signed this agreement and pledged to enhance their security operations at foreign locations. This represents ninety-five percent of the air and sea carriers calling at ports in the United States. In return, Customs provides training to the employees and the managers of these transportation companies as well as technical support on security related issues. In Fiscal Years 1995 and 1996, air and sea signatories to this agreement intercepted 59,181 pounds of illegal drugs in foreign countries that were due to come to the United States. The trade also provided information that permitted Customs to seize an additional 21,637 pounds of illegal drugs at the ports of entry, including 3,200 pounds of cocaine.

The BASC is a business-led, Customs-supported alliance created to combat drug smuggling via commercial trade. BASC task forces

examine the entire process of manufacturing and shipping of merchandise from foreign countries to the United States. They combine the "best practices" and ideas from both the private and public sectors to create a more security-conscious environment at foreign manufacturing plants in order to eliminate or reduce the vulnerability of product shipments to drug smuggling. The program began last year in San Diego, California, with the cooperation of Mattel Incorporated. It then expanded to include 32 companies in the San Diego area forming working task groups to examine the import porcess. Miami, Florida, has since been added as a prototype and Laredo, Texas, will soon be added. By having law enforcement join forces with industry to combat this problem together, we will be in a much better position to infiltrate drug smuggling organizations and cargo theft rings, recover stolen cargo, and arrest and convict the perpetrators of these crimes, thereby reducing the costs of goods to consumers and reducing the availability of drugs in our society.

Non Intrusive Inspection Technologies

Customs and the Department of Defense (DoD) Counterdrug Technology Development Program have begun a technology development and demonstration program focused on seaport and airport cargo inspection requirements. This program, which is coordinated through ONDCP's Counterdrug Technology Assessment Center, places special emphasis on technologies to defeat internal conspiracies. New equipment will be deployed to the Miami and Port Everglades seaports and Miami International Airport by mid-1998, with operational evaluations scheduled for at least nine months. Most of the funding for this program is being provided by DoD. The technologies to be evaluated will include X-ray systems for loaded seagoing containers and heavy cargo pallets, drug particle and vapor detectors, an automated targeting system linking the ports, and other means of detecting concealed drugs either when they arrive at the port or before they leave.

Recent Seizures and Investigations

I would now like to share a few examples of our recent seizures and investigations involving internal conspiracies and cargo theft.

- On February 4, 1997, four sports type bags containing approximately 86.7 kilograms of cocaine were discovered in a container at the Pan American Dock (PAD) in San Juan, Puerto

Rico. This container had arrived on February 3, 1997, from Cartagena, Colombia. During the inspection by Customs Inspectors, the four sports type bags were found between boxes containing corn grinding mills. The bags were inspected and found to contain 74 packages wrapped with silver duct tape or with brown packaging tape and marked "WC". A white powdery substance was extracted and tested positive for cocaine.

- On June 6, 1997, members of the Miami International Airport Ramp Rover Team seized 125 pounds of cocaine abandoned in a container aboard a flight from Venezuela. A total of 50 packages, wrapped in tape, were removed from a cardboard box within an airline container.

- On February 1, 1997, Port Everglades, Florida, based on targeting information provided by the Operational Analysis Staff, members of the Contraband Enforcement Team seized 452 pounds of cocaine. The cocaine was discovered during a landed quantity verification (LQV), where every container that comes off a vessel is examined for drugs and manifest verification. The cocaine was inside five black duffel bags that had been inserted in a shipment of ceramic tiles originating in Colombia.

Conclusion

In conclusion, let me say that the drug smugglers are intelligent, resourceful, highly motivated, well financed, flexible, and react rapidly to law enforcement initiatives. The successful ones have well developed counter-intelligence and counter-surveillance capabilities. I firmly believe that all law enforcement agencies, both independently and through multi-agency coordinated initiatives, must remain ever vigilant and use increased and improved tactical intelligence, interdictions and investigations to address the constant threat posed by the drug smugglers.

Thank you again for the opportunity to appear before the Subcommittee. And thank you for your strong interest and leadership in drug interdiction. I look forward to continuing to work with you and would be glad to answer any questions you may have at this time.

Mr. MICA. I thank you, Commissioner Banks, and also for your commitment and the service of our Customs officers in this effort. Now I'd like to recognize James Milford, Deputy Administrator of the Drug Enforcement Administration. Sir, you're recognized for 5 minutes.

Mr. MILFORD. Thank you. Mr. Chairman, members of the subcommittee, I appreciate the opportunity to appear before the subcommittee today to discuss drug trafficking in the Caribbean theater and south Florida. First, I'd like to sincerely thank you and the other members of the committee for your continued support of DEA and its programs, both internationally and on the home front.

You have seen firsthand the devastation caused by drugs that stems from the drug-producing and transit regions of Latin America and impacts the streets of our country. The international drug syndicates are far more organized and influential than any organized crime enterprise preceding them. Today's international crime syndicates have at their disposal, an arsenal of technology, weapons and allies, corrupted law enforcement and government officials, which enable them to dominate the illegal drug market.

With the law enforcement pressure placed on the Cali traffickers' operations in south Florida and the Caribbean in the late 1980's and early 1990's, they turned to established smuggling organizations in Mexico to move cocaine to the United States. However, Colombian traffickers still dominate the movement of cocaine, from the jungles of Bolivia and Peru to the large cocaine hydrochloride conversion factories in southern Colombia.

Most of these new groups have returned to the traditional smuggling routes in the Caribbean to transport their cocaine and heroin to markets in the United States and along the East Coast.

Puerto Rico is easily accessible by twin engine aircraft, which can haul payloads of 500 to 700 kilos of cocaine. Ocean-going fast boats make their cocaine runs in the dead of night to the southern coast of Puerto Rico. Puerto Rico's commonwealth status means that once a shipment of cocaine, whether smuggled by maritime, air, or commercial cargo, reaches Puerto Rico, it is not subjected to further United States Customs control.

Today cocaine and heroin traffickers from Colombia have transformed Puerto Rico into the largest staging area in the Caribbean for smuggling not only cocaine, but heroin into the United States.

Dominican immigrant groups have also gained control of a number of Puerto Rico housing projects which they utilize for drug trafficking using violence and intimidation in order to control the markets. In the past, the Dominicans' role in illegal drug activity was limited to participating in pick-up crews and couriers.

However, the new breed of Dominican traffickers function as smuggler, transporter and also wholesaler. Dominican groups trafficking utilize wooden vessels and low profile boats to avoid radar. These boats are retrofitted with plastic fuel tanks which enable them to make their long range journey. Boat crews also rely on cellular telephone communications to further enhance their security measures.

Dominican traffickers use sophisticated communications, clone cellular communications, alarm system and police scanners, to hide their activities from law enforcement. They provide a natural con-

duit for Colombian heroin to the large addict populations of New York and other parts of the country.

The Bahamian Islands have also caused us tremendous concern. The Bahamas Island chain, which lies northwest of Puerto Rico and the Dominican Republic and just northeast of Cuba, has been a center for the smuggling of contraband for centuries. To counter that threat, the United States Government initiated Operation Bahamas and Turks and Caicos—OPBAT, as it is known, in 1982.

This joint Bahamian-DEA-United States Customs interdiction operation, headquartered in Nassau, Bahamas, has had enormous success over the years. As you know, Mr. Chairman, you just visited that facility and talked with our people at that location. It has been a tremendous cooperative effort, particularly utilizing the Bahamian authorities, the United States Customs Service, the United States Coast Guard and DEA.

Traffickers in the northern Caribbean alternate their trafficking techniques, using remote air strips and air drops to waiting fast boat vessels and maritime scenarios to smuggle cocaine. In October 1996, 6.5 metric tons of cocaine was seized from on-board the freighter *Limerick,* after Cuban officials searched the vessel at our request.

Again, I might add to what Congressman Lincoln Diaz-Balart mentioned, this case emanated from an investigation which he has previously talked about. We targeted a vessel that was using Cuban waters, not necessarily the Cuban Government, as a shield.

Another prominent method being used by the Bahamian and Jamaican transporter groups involves Colombian traffickers air dropping shipments of cocaine off the coast of Jamaica. Jamaican and Bahamian transporting groups then use what are known as war canoes, to smuggle their payloads of drugs into the Bahamian chain. And once they're into the Bahamian chain, they're home free.

We're also very concerned about the new containerized shipping port facility in Freeport, Bahamas. The containers are not to be opened while in Freeport. However, this gives the traffickers another opportunity to use a port of entry as a staging point for narcotics entering the United States.

Miami, as we all know, has always been the home of high echelon command and control personnel for organized criminal organizations from Colombia. In the early 1980's, thugs from the Medellin Cartel, known as the cocaine cowboys, brought their indiscriminate violence to Miami.

However, programs such as REDRUM, a joint effort between DEA, Metro, and Miami police, convinced the violent traffickers from Medellin that they would be methodically hunted down. I might add that local and Federal cooperation in the Miami operation had a lot to do with the turning of the tide there.

I'd just like to end by mentioning heroin. As we all know, heroin, as you mentioned, Mr. Chairman, is a big concern for the Orlando area. Just a few years ago, southeast Asian heroin dominated the East Coast. Colombian heroin was nonexistent in 1962. However, by 1996, 62 percent of the heroin seized in the United States came from Colombia, up from 32 percent the year before.

The average purity in 1996 was 71.9 percent, while some purchases registered as high as 95 percent. From New York to Miami, Colombian heroin is widely available and is extremely pure and cheap. The organized criminals who control the Colombian heroin trade have been able to establish their substantial market share through aggressive marketing techniques and cutting the price of a kilogram of heroin almost in half, from $150,000 to $90,000.

The results of the surge of high quality heroin may best be seen in Orlando, where there were 31 overdose deaths in 1996, up 500 percent from 1994.

In conclusion, 30 years ago we thought that traditional organized crime could never be subverted. Now it is a mere shadow of what it once was. Five years ago nearly everyone said that Miguel Rodriguez Orejuela and his accomplices in Cali were invincible. However, we see today that every one of these criminals from the Cali Cartel is either in jail or dead.

We will leave each organization that rises to power the opportunity to move ahead, but we must continue to provide law enforcement assistance to foreign governments, to really counteract all of the problems that we have with drug trafficking.

Thank you, and I'll answer any questions that you have.

[The prepared statement of Mr. Milford follows:]

Statement of
James Milford
Acting Deputy Administrator
Drug Enforcement Administration
Before the Subcommittee on National Security,
International Affairs and Criminal Justice
July 17, 1997

Mr. Chairman, Members of the Subcommittee: I appreciate the opportunity to appear before the Subcommittee today to discuss drug trafficking in the Caribbean Theater and South Florida and the destructive impact that organized criminal syndicates are having on this region. First, I would like to sincerely thank you, Mr. Chairman, and the members of the Subcommittee, for your continued support of DEA and its programs, both internationally and on the homefront. You have continually showed your support by traveling to the "hotspots" in the United States, South America and Asia, to see first hand the devastation caused by drug abuse that stems from the poison that flows from the drug producing and transit regions to the streets of our country.

The international drug syndicates operating throughout our hemisphere are resourceful, adaptable and extremely powerful. These syndicates have an unprecedented level of sophistication and they are far more organized and influential than any organized crime enterprise preceding them. Traditional organized crime, operating within the United States from the turn of the century to the present time, simply cannot compare to the Colombian and Mexican organizations operating in mainland U.S. and the Caribbean area today. Today's international crime syndicates have at their disposal an arsenal of technology, weapons and allies --- corrupted law enforcement and government officials --- enabling them to dominate the illegal drug market in ways we never thought possible. Today's drug syndicate leaders are able to oversee a multi-billion dollar cocaine and heroin industry which affects every aspect of American life.

These drug lords, who mastermind trans-global organizations responsible for every facet of the drug trade, are almost immune to conventional law enforcement strategies. Any effective program must address the threat they pose from a hemispheric posture, because they control the seamless continuum of the drug trade from the jungles of South America, to the transshipment corridors in the

Caribbean and Central America, to the streets of almost every city and town in America. Their army of workers is responsible for logistical support --- transporting the drugs, arranging for storage, renting a fleet of cars and cell phones and faxes to ensure the smooth operations of the syndicates. All the business decisions --- large and small --- are made from headquarters locations far away from the streets of New York, Chicago, Orlando, and San Juan. But as we all know, these decisions have a ripple effect, forcing us to make choices about our personal schedules, our children's schools, and where we live.

A History of Smuggling in the Caribbean

The Caribbean Corridor and South Florida have long been favorite smuggling routes used by the Cali and Medellin crime groups to smuggle thousands of tons of cocaine to the United States. The narco-traffickers from Colombia seized control of the cocaine trade in the late 1970's, virtually eliminating U.S. based entrepenuers and independent traffickers from the wholesale cocaine market. These individuals ruled the drug trade with an iron fist, exponentially increasing their profit margins by controlling the entire seamless continuum of the cocaine trade, from coca leaf production in Peru, Bolivia and Colombia to cocaine HCL production on the processing centers in Colombia, and the sale of a few kilograms of cocaine on the streets of the United States.

These traffickers established a labyrinth of smuggling routes throughout the Caribbean, the Bahama Island chain and South Florida, using a variety of smuggling techniques to transfer their cocaine to U. S. markets including; airdrops of 500-700 kilograms in the Bahamian Island chain and off the coast of Puerto Rico, mid-ocean boat-to-boat transfers of 500 to 2,000 kilograms, and the commercial shipment of multi-tons of cocaine through the port of Miami to transfer their cocaine to U.S. markets. The "Cornerstone" case in Miami is an excellent example of the ingenuity of the sophisticated leaders of the Cali crime syndicate and the volume of cocaine they were exporting to the United States. In a period of a little over two years, the DEA and U.S. Customs Service worked together to seize over 20 tons of cocaine in just six commercial shipments of cement posts, broccoli and coffee. More importantly the seizures were "the cornerstone" of criminal cases built on the US infrastructure of the Cali cells in Miami, that resulted in the long-term incarceration of the leadership of key Cali

transportation and distribution cells and integral to the imprisonment of the Cali leaders.

Miquel Rodriguez Orejuela, his brother Gilberto and Jose Santa Cruz Londono created, in Cali Colombia, what was undeniably the most wealthy, sophisticated and powerful organized crime syndicate in history. Orejuela and his confederates built an enormous monolithic organization that orchestrated the manufacture of hundreds of tons of cocaine in Colombia, which were then moved through the Caribbean and later Mexico, to U.S. markets. The leadership of the Cali Cartel ruled this seven billion dollar per year business, while safely ensconced on foreign soil. In short, they became the prominent "mob leaders of the 1990's." However, they were wealthier, more influential and far more dangerous, having a more devastating impact on the day-to-day lives of the citizens of our country than either their domestic predecessors or the crime families from Medellin.

Orejuela set up an extremely well-disciplined system of compartmentalization that spanned and insulated every facet of their drug business. The organization's tentacles reached into the cities and towns of the United States, either through their U.S.-based wholesale distribution infrastructure, or their surrogates who sold crack cocaine on the streets of locations as varied as Chicago, Illinois and Rocky Mount, North Carolina. At the height of his power, Orejuela was reportedly using as much as one-half of his seven billion dollar annual income from drug sales to bribe government officials, judges, and police officers in Colombia. Although they freely used their enormous wealth to bribe, they were just as prone to violence as the thugs from Medellin.

Just as "traditional" organized crime was addressed over time in the United States by exposing its leaders and systematically stripping away the pretense that they were legitimate businessmen, the organized criminal groups from Colombia have been eviscerated, and are now a fragment of what they once were. The Colombian National Police (CNP), through tenacity, courage and bravery that has seldom, if ever, been seen in law enforcement, faced down the most powerful organized criminal syndicates in history. Through the fearless leadership of General Rosso Serrano and Colonel Leonardo Gallego of the Colombian National Police, as well as that of General Harold Bedoya of the Colombian military, they built cases on the entire upper echelon of the Cali and Medellin drug trafficking organizations. They methodically tracked each leader down until the entire infrastructure of both

mafia's was either incarcerated or dead. There is no tribute too great for the brave men and women of the CNP who gave their lives in this effort

The Emergence of New Trafficking Threats in the Western Hemisphere

With the increased pressure placed on the Cali groups' smuggling and distribution operations in South Florida and the Caribbean, in the late 80's and early 90's, they turned to established smuggling organizations in Mexico to move cocaine to the United States. Originally, these Mexican crime families received shipments of cocaine from the Cali syndicate and then smuggled it across the U.S.- Mexico border, where it was turned over to Colombian distribution cells. First paid $1,000 to $2,000 per kilo for their services, they ultimately began receiving between 40% to 50% of each shipment as payment. Amado Carrillo-Fuentes and the other major traffickers quickly amassed fortunes from the profits of the sale of thousands of kilograms of cocaine and systematically expanded their distribution networks. This changed the face of the drug trade in the United States and the organized criminal groups from Colombia lost their stranglehold on the U.S. wholesale market.

The ascension to power by the groups from Mexico has garnered them enormous wealth and a demonstrative expansion in their spheres of influence. Despite accurate reports indicating the Orejuelas have ready access to both pay and cellular phones in their cells, they are unable to control their vast empire from jail. Consequently, their ability to function as the first among all others has been seriously degraded. There are many groups in Colombia and Mexico trying to fill the void left by the incarceration of the Cali leadership. Without question, the organized crime families in Mexico, most notably the Arellano-Felix brothers, Miquel Caro-Quintero and Jesus Amezcua-Contreras, and, until his death two weeks ago, Amado Carrillo-Fuentes, have eclipsed the Colombian traffickers as the most dominant figures in the cocaine trade today. The criminal groups from Mexico now control virtually all cocaine sold in the Western half of the United States and, for the first time, we are seeing a concerted effort on their part to expand into the lucrative East Coast market.

However, Colombian traffickers still dominate the movement of cocaine from the jungles of Bolivia and Peru to the large cocaine hydrochloride (HCL) conversion

factories in Southern Colombia and their fingerprints are on the vast majority of cocaine sold in the United States today. While it is likely that the remnants of the Cali group, still directed by the Orejeulas, as well some Cali splinter groups, such as the Grajales-Urdinolas, are still using their established connections with the criminal groups in Mexico to smuggle cocaine to distribution groups in the United States. The new independent traffickers from the Northern Valle del Cauca have risen to prominence. and are responsible for huge volumes of cocaine and heroin being shipped to the United States. Most of these new groups have returned to the traditional smuggling routes in the Caribbean to transport their cocaine and heroin to markets on the United States' populous East Coast. The following traffickers are among the most wealthy and powerful criminals operating in Colombia today:

Jairo Ivan Urdinola Grajales and his brother **Julio Fabio Urdinola Grajales** head a major drug trafficking organization associated with the so-called **Northern Valle del Cauca** drug mafias. The **Urdinolas** are related by marriage to the **Henao Montoya** family. The CNP arrested **Ivan** in April 1992, while **Fabio** later surrendered to Colombian authorities in March 1994. The incarceration of the **Urdinola Grajales** brothers notwithstanding, their organization reportedly remains active in the drug trade.

The **Henao Montoya** brothers, **Arcangel de Jesus** and **Jose Orlando**, run trafficking operations out of the Northern Valle del Cauca region. The **Henao Montoyas** run the most powerful of the various independent trafficking groups that comprise the North Valle drug mafia. The major North Valle drug mafia organizations are poised to become among the most powerful drug trafficking groups in Colombia. The Henao Montoya organization has been closely linked to the paramilitary group run by **Carlos Castano**, a major cocaine trafficker in his own right.

Diego Montoya Sanchez heads a North Valle trafficking organization that transports cocaine base from Peru to Colombia and produces multi-ton quantities of cocaine HCL for export to the United States and Europe. DEA considers **Montoya Sanchez** to be one of the most significant cocaine traffickers in Colombia today.

In March 1996, **Juan Carlos Ramirez Abadia (aka "Chupeta")**, surrendered to Colombian authorities. **Chupeta** is believed to have surrendered, in part, due to

his fear for his personal safety and to be eligible for a more lenient prison sentence. In December 1996, Chupeta was sentenced to 24 years in prison, but may actually serve as little as 7 1/2 years due to Colombia's lenient sentencing laws. DEA and CNP reports indicate that **Chupeta** continues to direct his drug operations from prison.

Julio Cesar Nasser David heads a major polydrug trafficking and money laundering organization based out of Colombia's North Coast. His organization smuggles multi-ton quantities of cocaine and marijuana to the United States via commercial shipments and maritime vessels. In 1994, DEA and Swiss authorities arrested Nasser-David's wife and seized over 180 million dollars in drug proceeds concealed in secret Swiss bank accounts.

Alberto Orlando Gamboa (aka "Caracol") runs the most powerful drug trafficking organization on the North Coast. Gamboa exploits maritime and air routes to the Dominican Republic, Haiti, Puerto Rico, and other Caribbean islands, to smuggle multi-ton quantities of cocaine and marijuana into the United States.

Puerto Rico Gateway to the Caribbean

Puerto Rico and the U.S. Virgin Islands are the United States' Southern most points of entry and lie astride the Caribbean Corridor, providing an excellent gateway for drugs destined for cities on the United States' East Coast. Puerto Rico's 300-mile coastline, the vast number of isolated cays and six million square miles of open water between the U.S. and Colombia, make the region difficult to patrol and ideal for land, sea and air smuggling of drugs, weapons, illegal aliens and currency. Puerto Rico is also a significant air and sea transportation port in the Caribbean for travelers destined for the United States. It has the third busiest seaport in North America and the 14th busiest in the world. More than 75 daily commercial flights arrive in the Continental United States from Puerto Rico and it is also a major port for commercial maritime shopping. The traffickers' biggest asset is the sheer volume of the commercial trade.

Only 360 miles from Colombia's North Coast and 80 miles from the East Coast of the Dominican Republic, Puerto Rico is easily accessible by twin engine aircraft hauling payloads of 500 to 700 kilos of cocaine. Ocean-going go-fast boats make

their cocaine runs in the dead of night to the Southern Coast of Puerto Rico, only having to stage a refueling vessel on their return trip or carry extra fuel, to be able to make the round trip in less than a day.

More importantly, Puerto Rico's commonwealth status means that once a shipment of cocaine, whether smuggled by maritime, air or commercial cargo, reaches Puerto Rico, it does not have to be subjected to further United States Customs Service inspection en route to the continental U.S.

Today, cocaine and heroin traffickers from Colombia have transformed Puerto Rico into the largest staging area in the Caribbean for smuggling Colombian cocaine and heroin into the U.S. The municipalities in the Central mountain range and the South Coast provide the bases of operation for the command and control functions of the Colombian syndicates. It is also important to note that except for the south coast where DEA has the Ponce Resident Office, there has heretofore been no major law enforcement presence on this part of the island. As part of the Criminal Investigative Implementation Plan, the FBI plans to place regional enforcement teams in Ponce, Aguadilla, and Fajardo.

These new organized criminal groups from Colombia have enlisted the aid of traffickers and smugglers from the Dominican Republic to deliver their product to market and have placed an entire command and control infrastructure in the Caribbean, predominantly in Puerto Rico, to manage the movement of cocaine throughout the Caribbean Corridor. There has been a concerted effort on the part of these Colombian groups to franchise their smuggling and transportation operations to Puerto Rican and Dominican groups in order to minimize their presence on the island. This is an example of the recent decentralization of the cocaine trade in Colombia. The leaders of these new Colombian groups are adopting a less monolithic approach in their operations, even demonstrating a willingness to franchise distribution operations in the United States.

This has effectively amputated one to two levels of the Colombian *cell system* and forced them to relinquish some profits and control. The *cell system* is still employed to provide security and compartmentalization, but it no longer exists to the extent that the Colombian traffickers exert complete control over the distribution networks. They have been using Dominican trafficking groups to handle, and to some degree, control wholesale and street level distribution of

cocaine and heroin in the United States. By using this approach, they may forego some profits, but they gain the insulation from U. S. justice that they desire. These new traffickers, vying for the Cali throne, understand that direct control creates vulnerability for the criminal organizations' leadership in both the United States and Colombia.

Puerto Rico is also a local distribution market that is highly profitable and competitive. As the organized drug syndicates from Colombia have done in Mexico, they are paying local Dominican and Puerto Rican transportation groups for their services in cocaine. This form of "payment" and the alliances that have been created between the Colombian traffickers and the transporters have caused a "spill-over effect" on the local market, dramatically driving down wholesale prices of cocaine in Puerto Rico. The per kilogram price for cocaine in Puerto Rico is lower than anywhere else in the United States. At present, the wholesale price per kilogram of cocaine remains steady at **$10,000-$12,000. CHECK**

The 20 percent fee charged by Dominican and Puerto Rican transportation groups gives them a competitive edge over the groups in Mexico, who are still demanding 50 percent of each shipment. This makes using Puerto Rico and the Dominican Republic a far more profitable venture for the Colombian traffickers, and allows them to recoup part of the profits lost to franchising wholesale operations

Mr. SOUDER [presiding]. Thank you for your testimony and DEA's efforts. Adm. Saunders, if you'd go ahead and give us your testimony.

Rear ADM. SAUNDERS. Thank you, Mr. Chairman and members of the subcommittee. It's a pleasure to be here and represent the Coast Guard today. As was said earlier, I am the Commander of the 7th Coast Guard District, and I have responsibility for Coast Guard activities in the Southeast United States and the Caribbean. And I'm going to try and approach this from an operators point of view rather than from the point of view of somebody inside the Beltway.

I have recently returned to Miami after being absent from an operational position for about 6 years. I have some observations that I'll share as I go along. Let me first put up a visual here to give you some idea of what the threat is as we see it with regard to cocaine.

We think there are 608 metric tons of cocaine en route to the United States—plus or minus—each year. Against a 200 or 300 metric ton demand. So you can see that if the producers of this poison are successful, there is more than enough cocaine to take care of the demand in this country. My colleague from the DEA has spoken of the rising flow of heroin. And, of course, there is still fairly robust marijuana trafficking through the Caribbean.

We think about 63 percent of what comes across the Caribbean comes across in noncommercial maritime means, in small fast boats, as my colleague from the DEA spoke about, all the way up to some of the rather derelict coastal freighters.

I'm not going to stress the interdiction point I made in my written or submitted oral testimony, but rather, would like to stress two other points, the first being that one of the things that I have noticed most significantly since being back in south Florida is that inter-agency cooperation has increased remarkably in the 6 years that I have been away. And I'd like to use perhaps the next slide as a rough talking point to illustrate that.

Mr. Banks talked about some efforts ongoing in Puerto Rico and the United States Virgin Islands, as did Mr. Milford. All of us over the last 9 months operated under something we call Operation Frontier Shield. The Justice Department agency is under the Attorney General's Caribbean initiative. And the Customs Service, under Operation Gateway. We all have, however, focused our efforts under the leadership of the United States Attorney and the High Intensity Drug Trafficking Area [HIDTA] organization in Puerto Rico over the last 9 months, specifically, and have begun to develop information that helps us as interdictors, stop the flow of narcotics into Puerto Rico and the Virgin Islands, but is also giving the investigative agencies, the Federal agencies, the commonwealth agencies and the local police agencies in Puerto Rico the information that they need to dismantle the drug smuggling organizations and really begin to make them hurt.

Seizure statistics are interesting. I'm not going to flash them up there. Let me say that we use as indicators of success of the pressure that we've put on them the reduced number of attempts—they haven't gone away, and this isn't scientific—but there have been a

reduced number of attempts to smuggle drugs into Puerto Rico and the Virgin Islands.

We're beginning to see evidence of a shift of drug trafficking westward in the Caribbean, all of it, of course, bound for the Southeast United States, as has been suggested. But my point there being that the HIDTA agency, the cooperation among the agencies and the international cooperation in the eastern Caribbean are absolutely remarkable and are responsible for the success of our efforts.

The second point I'd like to make hangs right on a hook that Mr. Milford hung up there for me. And that is that these smugglers are crossing the Caribbean by a variety of means. They are indeed using small, fast boats, up to 40 feet, two or three high-powered outboard engines. They can make the run over and back to those islands, any of the islands, in 24 hours.

They're going up the western Caribbean, but they're going all the way up to Mexico in many cases. We can't detect them. We can't classify them once we find them. And if we do find them, we can't stop them. They are brazen. They absolutely won't stop even if we have jurisdiction to stop them.

We need to invest in and field the technology that will let our folks out there on the water and in the air find these guys, classify them and then use some technical means to stop them once we find them.

A final point about technology for the larger vessels. We are seeing an increased number of very sophisticated hidden compartments that take sometimes days for us to locate. The smugglers have begun to secrete the drugs in those hidden compartments by wrapping cocaine, for example, in plastic, double or triple wrapped in plastic, washing those bricks of cocaine in diesel fuel, and then putting axle grease around it to eliminate any opportunity for our sensitive equipment to detect the residue of those things before they put them into the compartment.

We need to invest in the technology that will help us at sea, help the Customs Service at the border find these drugs, which are being hidden in much more sophisticated manners.

The three points I make in my submitted remarks are: Interdiction is critical and must be done in the Caribbean, inter-agency and international efforts are working, and we need to continue to use technology to help us stay ahead of increasingly sophisticated, well-funded entities.

Thank you very much for the opportunity, and I'd be delighted to take your questions.

[The prepared statement of Rear Adm. Saunders follows:]

DEPARTMENT OF TRANSPORTATION
U. S. COAST GUARD
STATEMENT OF REAR ADMIRAL NORMAN T. SAUNDERS,
COMMANDER, SEVENTH COAST GUARD DISTRICT, MIAMI, FLORIDA
BEFORE
THE SUBCOMMITTEE ON NATIONAL SECURITY,
INTERNATIONAL AFFAIRS, AND CRIMINAL JUSTICE
HOUSE OF REPRESENTATIVES
JULY 17, 1997

Good afternoon, Mr. Chairman and members of the Subcommittee. I am pleased to be here today to discuss the Coast Guard's efforts to interdict drug smugglers at sea and stem the flow of drugs into Florida and the Southeastern United States.

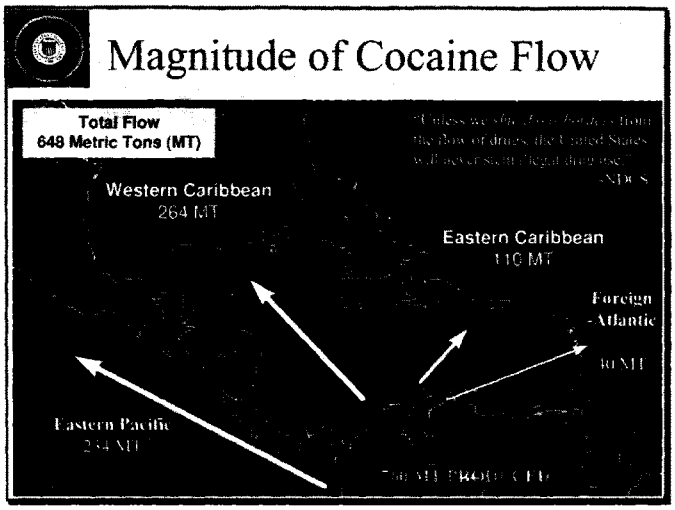
During the hearing today, I would like to make three points that are important to understanding Coast Guard counterdrug law enforcement:

- ***First, shielding our coastal borders from drug traffic begins in the Transit Zone. Coast Guard interdiction operations exploit geographical features of the Caribbean to deny maritime trafficking routes and keep drug traffic away from Florida shorelines.***
- ***Second, interdiction effectiveness is significantly enhanced by interagency and international cooperation, as proven by Operation FRONTIER SHIELD. The combined success we have against drugs in transit directly benefits the whole country.***
- ***Third, technology is essential in locating smuggling vessels at sea and detecting contraband once law enforcement personnel are onboard.***

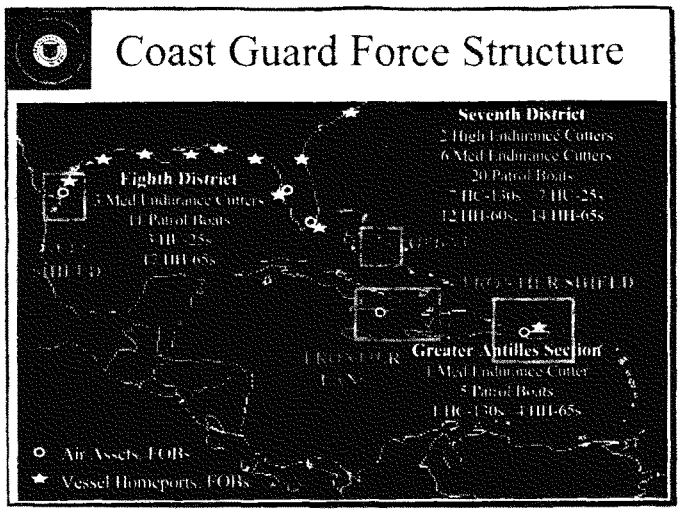
Shielding our Coasts

The drug threat is very real. The 1997 Miami High Intensity Drug Trafficking Area (HIDTA) threat assessment reveals an estimated 30 percent increase in cocaine smuggling and 27 percent increase in marijuana smuggling into the South Florida region this year. Heroin also continues to be forced into the U.S. market from South American traffickers. Intelligence assessments tell us multiton shipments of cocaine are offloaded at sea to boats along the Florida Keys and Cay Sal Bank, or brought directly into the ports of Miami, Fort Lauderdale, and Tampa each month. Large loads are also consolidated in the Bahamas and smuggled across the Florida Straits at

opportune times, such as at night or during periods of heavy weekend boating traffic. The State of Florida has an excellent transportation infrastructure that permits easy distribution of successful drug shipments throughout the United States.



The Coast Guard is targeting counterdrug efforts throughout the Transit Zone and the arrival zone into Florida to match the drug threat and respond to the increased demands of the National Drug Control Strategy. The Strategy is to deploy forces to establish a credible law enforcement presence in high threat areas to disrupt and eliminate transshipment networks. Interdicting drug smugglers directly supports the Administration's National Drug Control Strategy priorities of improved port and border security. Coast Guard efforts also support the Office of National Drug Control Policy's (ONDCP's) Caribbean Violent Crime initiative. Along with drugs, crime, corruption, and violence associated with the business of narcotrafficking are also imported into this country.



The Coast Guard will continue applying pressure in the Eastern Caribbean with Operation FRONTIER SHIELD, and is planning a major surge in the Caribbean with Operation FRONTIER LANCE. We are also examining the Operation BAHAMAS AND TURKS AND CAICOS (OPBAT) resource mix in the Bahamas in anticipation of applying OPBAT operating techniques in other key regions of the Transit Zone.

With this posture, I hope to attack the drug threat further south, away from Florida coasts, to allow sufficient time for end-game response assets to interdict vessels and aircraft engaged in smuggling, and make seizures and arrests. Our efforts will build on the counterdrug momentum that has already been generated in other parts of the Caribbean.

The Coast Guard's budget request for fiscal year 1998 includes a $34.3 million increase in operating expense funding to institutionalize lessons learned and capabilities from the success of Operation FRONTIER SHIELD which, as a surge operation, demonstrated the value of

additional sustained law enforcement capability. These funds are a first step toward our 5-year goal of reducing maritime drug flow enough to impact the national demand for drugs.

Interagency and International Cooperation

The Coast Guard works closely with Federal, State, local, and international law enforcement agencies to combat narcotrafficking. Each agency contributes unique capabilities, authority, and resources to create a synergy not otherwise possible.

I am particularly pleased with our close relationships with the various task forces in Miami. As the Seventh District Commander, I was recently added to the HIDTA's Executive Committee. The Coast Guard is currently planning some maritime operations under the auspices of the Miami HIDTA.

Intelligence support from other agencies is good and must continue to improve. We are mutually dependent on each other's information. The Coast Guard has requested funding for increased intelligence assets in our fiscal year 1998 budget to facilitate real-time reporting of maritime-related information to end-game interdiction assets. This capacity is presently underdeveloped within the Coast Guard. There have been some excellent studies of smuggling organizational which have helped identify a series of suspect vessels owned by known traffickers. Additional support in this area will allow the Coast Guard to interdict these vessels and their dangerous cargoes before they reach our shores. Intelligence from other Federal or State agencies helps us determine how to best deploy our scarce resources. In the Straits of Florida, a typical scenario could be Drug Enforcement Administration intelligence on a vessel sighted by a U.S. Customs Service aircraft being pursued by a Coast Guard cutter with local agencies standing-by on shore. The combination of these forces is more effective than any independent operation. Clearly, each agency brings particular areas of experience and expertise.

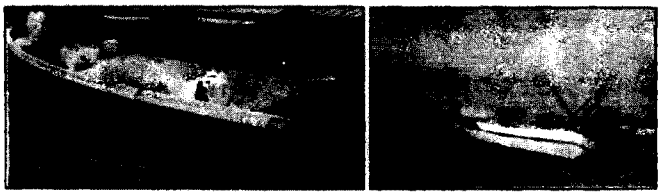
Increased international cooperation affords dividends for this country and all of our neighbors in the Transit Zone. Coast Guard will continue to conduct multinational combined operations such as FRONTIER SHIELD and CARIBE VENTURE which empower and encourage foreign

governments to help shoulder the law enforcement burden. Furthermore, Coast drug law enforcement in the Transit Zone directly supports the President's recent Caribbean initiative unveiled during his visit to the Caribbean summit in Barbados in May of this year. We have also helped negotiate 19 bilateral maritime counterdrug agreements with Transit Zone countries and will continue to pursue additional agreements. Pre-authorized arrangements permit law enforcement assets to maintain contact with suspects that may seek safe haven inside foreign territorial boundaries to evade apprehension.

The Role of Technology

Technology has two pivotal support roles in vessel detection and searches. Even when vessels are located at sea, kept under surveillance, and escorted dockside, sophisticated concealment techniques complicate our boarding efforts. Some of my experienced law enforcement personnel honestly admit they would have probably missed the sophisticated hidden compartments onboard the motor vessels GOLDSTAR and CARIBO without the use of sophisticated drug detection sensors such as IONSCAN. Applying this technology, the Coast Guard seized 2,300 pounds of cocaine. Based on our success, the Coast Guard will continue to employ IONSCAN drug detection devices during vessel searches. Only through continued investment in research and development can we keep up with the ever-increasing sophistication of our drug smuggling adversaries.

The second area where technology is extremely important is the ability to detect and track the commonly encountered smuggler vessel -- non-metallic hull, low freeboard, outboard engines, paint schemes close in color to the water, and minimal electronic emissions.



We capitalize on the excellent intelligence received from other agencies as much as possible. If, however, the Coast Guard cannot detect contacts on the water, then the intelligence does little good. These targets must be acquired by sensors, tracked for a period of time, and then "handed-off" to a specific surface asset for boarding or interdiction. At a basic level, the sensors required for this include night vision goggles (NVG), forward-looking infrared (FLIR) systems, and improved radars. FLIR systems on Coast Guard aircraft greatly improve nighttime search capabilities, increasing the effectiveness of our aircraft and vessels. District Seven currently has only one aircraft FLIR unit coupled to an imaging (APS-137) radar.

Conclusion

Mr. Chairman, interdicting drugs in the Caribbean is very much in the interest of the average U.S. taxpayer. When you consider every ounce we interdict in the Transit and Arrival Zones is one less that local law enforcement officials must deal with in our cities, schools, and hospitals, interdiction will remain a vital part of the National Drug Control Strategy. Interagency and international cooperation must continue as we look for new avenues to increase our combined effectiveness. Finally, we must leverage technology that is readily available to increase our impact on drug smugglers and help protect our national security by shielding the coastlines of Florida and the Southeastern United States.

Thank you for the opportunity to appear before you this afternoon to discuss the Coast Guard's efforts to stem the flow of drugs into Florida and the Southeastern United States. I applaud your strong interest and leadership in this important area and would be happy to answer any questions you may have.

Mr. SOUDER. Thank you much for your testimony, all of you. Before we move to questions, we've been joined again by Ms. Ros-Lehtinen, the distinguished Congresswoman from Miami, who would like to make a statement.

Ms. ROS-LEHTINEN. Thank you so much, Mr. Chairman. I want to commend you as well as Chairman Hastert for holding this hearing to examine drug interdiction efforts in my home State of Florida and in the Caribbean.

As residents of south Florida, our delegation and all of us have been able to witness firsthand the scourge that drugs can bring to our communities. Drugs are responsible for a large part of the crime problem in Florida and throughout our great Nation. And more importantly, they are responsible for the destruction of many young lives who fall to the addiction of drug use.

For geographic reasons, Florida and the Caribbean continue to be the preferred transit points for drugs to the United States. In recent months, we've seen, sadly, the evidence of this threat of drug trafficking increasing due to new modern technologies that are used by drug runners. The new equipment consists of modern maritime vessels, aircraft and modern communication systems that make our drug enforcement agents' interdiction efforts more difficult.

The DEA and other drug interdictions agencies have to be commended for taking a very active approach to interdict drugs around the Caribbean. We want to congratulate them for their ongoing efforts. And much effort has been put into the interdiction of drugs in Puerto Rico, which is a favorite stopping point for drugs on their way to the mainland United States and other parts of the Caribbean.

But as we have said many times in this subcommittee, which I serve on in other forms as well, the United States must take seriously the role that the dictator Fidel Castro plays in drug trafficking. Because without doing that, taking into serious light, we will never really be able to win the interdiction battle in the Caribbean area.

There is mounting evidence that Castro has for many years and continues to be a key player in drug trafficking by allowing Cuba to serve as a stopping point for drugs. Over the past two decades, Cuba's involvement in drug trafficking was highlighted by several high profile indictments of Cuban officials which the Castro regime has refused to turn over for trial.

In 1982 Cuban Vice Adm. Aldo Santa Maria, two Cuban diplomats as well as a Cuban intelligence officer, were indicted for actively coordinating and protecting drug transshipments to the United States. None have faced trial due to the protection provided to them by the Castro regime.

Also in a 1993 Miami Herald article the United States attorney for the southern district of Florida has drafted a racketeering indictment against the Cuban regime for its active involvement in drug trafficking. And chief among the players in that drug connection were Raul Castro, Cuba's defense minister, and 15 other Cuban officials from the defense and interior ministries.

Last year, also, some officers of the Drug Enforcement Agency in Miami declared that more than 50 percent of the drug trafficking

entering the United States through the Caribbean actually goes through Cuba. Additionally, a south Florida TV station, captured drug traffickers freely entering Cuban air space and waters to flee United States law enforcement agencies.

In 1987 the United States achieved convictions of drug smugglers who used Cuban military facilities and personnel to aid the trafficking of drugs from Colombia. And in other evidence is the convicted drug dealer Jorge Cabrerra who has reportedly told United States drug enforcement agencies of Cuban cooperation in drug trafficking, and has offered to cooperate in exposing Castro's role in illegal drug transshipment to the United States.

In our Government Reform Committee, we will be examining the allegations that the owner of a charter travel service to Cuba sought contributions for the Clinton-Gore reelection campaign from this convicted drug trafficker during a meeting that the two supposedly held in a Havana hotel. And this is certainly worrisome, because it could mean that our Presidential campaign might have been tainted by drug money connected with the Castro regime.

This is only a sample of much of the evidence over the past decade that clearly signals the Castro dictatorship's willing participation in illegal drug trafficking. And this evidence combined with Castro's longstanding efforts to harm the United States and his desperate need for hard currency defies the administration's assertion that the Castro regime is a cooperative partner in the war on drugs.

Nothing could be further from the truth. And during the recent hostage crisis in Peru, it was revealed that Castro attempted to blackmail the Japanese government for millions of dollars in exchange for the tyrant's agreement to give asylum to the Shining Path terrorists who took over the Japanese Embassy.

If Castro tried to blackmail the Japanese Government during this crisis, just imagine how much money he must exert from drug traffickers in exchange for the use of Cuban territory to escape the United States's interdiction efforts. I hope that the witnesses here today from various drug interdiction agencies will address Cuba's involvement in drug trafficking. And we urge them to take a more active approach in exposing Castro's drug ties.

I thank the chairman for the time.

[The prepared statement of Hon. Ileana Ros-Lehtinen follows:]

REMARKS BY REP. ILEANA ROS-LEHTINEN

I am introducing a bill that will require the state department to document the full range of Communist Chinese repression and provide the needed personal in our Embassy and Consulates in China to fulfill that humanitarian mission.

One of the lessons we learned with our ultimately successful struggle with the old Soviet empire, is that our keeping the spotlight on the dissidents, refusnicks and human rights activists kept some of them alive and forced the KGB to restrain its repression enough to give many more the breathing room to operate.

It is precisely that fear of having light shone in the dark areas of their regime that drives Communist ruling clique to snuff out the least flame of dissent.

This bill lays out, in clear language, our objections to this brutal aspect of the Communist regime. We will outline those abuses of human rights that sicken every American who hears of them. We all know the case of Wei Jingsheng, who was recently sentenced to a second 14 year prison sentence without even the pretense of due process.

But China is a large country, and for every one 'issident who surfaces in the US or western media-

ındreds or maybe thousands more are being ground down by one of the worst police states in history.

This bill would permit up to 6 diplomates in our Beijing Embassy to be detailed to the mission of monitoring the status of Human rights in that country. It would also detail one such specialist to be assigned to each of our Consulates throughout the country.

As long as the Communist Chinese think their repression of reformers and persecution of Christians are hidden from view, they will continue to harass, jail and kill these individuals. It is said that you "shall know the truth and the truth shall set you free." It is the securing of the truth and the dissemination of the .uth that is the best hope for both these targets of repression and for all the people of China. And also of this nation having a foreign policy we can all be proud of.

Mr. MICA. I thank the gentlelady and would now like to recognize the chairman of the Florida delegation and also chairman of the Ways and Means Human Resources Subcommittee, Mr. Shaw from Florida.

Mr. SHAW. Thank you, Mr. Chairman. I would like to express our appreciation to you and the Government Reform and Oversight Committee and the Speaker for highlighting Florida at this particular hearing today. And I'd also like to apologize to the witnesses and our guests for some of the shenanigans that are going on in the floor today.

If you wonder why we're getting so many buzzers, we're not usually under siege like this, slave to our voting cards, but there are some unhappy Members down on the floor that are creating as many votes as they can get in order to get attention to their being neglected before the Rules Committee.

I think that our witnesses at this particular panel have already highlighted the problems that we are having. In preparing for this hearing, my mind couldn't help but go back to the early 1980's, when this problem was really building up terribly in Florida and came to a head in the early 1980's. The good people of Miami finally rose up and called on the assistance of then Vice President Bush, who came to Miami, down at the Omni Hotel on Biscayne Boulevard and met with a capacity crowd and talked about the resolve of the Federal Government to wage war on drugs.

As a result, over the years, and with the help and putting in place the military and the coordination of—recognizing, of course, the Coast Guard also as a partial military arm of the government—but getting the Navy and some of our sophisticated equipment that is available to us in place, the implementation of the posse comitatus bill, which we led the way in getting the military involved in the war against drugs, we were able to at least curb the tide, never really defeat those that would invade our borders with these illegal substances. But at least we were able to stem the tide. And over the next decade Florida became too hot, so that the drug smugglers were looking to other ways of coming into this country.

That led us to where we are today. We're very, very concerned about what is happening and the enforcement and the intensive law enforcement that is going on in other places is making, once again, the preferred to coming into the United States through the Caribbean in through Puerto Rico and Florida.

I was very pleased to hear about some of the good results that we're getting in Puerto Rico and some of the other areas and also the international cooperation that we're getting.

But unfortunately success elsewhere might mean problems for us in Florida. You never can take your foot off of the pedal. It's like having your foot on the throat of a snake. You cannot release it and then go somewhere to fight another war, because that snake is going to rise up and bite you. And that's exactly what's happening.

Some statistics that are tremendously of concern to me. Customs cocaine seizures in south Florida have doubled in 1996 to approximately 75,000 pounds. Miami International Airport recently replaced Kennedy International in New York City as the prime seizure spot in America for heroin swallowers and smugglers.

Florida experienced one third of all drug related private aircraft incidents in the United States during 1996. Admiral, you spoke of some of the equipment we need. That's not only the Coast Guard, but that's also in Customs and DEA. To give an example, to combat the diminution in resources away from Florida, I offered an amendment that passed the Ways and Means Committee as part of the Customs authorization bill which the House passed in May, to direct $5 million—just $5 million.

On the whole scope of things that is not a huge amount to invest in funding to bolster the Customs marine effort in south Florida. If the funds authorized in my amendment are fully appropriated, the marine program in south Florida will return to its 1993 level. That's just returning to the 1993 level.

We have a terrible problem now with the bad guys having faster boats than we have. I think, Admiral, you spoke of the number of motors they will put on the back of the boats. They have things that can outrun just about anything we have other than our aircraft. And we have got to put the necessary assets in place in order to do that. And the personnel is tremendously important.

The next panel that we'll have today concerns itself with the internal conspiracies. And I specifically requested a panel to discuss this matter because the internal conspiracies are becoming a major avenue of bringing illegal drugs into the United States.

For example, over the past 2 years, at the Port of Miami, there have been alarming increases of drug seizures related to internal conspiracies among port employees. Of the 53 drug seizures by Customs at the Port of Miami during fiscal year 1996, 32 cases involved port employees. 32 cases out of 53. That's over half.

And fiscal year 1995—37 of 54 seizures involved port employees. Therefore, over those two fiscal years, on an average, over 63 percent of all drug seizures at the Port of Miami involved port employees.

These internal conspiracies are clever in ways that help the smugglers. They have been known to innocently swing a container in front of a surveillance camera in order to allow another container filled with drugs to pass through undetected. They also know which are the sharper Customs agents that they have to avoid.

I'm going to ask that my full statement be put in the record, but I do want to go into——

Ms. ROS-LEHTINEN [presiding]. Without objection, so ordered.

Mr. SHAW. Thank you, Madam Chairman. But I do want to read something that I think is absolutely an outrageous situation, and that is the number of port employees with criminal records.

I asked that I be provided with the arrest records of 38 Port Everglades employees. Of the 38 Port Everglades longshoremen, 19 persons had arrest records, out of 38. Of those 19 persons, they had a total of 73 arrests, including 14 drug arrests.

Let me just read the record, a rap sheet on three of our port employees who are in sensitive positions.

Subject No. 1—and this is from the Port of Miami.

"Arrested for robbery, assault and battery, carrying a concealed firearm, possession of a firearm by a convicted felon, aggravated

assault, possession of heroin with intent to distribute, possession of cocaine with intent to sell.

"Possession of heroin with intent to sell, grand theft, petty theft, uttering a forged instrument, forgery of a U.S. Treasury check, possession of cocaine, simple battery, aggravated battery, and petty theft."

That's just one of our dock workers.

Subject 2 is from the Port of Miami.

"Arrested for immigration violation, cocaine possession, marijuana possession, aggravated assault, battery, loitering, prowling, narcotics equipment possession, aggravated assault, possession of a firearm in the commission of a felony, resisting arrest, obstructing justice, aggravated battery, burglary, and cocaine possession within 1,000 feet of a school."

Subject No. 3 was from Port Everglades.

"Arrested for armed robbery, assault with intent to commit murder, breaking and entering, disorderly conduct, shoplifting, burglary, dealing in stolen property, possession of cocaine, sale of cocaine, domestic violence."

This goes on and on. When we look at the alarming number of people that work in the docks in sensitive positions, who are inside the ring in which customs is supposed to be directing the traffic out of, it is absolutely amazing to me that these ports do not look at the rap sheets of those that are working for them, whether it be for the smuggling of cocaine or just stealing some of the things that are coming into these particular ports.

I know we're going to be hearing testimony from a number of witnesses on the next panel, and they will be concerning themselves with these particular matters and some of the things that other port authorities have done.

I would certainly hope that the good people in south Florida not only would cooperate with us in working to get some of the assets directed back to south Florida that Customs needs, that DEA needs, and that the Coast Guard needs, and the other law enforcement agencies.

But also, I would hope that the elected officials in south Florida would just use some common sense in doing some screening of people who are in these sensitive positions, that are in a position in which it is extremely difficult to detect their smuggling of illegal drugs into this country.

I know there is a vote on the floor, Madam Chairman, so I will yield back my time.

[The prepared statement of Hon. E. Clay Shaw, Jr., follows:]

Statement of the Hon. E. Clay Shaw, Jr.

Before the House National Security, International Affairs, and Criminal Justice Subcommittee
Regarding Drug Interdiction Efforts in Florida
July 17, 1997

Mr. Chairman, thank you for agreeing to hold this hearing which is of such great importance to the state of Florida. I appreciate the indulgence of the Subcommittee in allowing members of the Florida delegation to sit on the dais and participate as ex-officio members.

Mr. Chairman, after hearing from the Speaker, the first panel concerns the unequal amounts of drug interdiction resources being allocated to Florida. As my colleagues are aware, in the past few years, Congress and the Administration have poured resources into Operation Hardline along the Mexican border, and Operation Gateway in Puerto Rico. Drug traffickers are aware of this allocation of enforcement resources and personnel away from South Florida, and are redirecting their smuggling effort to South Florida, thus exacerbating Florida's drug problem. Consider the following examples:

- Customs cocaine seizures in South Florida doubled in FY96 to approximately 75,000 pounds.
- Miami International Airport recently replaced Kennedy International in New York City as the prime seizure spot in America for heroin swallowers and smugglers.
- Florida experienced one-third of all drug related private aircraft incidents in the United States during 1996.

To combat the diminution in resources away from Florida, I offered an amendment that passed the Ways and Means Committee, as part of the Customs Authorization bill, which the House passed in May, to direct $5 million in funding to bolster the Customs' marine effort in South Florida. If the funds authorized in my amendment are fully appropriated, the marine program in South Florida would return to its 1993 level -- the year President Clinton took office.

The second panel concerns internal conspiracies. I specifically requested a panel to discuss this matter because these "internal conspiracies" are becoming a major avenue of bringing illegal drugs into the United States.

For example, over the last two years at the Port of Miami, there has been an alarming increase in drug seizures related to internal conspiracies among port employees. Of the 53 drug seizures by Customs at the Port of Miami during FY96, 32 cases involved port employees. In FY95, 37 out of 54 seizures involved port employees. Therefore over those two fiscal years, on average over 63% of all drug seizures at the Port Miami involved port employees!

These "internal conspirators" are clever in the ways they help smugglers. They have been known to "innocently" swing a container in front of a surveillance camera in order to allow another container filled with drugs to pass through undetected. They can tip off smugglers as to when the lazy Customs official is on duty, or they perform other counter surveillance measures on behalf of the drug smugglers.

According to James Milford, a former head of the DEA in Miami, and now the agency's top deputy in Washington, "Longshoreman are a source of frustration for us, particularly in South Florida. One of the things that concerns us is the ability of longshoremen to be utilized successfully in pulling cocaine shipments out of cargo and moving it out of the port with impunity."

Mr. Chairman, in response to reports about internal conspiracies at Florida ports in the press, I requested that the Customs service do a random sample of the arrest records of longshoremen at the Port of Miami and Port Everglades. The results were disturbing. Of a random sample of 50 Port of Miami longshoremen, 36 had arrest records. Of these 36 persons, they had a total of 213 arrests, including 68 drug arrests.

In a random sample of 38 Port Everglades longshoremen, 19 persons had arrest records. Of these 19 persons, they had a total of 73 arrests, including 14 drug arrests.

And these arrests aren't for jaywalking or spitting on the sidewalk. Consider the arrest records from the following three subjects:

Subject #1 from Port of Miami -- arrested for robbery, assault and battery, carrying a concealed, firearm, possession of a firearm by a convicted felon, aggravated assault, possession of heroin with intent to distribute, possession of cocaine with intent to sell, possession of heroin with intent to sell, grand theft, petty theft, uttering a forged instrument, forgery of a U.S. Treasury check, possession of cocaine, simple battery, aggravated battery, petty theft.

Subject #2 from Port of Miami -- arrested for immigration violation, cocaine possession, marijuana possession, aggravated assault, battery, loitering and prowling, narcotic equipment possession, aggravated assault, possession of a firearm in the commission of a felony, resisting arrest, obstructing justice, aggravated battery, burglary, and cocaine possession within 1000 feet of a school.

Subject #3 from Port Everglades -- arrested for armed robbery, assault with intent to commit murder, breaking and entering, disorderly conduct, shoplifting, burglary, dealing in stolen property, possession of cocaine, sale of cocaine, domestic violence.

All the statistics point to increasing dockworker involvement in drug smuggling. Customs and other federal agencies have worked with ocean carriers on all three coasts, as well as with truckers at the U.S. - Mexico border, to cooperate in the search for drugs. But no such attempt apparently has been made with the longshoremen or the unions who represent them. Therein lies a wide-open flank in the war on drugs. It is our soft underbelly. And one way to firm up this flank could be to require clean records for people who work in our ports.

Mr. Chairman, drug smuggling in Florida is again on the rise. This fact is partially due to the reallocating of drug interdiction resources away from Florida to other parts of the nation. While the Southwest border and Puerto Rico are also major drug entry points, this policy of focusing only on those two areas has left Florida vulnerable.

Therefore, today I am calling on the Florida delegation to band together to ensure that Florida has the adequate resources to catch the drug smugglers before their contraband reaches Florida's streets. It is unconscionable and unfair that Florida, by default, has been allowed by the federal government to become the drug dealer's playground.

Furthermore, we must ensure that those who work at Florida's ports are honest. It is imperative that port officials do background checks on employees in sensitive positions.

Mr. Chairman, I propose that Congress implement a new drug interdiction policy specifically for Florida. If this nation is serious about fighting a war on drugs, we must fight on all fronts. That means interdicting drugs nationally, and not leaving one state behind.

Ms. ROS-LEHTINEN. Thank you so much, Congressman Shaw. I would like to recognize Congressman Goss.

Mr. GOSS. Thank you, Madam Chairman. I was very interested in the testimony, and I do have some followup questions. I, too, have been captured by the voting on the floor.

I would like to ask, Madam Chairman, that my full statement be included in the record.

Ms. ROS-LEHTINEN. Without objection.

[The prepared statement of Hon. Porter J. Goss follows:]

OPENING STATEMENT
PORTER J. GOSS
JULY 17, 1997

I THANK CHAIRMAN HASTERT FOR ALLOWING US THE OPPORTUNITY TODAY TO SHED SOME LIGHT ON ONE OF THE MOST SIGNIFICANT ISSUES FACING THE STATE OF FLORIDA TODAY -- A DRAMATIC INCREASE IN THE TRAFFICKING OF DRUGS. I ALSO WOULD LIKE TO ACKNOWLEDGE THE EFFORTS OF REPRESENTATIVES MICA AND SHAW IN BRINGING US HERE TO HIGHLIGHT HOW THIS NATIONAL PROBLEM IMPACTS SO

SEVERLY ON OUR STATE AND THE PEOPLE OF FLORIDA.

WE HAVE ALL BEEN CONCERNED ABOUT THE LATEST TRENDS SUGGESTING THAT SOME OF THE HARD-WON VICTORIES OF THE WAR ON DRUGS ARE RAPIDLY TURNING INTO DEFEATS. MORE THAN TWICE AS MANY OF OUR YOUNG PEOPLE ARE TRYING MARIJUANA THAN WERE DOING SO JUST A FEW YEARS AGO. AND, UNFORTUNATELY, MARIJUANA IS AN IMPORTANT GATEWAY DRUG THAT IS DRAWING KIDS INTO ABUSE OF HARDER DRUGS LIKE INHALANTS, LSD, AND EVEN

3

HEROIN. I AM VERY CONCERNED THAT OUR NATIONAL PUSH TO CREATE AN ATTITUDE OF INTOLERANCE FOR DRUG USE HAS BEEN SLIPPING AS COMPLACENCY CREEPS IN AT THE HIGHEST LEVELS OF GOVERNMENT. IN MY VIEW, NARCOTICS TRAFFICKING JEOPARDIZES OUR NATIONAL SECURITY. LIKE TERRORISM, WEAPONS PROLIFERATION AND INTERNATIONAL ORGANIZED CRIME, NARCOTICS TRAFFICKING LOOMS FOR THE 21ST CENTURY AS A MAJOR TRANSNATIONAL THREAT THAT REQUIRES MASSIVE

COMMITMENT AND UNPRECEDENTED COORDINATION OF ALL OF AMERICA'S RESOURCES. AS CHAIRMAN OF THE HOUSE INTELLIGENCE COMMITTEE, I AM ESPECIALLY FOCUSED ON ONE OF THE MOST CHALLENGING ASPECTS OF THE WAR ON DRUGS: STOPPING THE PRODUCTION AND FLOW OF DRUGS. THE DRUG TRAFFICKERS HAVE PROVEN THEMSELVES TO BE HIGHLY INGENIOUS AND FLEXIBLE -- APPARENTLY SHIFTING THEIR ROUTES AND MODES OF OPERATION AS WE HAVE APPLIED PRESSURE ON CERTAIN CHOKE POINTS. BECAUSE THEY WORK HARD TO

5

STAY ONE STEP AHEAD OF US AT THE BORDERS, WE HAVE TO WORK EVEN HARDER TO APPLY OUR "EYES, EARS AND BRAINS" TO FIGURING OUT WHAT THEIR NEXT MOVES WILL BE. IN THIS PROCESS, WE ARE CONTINUING TO EXPLORE HOW TO BETTER DEFINE THE NEXUS BETWEEN THE LAW ENFORCEMENT AND INTELLIGENCE COMMUNITIES -- AND HOW TO MINIMIZE THE DISTRACTIONS OF TURF BATTLES AND THE EXPENSE OF DUPLICATION OF EFFORT.

THE INTELLIGENCE COMMITTEE THIS HEAR HAS INCLUDED IN OUR

6

AUTHORIZATION A REQUEST FOR THE OFFICE OF NATIONAL DRUG CONTROL POLICY (ONDCP) TO CONDUCT A COMPLETE REVIEW OF ALL THE COMPONENTS OF THE NATIONAL DRUG INTELLIGENCE ARCHITECTURE -- UNDERSTANDING WHO HAS RESPONSIBILITY FOR WHAT; HOW ALL THE PIECES FIT TOGETHER; AND HOW WE CAN FILL ANY EXISTING GAPS. IT IS SOMEWHAT SURPRISING TO ME THAT SUCH AN UNDERTAKING HAS NOT OCCURRED BEFORE NOW -- AND I WONDER WHETHER TODAY THERE IS ANY ONE PERSON OR

OFFICE THAT REALLY UNDERSTANDS THE TOTALITY OF OUR EFFORT ON THIS POINT. BASED ON A REQUEST BY THE SPEAKER STEMMING FROM THE RECENT SITUATION IN MEXICO, I HAVE INSTRUCTED THE STAFF OF OUR COMMITTEE TO CONDUCT ITS OWN REVIEW, WITH AN EYE TOWARD MAKING SURE THAT WE ARE BEST USING OUR FINITE RESOURCES. I WOULD LIKE TO CALL TO MEMBERS' ATTENTION LENGTHY ARTICLES IN THE WASHINGTON POST AND THE NEW YORK TIMES. THOSE ARTICLES RAISE MANY INTERESTING -- AND SOME

TROUBLING -- QUESTIONS ABOUT HOW WELL WE ARE DOING IN PROPERLY APPLYING INTELLIGENCE TO THE WAR ON DRUGS AND I COMMEND THEM TO THE ATTENTION OF ALL MEMBERS. AGAIN WE ALL UNDERSTAND THAT THE EFFECTIVENESS OF OUR EFFORTS IS OF NATIONAL CONCERN, BUT IT IS OF PARTICULAR INTEREST IN STATES LIKE FLORIDA, WHICH ARE ON THE FRONT LINES IN THE DRUG WAR.

FINALLY, LET ME SAY THE REPORT PRESENTED BY REPRESENTATIVE MICA HIGHLIGHTS THAT THE INCREASED ANTI-

9

DRUG ACTIVITY ALONG THE SOUTHWEST BORDER HAS JEOPARDIZED THE ABILITY OF DRUG ENFORCEMENT OFFICIALS TO MEET THE RE-EMERGING CHALLENGES IN FLORIDA. IT SEEMS THAT WHICHEVER WAY WE TURN, THE DRUG DEALERS ARE ABLE TO REACT TO CHANGING CIRCUMSTANCES.

WHILE INTERDICTION IS NEVER GOING TO BE THE ONLY MEANS TO WIN THE WAR ON DRUGS, IT MUST CONTINUE TO BE A HIGH PRIORITY PART OF THE OVERALL STRATEGY. COMMUNITIES AROUND THE NATION ARE BEING DELUGED

BY ILLEGAL DRUGS AND THE FEDERAL GOVERNMENT MUST DO ALL IT CAN TO STEM THE FLOW. IT IS IMPERATIVE THAT WE UTILIZE OUR LIMITED RESOURCES TO BEST EFFECT BY FOCUSING THEM ON THE AREAS THAT HAVE THE MOST SIGNIFICANT PROBLEMS. I LOOK FORWARD TO HEARING FROM TODAY'S PANELS AND HOPE THAT TOGETHER WE CAN FIND ANSWERS TO SOME OF THE HARD QUESTIONS THAT WILL UNDOUBTEDLY FOLLOW.

Mr. GOSS. I will look forward to the opportunity to come back, if I may.

Ms. ROS-LEHTINEN. Thank you so much.

If I could ask you gentlemen a question before we have to leave for voting.

As I had said in my opening statement, there were some local TV station cameras from Miami who captured some drug trafficking entering into Cuban waters. They were being pursued by our guys, because of the possibility of being involved in drug trafficking and then, as soon as those boats and, in other cases, planes, entered Cuban territory, we had to turn back.

Can you share with us any sense of frustration that you have felt with this? What other recourse do we have available to us in these circumstances?

Mr. MILFORD. Well, it's been a tremendous frustration for us to have the Cuban shield, so to speak, which is really used by traffickers very effectively, not only for air traffic, but also for maritime drug trafficking.

What they normally do when they're coming up through that passageway is come up over Cuba to avoid radar. That's not necessarily saying that there's any collusion with the Cuban Government in these instances. What it is, is the Cuban Government has no way to respond.

In instance after instance, day after day, we see that. For example, the planes coming up off of the north coast of Cuba, coming up to make an air drop at a specific location, will come up over Cuba and really just use that.

The other two areas we have seen is that, a lot of times, with vessels that we know are going to make a drop of drugs at a specific location, will often do it right at the 12-mile limit and if, in fact, we pursue them at those locations, they will run into Cuban waters and, frankly, at this point, there is no way for us to continue on.

The third, and the admiral alluded to it, the coastal freighters that we're seeing most recently. That is also a concern, because a lot of times now, these coastal freighters are seemingly normal vessels with normal cargo coming up out of South America.

They contain legitimate cargo and stop at many ports. One of the ports they stop at is Havana. What they will do, then, is, after they drop off their cargo. In fact, Jorge Cabrerra was a perfect instance of that; the vessel which he was receiving his cocaine from would go into Havana Harbor, drop off its legitimate goods, and then come out of the 12-mile limit, up along the coast. The ship would actually use an old technique, which we all know in south Florida, as the mother ship technique, with boats carrying the drugs off of this vessel, onto a smaller vessel, and into the Keys.

Ms. ROS-LEHTINEN. Thank you. Let me ask a followup question related to that. Well, Mr. Mica is here, and I've got to go vote.

Mr. MICA [presiding]. I apologize. Someone has got their feathers ruffled today, and are going to help us in our exercise program, get us in shape here. We haven't done this for a while.

I guess that Ms. Ros-Lehtinen was asking questions about the Cuba connection. I might ask if you could, was someone going to expand on that?

Mr. MILFORD. Sir, I had talked about three areas—the use of Cuba as a shield by air traffic, the use of the Cuban waters as a haven to go back into if they were being pursued, and the use of coastal freighters as a stopoff point prior to actually dropping off their drugs.

Mr. MICA. When I was there several months ago, I went down to the—what is it? It's the last island. Inagua, greater Inagua. Yes. And I flew in the Coast Guard helicopter. We went right up to the, I guess it's the 20-mile limit. We did view the freighters and the problem of them zigzagging in and out.

Have the Cubans been cooperating with us when they do enter the Cuban waters now? I came back, and my report detailed the cooperation with the *Limerick,* where it was towed in. They did assist our agents. I understand DEA confirmed that.

But what about these transports that go in and out of those waters? Are they assisting us in pursuing them, or do they have that capability?

Rear ADM. SAUNDERS. Well, I don't know, Mr. Chairman, whether they have the capability. When we have information that a vessel is bound for a Cuban port and may have drugs aboard, we pass that to the Cuban Government and they regularly report back that they have inspected the vessel and have found no drugs.

Whether they have given it a good, thorough inspection or not, we don't know.

Mr. MICA. If you report a suspect vessel that is zigzagging or seeking haven in Cuban waters from international waters, are you getting a response? Are they assisting us?

Rear ADM. SAUNDERS. We're getting an answer from them if the vessel is in the vicinity of a major port, like Havana. If it's in some remote area of the Cuban coast, they are generally not able to respond.

Mr. MICA. They don't have the capability of responding?

Rear ADM. SAUNDERS. No, sir, they don't have the capability. I don't know whether it's they don't have the capability or willingness.

Mr. MICA. Is that your assessment? That was my next question. Is it the willingness or the capability?

Rear ADM. SAUNDERS. I don't have an answer to that question.

Mr. MICA. Is there any evidence of a coordinated effort to assist these traffickers?

Rear ADM. SAUNDERS. I have asked that question of our intelligence people, and the Coast Guard has nothing but anecdotal information about any collusion on the part of the Cuban Government. We have no evidence that the Cuban Government is engaged in facilitating smuggling drugs.

Mr. MICA. Mr. Milford, what is your intelligence?

Mr. MILFORD. I was in south Florida, I was the special agent in charge of Miami when the case of Jorge Cabrerra went down. I was involved with every aspect of that case and was intimately familiar with it.

Mr. Cabrerra initially reported to us that, in fact, there was collusion with the Cuban Government. We were skeptical of that information and, frankly, did an indepth investigation and found that, frankly, he was lying and misleading us for his own gain.

We looked at it very thoroughly. In fact, the investigation which led to the seizure of the *Limerick* with 6.5 tons, which the Coast Guard and then subsequently the Cuban Government participated in, was another aspect of that investigation.

What we learned in that investigation, and what Mr. Cabrerra did was use Cuba as a shield. They used it as a port of entry, seemingly for legitimate cargo, with these coastal freighters.

Frankly, as Adm. Saunders mentioned earlier, these coastal freighters are not the normal mother ships that we can remember back from the 1980's. These are very highly sophisticated freighters, as far as hidden compartments.

Sometimes, even if we know that drugs are on these vessels, it takes us upwards of 2 weeks to locate these compartments, and this is exactly what we had in this instance.

In fact, we seized some drugs off the *Limerick,* then we seized more drugs a couple days later and more after that. So what I'm saying to you is that we had a very indepth investigation and, based on that investigation, we could see no collusion with the Cuban Government.

Mr. MICA. The other thing that I found, a new technique of the drug traffickers, is that some of the cocaine is coming out, now, of Jamaica, as a staging area, I guess, from Colombia and points south, in what is termed "Jamaican canoes."

I believe they are wooden vessels that are not picked up by radar or other means. And then, they have large fuel bladders, I believe, and they can bring up to a ton of cocaine into other areas.

Are they going into Cuba as a refuge area, or primarily the Bahama Islands?

Mr. MILFORD. Primarily, the Bahama Islands. I might point out that these are not the normal canoes which we think of going up and down a river in Georgia or the southern part of the United States in a very tranquil setting.

These are high-speed vessels that are as fast as what we know as the "go-fast" vessels that are utilized by these traffickers. What normally happens is, the drugs are brought in from Colombia, staged in Jamaica, and then moved up into the Bahama chain by these canoes.

Mr. MICA. One of the things that concerns me is our capability of detecting these craft in the water. It's my understanding that most of the P3 coverage that Customs had has now been removed. Is that correct, Mr. Banks?

Mr. BANKS. Well, Mr. Chairman, we fly about 1,800 hours over the source area, about 1,400 hours over the transit area, and about 1,000 hours over the border areas, so it isn't all removed, but there's no question it's been reduced.

Mr. MICA. How does that compare to, say, 1990, 1992?

Mr. BANKS. Let me put it this way. We took a 25 percent reduction in our aviation program in 1995 and a 50 percent reduction in our marine program, so there's no question it was definitely impacted as a result of that.

Mr. MICA. So your capability is about cut in half?

Mr. BANKS. It's significantly reduced. The other thing that we have done most recently, though, is we've gotten surplus C–12s,

four surplus C–12s from the military, and we're equipping them with special instruments, primarily for the maritime detection.

So we are kind of hopeful we are going to see some better production from them.

Mr. MICA. My next question would be, do you have the adequate personnel to man those craft?

Mr. BANKS. Obviously, we would like to have a lot more flight hours and we would like to have, you know, more people out there with our marine fleet.

Mr. MICA. I was told we also had AWACS capability, where we had over-flight capability to detect what was going on, and that one of those AWACS were moved to Alaska to look at pipeline spills or something like that. Can anyone confirm that?

Mr. BANKS. We have a total of eight P3s. Four of them are equipped with radar guns. They are still in place, you know, flying primarily with source area.

Mr. MICA. What about AWACS? Do you know about AWACS?

Mr. BANKS. That would be military operated with E2s.

Rear ADM. SAUNDERS. E2s or E3s. No, sir, Mr. Chairman, I can't answer that with any authority. I can tell you that, 6 years ago, when I was there, there was a lot of AWACS coverage over the Caribbean itself, and that is not there.

Mr. MICA. It's not there.

Rear ADM. SAUNDERS. It is not there.

Mr. MICA. OK. That's my information, that that has been moved to other responsibilities.

One of the other things that disturbed me, and maybe DEA can—who has fixed-wing aircraft, DEA? What do you have?

Mr. MILFORD. I think we both do.

Mr. MICA. What do you have, sir?

Mr. MILFORD. We have several aircraft we have removed. I think what you are referring to is the aircraft, because of resource shortages that we had to remove from the Bahamas.

Mr. MICA. Yes. From the top of the Bahamas down to the bottom where I was, was about the size of California.

Mr. MILFORD. Right.

Mr. MICA. What capability do you have for over-flight now?

Mr. MILFORD. What we have now are aircraft that are staged out of south Florida, out of Miami airport.

Mr. MICA. What do you have staged in the Bahamas?

Mr. MILFORD. We have nothing at this point staged in the Bahamas.

Mr. MICA. An area the size of California, you have nothing? Didn't I just hear testimony from Mr. Banks that they're now, instead of going into Cuba, we got into where the drugs are going into the islands around the Bahamas; is that correct, Mr. Banks?

Mr. BANKS. That is correct.

Mr. MICA. OK. And you have nothing staged from the Bahamas?

Mr. MILFORD. What we've done, Mr. Chairman, is staged the helicopters for fast response from those locations, but we do not have any fixed-wing aircraft actually staged in Nassau or in the Bahamas at this point.

Mr. MICA. They've been taken out?

Mr. MILFORD. Yes.

Mr. MICA. OK. Mr. Barrett.

Mr. BARRETT. Thank you, Mr. Chairman. Admiral Saunders, in his testimony, Speaker Gingrich basically painted a picture of a drug policy in disarray. Yet you have stated that inter-agency cooperation has improved dramatically under the leadership of the Attorney General and that cooperation is remarkable.

Maybe you can help some of us who are not as close to it as you are to explain why we have such differing opinions.

Rear ADM. SAUNDERS. Thank you for that question. There is certainly, from the Speaker's comments, there is no unity of command, as you described in World War II. There is no single person that is in charge of the drug war.

However, in the mid-to-late 1980's, from my experience, what we had was a bunch of independent agencies, each of whom was fairly strong in resources and thought they could fight the entire drug war alone.

We have since found that that is not the case. I can't describe for you what has caused the agencies to work more closely together.

I know that right now, my experience, returning to the field, is that I have never seen cooperation at a higher level. There is absolutely no jealousy, there are no barriers with information. Information is freely shared.

All the agencies have discovered that, by sharing the information, very often they find that the other guy had pieces of the puzzle that they had been trying to put together.

Those sort of successes have bred further cooperation at the analyst level, at the investigator level, and it is really leading to what I think is the foundation for good results against the organization, and that is the ability to dismantle the organization, not just to interdict the truck drivers who are driving these fast boats.

That's important. We need to stop the flow of drugs. But we absolutely need to be able to take their organization apart, get to the leadership, get to their money, get to their command and control, to the communications.

And it is this inter-agency cooperation at the analyst level, at the information level, that is letting us do that.

I would ask my colleagues to answer and see if they don't have a different thought.

Mr. BARRETT. Mr. Milford, do you concur in that?

Mr. MILFORD. I do concur in that. And, frankly, at this point, the cooperation—not only at the Federal level, with the FBI, the Customs, the Coast Guard, and the various agents, but just as important, at the State and local level—is outstanding.

For example, in south Florida, and throughout Florida, most of our investigations, almost 95 percent of our major investigations, involve other agencies, and most of the time, State and local officers.

We have forged task forces together, and because of this cooperative effort, and it benefits everybody.

Increases manpower—I firmly believe that we don't only provide a service to the local law enforcement agencies, but, we also learn a lot from them.

So it is a cooperative effort. We have been able to share resources and assets. And I think, in the long run, it is working much better than it has in the past.

That's a tribute to everybody, I think. We've been doing this a long time and I believe, at this point, we are getting it right.

Mr. BARRETT. Mr. Banks.

Mr. BANKS. Yeah. I would like to totally endorse these remarks.

I will say that, when you're in the aviation and the marine environment, the handoffs between agencies are virtually seamless at this point. We are totally coordinated in terms of our detection capabilities and the followthrough.

As Adm. Saunders said, our objective isn't just bringing it down. We want to take it all the way through to the ultimate destination.

DEA cross-designates 1,350 of our agents. As Mr. Milford has said, it is very unusual now to have an investigation that is not a multi-agency investigation. I think that there is an incredible level of cooperation.

I think the really good part is, we each have kind of unique talents and skills, and bring a different point of view on some of this, and bringing it together actually makes us, I think, operate better, as a whole.

Mr. BARRETT. Mr. Banks, what do you think is the source of the charges of rudderlessness or lack of coordination?

Mr. BANKS. I don't know. Part of what I attribute this to is the lack of assets that we've got. We don't have any choice but to cooperate.

Mr. BARRETT. Mr. Milford, why do you think the attacks are being levied against you and the other agencies?

Mr. MILFORD. Well, if you look at it at the field level, I think it is really coordinated very well. I think a lot of times, when we get up here within the Beltway, there's a lot of different opinions.

Being a field person and an operations person, I must say that, in those venues, we get along extremely well. That's not to say that Sam Banks and I, or Adm. Saunders and I, sitting in Washington, don't understand each other. But sometimes there doesn't appear to be the same type of coordination that there does in the field.

In the field, it's hands on, taking care of business. I can remember the days in the early 1970's where, actually, Customs was on one side and we were on the other, pulling a defendant's arms back and forth as far as who was going to arrest him. That, however, is in the past.

Now, we are passing information to each other—we are passing information to Customs that leads to seizures, and it's not credit, it's the right thing to do.

We are passing information to the Coast Guard that leads to seizures on the high seas. That's the right thing to do.

What we are getting back is investigative information which we then use to pursue the entire case and take out the command and control people that were expecting the drugs. We then develop information which we pass to our counterparts in Colombia, where I think they've done a fantastic job in using the information which we have given them, to go after the heart of some of the mafia leadership.

Mr. BARRETT. Admiral Saunders, same question, essentially. Do you think that the charges of lack of coordination are based on an outdated view of what you do, or do you think they are politically founded? What is your analysis?

Rear ADM. SAUNDERS. I agree with my colleagues that, at the field level, things are working very well. If we are guilty of anything at all at the field level, frankly, it's from time to time, in planning something, we forget to include the other agency. That's just in the haste to get something done.

That's the only criticism that I would levy against any of us, and my organization is certainly very guilty of that.

Let me suggest, though, that the Speaker painted a picture of a nation at war, and we have, for years, characterized this as a drug war.

With all due respect to all the members of the committee, we have not declared war on this scourge at all. We are involved in a skirmish. We haven't gotten the national will to put the resources out there to sustain a realistic warlike effort in order to stop it.

We're not at war. We're fighting a holding action right now, in my opinion.

Mr. BARRETT. Specifically, where do you think we need more resources?

Rear ADM. SAUNDERS. Well, I frankly think we need more resources, in order to have a realistic effort, in the transit zone. I think we need to put some more effort into investment in technology to make detection of these things possible.

I can't comment at all on any of the demand reduction techniques. I don't know what is effective. That's not my ballgame.

Eventually, we have got to get the cooperation of the countries that produce the narcotics. We have to give them some way to have a viable economy so that they can substitute for the production of these poisons, and have a legitimate economy, so their citizens can have some hope, without having to sell cocaine or heroin or marijuana.

Mr. BARRETT. Thank you. I think my time has expired.

Mr. MICA. I thank the ranking member. I would like to yield now. We have the chairman of the House Intelligence Committee. I am going to yield to him for 5 minutes, and then we will be joined, also, by a Senator from our State, and we also have the chairman of the House Criminal Justice Subcommittee, who wanted to participate.

You are recognized, Mr. Goss, for 5 minutes.

Mr. GOSS. Thank you, Mr. Chairman.

It's very interesting, Admiral, to hear your statement, that we are in a skirmish. I think that's one of the reasons why we aren't doing better, and I think that's what the Speaker was addressing, that he wants a bigger commitment from the Nation and more awareness, which is one of the reasons why we're doing this.

I agree with your assessment that interagency cooperation in the field is better, and I am very pleased to hear it, because I remember it wasn't too long ago we had the director of one of the agencies heavily involved, pointing fingers at another agency involved, on a TV tabloid show, one of those "60 Minutes" or something, show, saying, "Oh, wow, these guys are really messing up."

That's not helpful and, if it's true, it needs to be resolved, not necessarily on a TV tabloid show.

So I think you're right. We've come a long way. But I think we've got a long way to go.

There are some things that have been said in your testimony that I particularly wanted to talk about, because the evidence is we've got too many of our teens involved in drugs today; the evidence is we have more than we've had before. That means we're losing. We have been winning in other areas, but we've got to win it all.

The questions that I wanted to talk about—and I'll stay away from the policy questions, because I don't think that's your bag here today.

I know there is serious trouble with our friends and allies in Colombia because of a policy problem down there on the certification process. I'm not going to ask about that, but I am going to ask about the question of information.

You folks are in the business of interdiction. I know that interdiction is mostly successful when you have good information. When you have good information, you put the assets where they need to be, you catch the people you want to catch, the time is used wisely, the dollars are used wisely, and there is a high achievement rate.

When you don't have good information, that is not the case. I would guess that most of the busts you've had have come from good information, rather than random hits.

My question is this. Do you have the information, the architecture you need to provide the information you need at the time, in the amounts and quantities to use the equipment that you've got and the assets that you've got now, and those that we might be able to provide you if we do our job here? Do you have enough information?

I'm going particularly back into the country team area, because obviously, we're dealing with something that's starting on foreign shores, or in other areas.

I would appreciate any comments you might have. Mr. Milford.

Mr. MILFORD. Yes, sir. I will use Colombia, since you brought it up as an example.

Colombia is an example where it has taken a long time to develop the kind of a relationship that we have in that country.

With the partnership that we have developed with General Serrano and the Colombian national police, we not only pass information with the certainty that it's going to be acted upon, in most cases—and again, they have had problems, as most countries do—but we pass information on a daily basis to them, which is acted upon and used in investigative techniques.

That is exactly what happened with the Cali mafia, Gilberto and Miguel Rodriguez, Jose Santa Cruz, and so on.

The most important process in this is, after the investigation in Colombia, seeing a return of information that we can use to act upon investigations back in the United States and, in some instances, pass to the Coast Guard or pass to the Customs Service.

Now, unfortunately, that is not happening in every area, as you well know. That is what we are striving for. That is the best-case scenario.

Frankly, I believe very strongly that we need to push these countries in these areas to ensure that they continue to do this. Or we have to move to the next step, and I leave that up to the policymakers.

Mr. GOSS. Mr. Banks.

Mr. BANKS. Congressman Goss, I doubt that we are ever going to get as much information as we want or that we need, in order to be able to do this job.

However, I will say that, in some ways, the information is getting better, in addition to the law enforcement information that we get through DEA and with our agents working with confidential informants.

One, the Title III, the wiretap operations are absolutely vital to really succeeding with this effort.

Two, and probably the biggest surprise to us, is we started building partnerships with industry. I mentioned it in my earlier testimony. We've tied in with the airlines. We have 3,200 carriers we're bringing in.

We just made a trip down to Colombia with support of DEA in which we went in and we had sizable meetings with exporters, importers, port authorities, carriers, everybody involved in this transportation process.

And, one, we're trying to improve the security of their operations and, two, we're trying to build in an information flow.

The airlines, steamship lines gave us information—they either acted on or gave us information, to us or foreign law enforcement authorities, that resulted in 60,000 pounds of narcotics seized in a 2-year period, 1995 and 1996.

So there is intelligence and information that can be achieved at all levels of this process, and we are trying to push that envelope as hard as we can.

Mr. GOSS. Adm. Saunders.

Rear ADM. SAUNDERS. Thank you, Mr. Goss. I told you at the outset, I take this from the point of view of the operator and, from an operator's point of view, we will never have all the information we really want to have.

We are doing very well right now. From a Coast Guard perspective, in our 1998 budget request, we have a number of additional positions for investigative agents to add to the maritime side of the investigation.

I know that the CNC over in CIA is working, and the counternarcotics cell over in CIA is very aware of the shortage of human intelligence that we're all crying for, and they're working on improving that.

I think we are getting the support we need there. We are adding some things to our pot, and I think we are going to do pretty well.

Mr. GOSS. Thank you. I would love to have the opportunity to followup. My time has run on this. I'm particularly intrigued about what it is you're going to look for from the intelligence community in terms of technology to deal with stopping these 40-footers. I would like to hear more on that subject sometime.

I thank you very much and I appreciate what you gentlemen do, and I mean that from the bottom of my heart.

Mr. MICA. I thank Chairman Goss.

Without objection, I ask that a written statement submitted by Senator Grassley, chairman of the Senate International Narcotics Control Caucus, be submitted for the record.

Without objection, so ordered.

[The prepared statement of Hon. Charles E. Grassley follows:]

STATEMENT BY
SENATOR CHARLES E. GRASSLEY

*

HEARING - NATIONAL SECURITY
INTERNATIONAL AFFAIRS AND CRIMINAL JUSTICE

I want to thank the chairman and members of the committee for the opportunity to express my concerns today. As Chairman of the Senate Caucus on International Narcotics Control, I am well aware of the threat facing Florida from drug smugglers. There are two important issues that I am glad are being focused on today. The first is the increased flow of narcotics into South Florida and the resulting need for additional enforcement resources to combat this threat. The second is the growing problem of port security and "internal conspiracies" i.e., drug smuggling organizations engaged in the corruption of port and/or airport employees to facilitate the importation of illicit drugs into our country. Both issues are of concern to me and I want to commend the committee for their continuing effort in the fight to protect our country from organized crime and illicit drugs.

Regarding the first issue, with an increase in our law enforcement presence on the Southwest border, under the auspices of Operation HARDLINE, once again we have seen what I will describe as the "balloon effect". It is like squeezing a balloon, i.e., typically, in the past increasing law enforcement in one area has resulted in a shift away from that area either to a completely new area or back to a previous location where the movement of illegal drugs into the U.S. had been a problem in the past. I have also recently learned of a rise in marine smuggling activity in South Florida. This new threat comes with an increase in violence targeted at our law enforcement personnel. I believe this activity can be explained by several factors including the drug trafficker's awareness of a shift in enforcement resources and personnel from South Florida to the Southwest border and the strengthening of law enforcement efforts at our ports of entry along the Southwest border.

It is also becoming well known that the Colombian drug traffickers, who are widely known for cocaine trafficking, have expanded into the more lucrative heroin market. Reportedly, Colombian heroin appears at lower prices and higher purity levels, in some instances 85-90% pure. The citizens and children of not only Florida, but our entire nation are being threatened by this deadly drug. Many heroin related deaths in Florida and along the east coast have been attributed to Colombian heroin. During FY-95, Customs seizures of South American heroin have increased significantly in Florida and Puerto Rico. I believe that we need to see a southern tier strategy that integrates our efforts from San Juan to San Diego. We cannot keep dealing with drug smuggling by robbing Peter to pay Paul. We need resources, focus and applied thinking.

Secondly, the issue of port security is becoming a serious threat, not only in Miami and Fort Lauderdale, Florida but throughout the ports of our country. It appears to me that not only is there concern for increased cargo theft, but drug cartels have infiltrated pier and airport

employees and have established relationships to facilitate their illegal drug trade. Because of a lack of strict port security, law enforcement is being confronted with an emerging smuggling threat relating to "internal conspiracy" organizations who attempt to circumvent U.S. Customs by removing narcotics from the cargo containers before inspection. Our border security is vulnerable as a result of this internal corruption. Apparently, internal conspirators removing drug shipments in legitimate commercial shipments continue to do so with virtual impunity at all major seaports and airports. Law enforcement must join forces with industry to combat this problem. With a joint effort, we will be able to more accurately target these organizations, infiltrate and dismantle them.

I want to thank the committee for bringing attention to these concerns and the needful responses.

Mr. MICA. It is my pleasure now to recognize for either a statement or for questions the senior Senator from Florida, the Honorable Bob Graham. Welcome, Senator Graham, and you are recognized.

Senator GRAHAM. Thank you very much, Congressman. I want to express my appreciation to you for organizing this hearing, this opportunity for us to become better informed and share our concerns with leaders who have the opportunity to make a positive impact on the drug issue in our State of Florida and in our neighborhood of the Caribbean.

I would like to ask, if I could, some questions about the current status of the High-Intensity Drug Trafficking Area Program.

There was a great deal of concern, 3 or 4 years ago, about what was happening in Puerto Rico and that region of the Caribbean, that it had become a new soft underbelly for drug trafficking. Based on that concern, a HIDTA was established in Puerto Rico.

I wonder if you could give us—anyone who would care to comment—an evaluation of what is happening in Puerto Rico and that immediate area, and particularly the role that the Puerto Rican HIDTA has played.

Mr. MILFORD. Senator, I think we all could comment on exactly what we have done—I think we have put effective programs in place.

First of all, from the Justice agencies, we have developed a coordination mechanism between the FBI and DEA with regard to investigations on the Island of Puerto Rico.

We have also coordinated and worked our investigations with Customs, who has a separate program, as well as with the Coast Guard, who has their program down there. These programs really interlock and intermesh, and what we have is a coordinated mechanism as a result of the HIDTA approach.

Senator GRAHAM. Do you think that, based on that coordinated mission, that you have had some impact on suppressing the use of that part of the Caribbean for drug trafficking?

Mr. MILFORD. I think we have. I think we can do much better. This is going to take some time. Frankly, if we're talking about with DEA, we are doubling our resources in Puerto Rico over the next year-and-a-half. That makes a big difference for us, just as far as investigative ability.

We are putting offices, for example, in Ponce, where we were never active before. We are running into some roadblocks, just because of the volume of the traffic.

But I think, again, that it is making a difference. We are coordinating. We are working very closely with the Attorney General and other officials with Treasury and with Transportation, and it is working out, and I think it has all the marks of success.

Mr. BANKS. Yes. Senator Graham, I would like to echo that. I think the HIDTA has been very successful, especially the intelligence sharing component.

The cooperation that we got when we put 77 people—we moved 77 people into Puerto Rico in the last 2 years—a great deal of that was due to the Government of Puerto Rico actually deciding to fund more enforcement operations and efforts and personnel for us.

The linkage that we got on the coordination end in Puerto Rico with JTF and with our DIOC for the air and the marine interdiction, as I was saying earlier, is virtually seamless.

So we are making progress. We've still got a huge threat there.

Senator GRAHAM. Using that recent experience in Puerto Rico, where there was a serious problem, an organized response with the HIDTA initiative being a key element of that, and now some indications of success, I would like your comments as to what role a HIDTA might play in the central Florida area.

There have been some distressing statistics that would indicate an increase in drug activity in that part of our State.

Do you believe that the establishment of a HIDTA there or an expansion of the existing HIDTA that covers the southern part of the State, to also incorporate central Florida or the I–4 corridor, would have potential for similar positive results as your recent experience in Puerto Rico?

Mr. MILFORD. Senator, I think anytime that we can infuse resources into an area that is having the problems at the magnitude of Orlando, and the Orlando area, it will make a difference.

We are looking, over the next year—with the help of this subcommittee—to double the size of our office in Orlando.

I think with the attention that a HIDTA or any type of coordinated approach, task forces accomplish what they need to, which is an infusion of resources into an area.

We intend to continue to work with not only the other Federal agencies in the Orlando area, but also the State and local agencies, to turn that tide and to make a difference.

Mr. BANKS. Senator Graham, I concur with that, and we enjoy working in that environment with a HIDTA in middle Florida.

I would say on that, that I hope when we establish this, we establish it with the necessary funding, because we're into a situation where we're robbing Peter to pay Paul. We're having to just move resources from a different priority to deal with that. That would be my only concern, is for us to be able to support it and support it well.

Senator GRAHAM. Thank you, Mr. Chairman. I see my time is up. I appreciate this opportunity to have participated.

Mr. CUMMINGS [presiding]. Congressman Barr, did you have some questions?

Mr. BARR. Inevitably.

Mr. CUMMINGS. You might want to wait for the next panel. It's up to you.

Mr. BARR. Where are we?

Mr. CUMMINGS. We're at the end of this panel.

Mr. BARR. I'll wait until the next panel.

Mr. CUMMINGS. All right. We'll move on to the next panel. Thank you very much.

Will the next panel come forth, please?

The next panel is Peter Girard, Mike Sinclair, James Wallwork, Edward Badolato, and Art Coffey. Our custom is to swear in the witnesses.

[Witnesses sworn.]

Mr. CUMMINGS. Thank you very much. Let the record show that the witnesses answered in the affirmative.

STATEMENTS OF PETER GIRARD, GROUP SUPERVISOR FOR CARGO THEFT, MIAMI SEAPORT, OFFICE OF INVESTIGATIONS, U.S. CUSTOMS SERVICE; MIKE SINCLAIR, CHIEF, MIAMI SEAPORT CARGO INSPECTION TEAM, U.S. CUSTOMS SERVICE; JAMES H. WALLWORK, COMMISSIONER, WATERFRONT COMMISSION OF NEW YORK HARBOR; EDWARD V. BADOLATO, CHAIRMAN, NATIONAL CARGO SECURITY COUNCIL; AND ARTHUR COFFEY, INTERNATIONAL VICE PRESIDENT, INTERNATIONAL LONGSHOREMEN'S ASSOCIATION

Mr. GIRARD. Mr. Chairman and members of the subcommittee, I thank you for inviting me here to speak before you today.

Mr. CUMMINGS. First of all, I want to thank you all for being here. Because we have a kind of limited time schedule and, as a matter of fact, the House is now out, we are trying to get out of here by 4 o'clock, so I would just ask you to be kind of brief, if you can. Thank you.

Mr. GIRARD. All right, sir.

From August 1990 to October 1995, I supervised a group of Customs special agents dedicated to the problem of combatting narcotics smuggling, internal conspiracies at the Port of Miami and the Miami International Airport.

The strategy that we employed was twofold.

The first was to penetrate existing internal conspiracies in international airlines, shipping companies, and related service industries.

To accomplish this objective, it was necessary to utilize the services of these groups. We became the drug traffickers that needed the ability of the internal conspiracy to smuggle the drugs which we provided without Customs intervention.

We sent shipments of cocaine from foreign countries to destinations in the United States. These shipments were diverted by the internal conspirators and delivered to undercover agents in Miami, Puerto Rico, New York, and Alabama.

In one investigation, a source of information was developed that led to contact with cruise ship dock workers who offered to remove suitcases from cruise ships when they stopped in Miami.

Contact was made with the government of the Cayman Islands, who offered to assist us in arranging for suitcases of sham cocaine to be smuggled on board the cruise ship. Two agents then took the cruise departing from Miami.

After a stop in the Caymans, they were contacted by a crew member who took the suitcases from their cabin. The suitcases were eventually delivered by a dockworker who smuggled them off the vessel.

The crew member, dock worker, and three other accomplices were arrested upon the delivery, and convicted in Federal court for conspiracy to smuggle cocaine.

In some investigations, more than one shipment was sent to further the investigation, identify the organizational members, and gather evidence.

These types of investigations, while being very productive, are time-consuming and expensive. The violators must, of course, be paid for their activity. The cooperation of the host country, where the sham load is placed on the international conveyance, be it a

ship or aircraft, is necessary. Issues of sovereignty must be dealt with, as well as those of interagency cooperation.

The second objective of our group was to counter the efforts of those organizations that actively sought to identify existing internal conspiracies to utilize or to find employees to corrupt.

In this, we became, in an undercover capacity, the members of the internal conspiracy, offering our service to move narcotics across the border without Customs interference. For this service, we charged a fee.

The funds generated from this activity, over $3.4 million, were used to offset the expenses from the investigation efforts to penetrate the existing internal conspiracies above.

During the period I supervised this investigative group, 274 violators were arrested and over $10 million in assets were seized and forfeited, in addition to the proceeds generated.

I am currently the supervisor of an investigative group that targets organized cargo theft and the export of stolen cargo from the United States. As previously referenced, the conspiracy situation is well evident.

The Port of Miami has no areas that are considered limited access, and workers there are free to move their personal vehicles to all areas of the port.

The port, unlike Miami International Airport, does not have a color-coded identification card system that employees must wear when working. This situation has resulted in an environment that favors a criminal, whether in drug smuggling or cargo theft.

The unrestricted access that workers enjoy at the Port of Miami enables a corrupt one to operate in a free area, free from surveillance. They are free to load drugs and stolen merchandise into their vehicles at any day and at hour of the day or night.

Many of the workers at the port carry firearms in their vehicles. Indeed, it is rare that we do not find many handguns in workers' vehicles during enforcement operations. No rules restrict the unlimited access or prohibit the carrying of firearms onto the port.

There are no background checks performed as part of pre-employment screening. Many workers at the port have extensive criminal backgrounds and have free access to Customs areas. Customs, as an agency, is prohibited from conducting criminal history checks on any prospective worker.

In conclusion, let me say that we are constantly striving to develop new strategies and capabilities to make and keep our port safe from the threats of drug smuggling.

We are in partnership with industry and local government to develop regulatory legislation in regard to port access. I feel that, together, we can make significant progress toward the common goal of safeguarding our ports.

Thank you for allowing me to appear before you in the subcommittee. I'm glad to answer any questions you might have.

Mr. CUMMINGS. Thank you very much, Mr. Girard. We will now recognize Mr. Mike Sinclair, who is the chief of Miami Seaport Cargo Inspection Team, U.S. Customs Service. Welcome, Mr. Sinclair.

Mr. SINCLAIR. Thank you, Mr. Chairman. I supervise a group of men and women inspectors at the Port of Miami that look specifi-

cally for containerized cargo, narcotics concealed in that containerized cargo.

Over the past 6 years, we've seized over 150,000 pounds of cocaine in containerized cargo just at the Port of Miami. These seizures range in weight from less than 10 pounds to over 31,000 pounds of cocaine concealed in cement posts in 1991. During fiscal year 1997, 29 cocaine seizures have been made, totaling over 11,800 pounds.

A number of significant factors have combined to challenge our interdiction efforts.

One is the trend of the smugglers to use nonsource countries as their method of importing cocaine into the south Florida area. No longer can we rely on the source countries as our target. Central and South America have become the source of many cocaine seizures at the Port of Miami.

A second factor has been a recent shift to sending smaller but more deeply concealed loads of cocaine. While the number of cocaine seizures affected each year continues to climb, the average weight of each seizure has declined.

The use of container structures to conceal cocaine has also become a major threat. Over 5,000 pounds of cocaine has been concealed in the structures of containers in fiscal year 1997.

This trend is highlighted by a recent seizure on July 8th of 603 pounds in a container concealed in a false wall, in which the conspirators had installed a pneumatic door to gain access to the concealment.

Until recently, the Port of Miami was the primary destination of loads of cocaine concealed in containers arriving into south Florida.

Over the past 2 years, however, the number of narcotic seizures in Port Everglades has climbed dramatically and significant loads of cocaine have been discovered in Jacksonville and Port Canaveral. It appears that the smugglers are port shopping, in order to avoid detection in Miami.

However, the greatest threat or challenge to our interdiction efforts is the presence of the internal conspiracies operating within our ports. These smuggling organizations, which may include any individual associated with the port, have accounted for over 60 percent of the total weight of cocaine seized in Miami over the past several years.

These seizures have ranged from 50 pounds in a duffel bag at the rear of a container to over 6,000 pounds of cocaine concealed in a commercial coffee shipment last August.

These conspirators often utilize the containers of large volume, nationally known companies, to conceal their narcotics without the knowledge or participation of the importer, often compromising the integrity of the legitimate cargo.

The use of these major importers serves to thwart some of our traditional targeting efforts. The conspirators often discard the legitimate cargo at the docks at the foreign site, where they will place the cocaine into the container, notify dock workers at the U.S. ports, who are tasked with removing the cocaine prior to Customs detection.

Inspectors often find duplicate seals attached to the shipments of cocaine. This allows the conspirator to seal the container, which

conceals his illegal activity from both law enforcement and the ultimate recipient.

Significant man hours are devoted to the detection of these internal conspiracies. Working closely with the industry through our Carrier Initiative Program, we have instituted several measures designed to thwart the efforts of these smuggling groups.

The development and utilization of new x-ray technology will enhance our interdiction efforts and, hopefully, serve to streamline the process of examining cargo at our ports of entry.

Another invaluable asset to our efforts is Operation Guardian, specifically the utilization of full-time National Guard men and women to assist inspectors at our ports of entry.

In conclusion, let me state that it is incumbent upon all parties associated with the shipping industry to share in the responsibility of addressing the internal conspiracy threat. Federal, State, local governments, along with industry representatives and labor groups, must meet the challenge collectively.

Thank you for allowing me to speak.

Mr. MICA [presiding]. Thank you for your testimony. I would now like to recognize James H. Wallwork, commissioner of the Waterfront Commission of New York Harbor. Sir, you are recognized.

Mr. WALLWORK. Thank you, Mr. Chairman, and members of the subcommittee. I'm Jim Wallwork, commissioner of the Waterfront Commission of New York Harbor.

I was asked to give this subcommittee a brief synopsis of the Commission's background, powers, and accomplishments. I'm going to hopscotch around a little bit and modify it, because of time, but I wanted to underscore a few things that Congressman Clay Shaw said.

Congressman Clay Shaw reported that 63 percent of the port employees in Florida have criminal backgrounds, and they have been involved in drug smuggling.

I'm happy to say, in the Port of New York, with the Waterfront Commission, we have various employment applications. Every one of our people who work on the docks, whether they be longshoremen, checkers, or whoever, are licensed or they are registered and, consequently, we look at their backgrounds.

Two weeks ago, we removed a port watchman from the employment roles, because that port watchman had stolen five bags of cement. This is probably less than $200, but we removed him, because he is licensed by the Waterfront Commission and, if he is going to be stealing, we're going to send a strong message that we will not adhere to that.

I think a lot of the members here understand that the Waterfront Commission was established some 43 years ago, after there were sweeping investigations about crime, corruption, extortion, all types of corrupt activities on the waterfront, and that our main job then was to clean up the waterfront, per se.

This pervasive corruption motivated both States, after the legislatures did the investigations, to enter into a compact creating the Waterfront Commission of New York Harbor, and then this compact was approved by the Congress of the United States and signed into law, actually, by President Eisenhower, in August 1953, almost 44 years ago.

The Commission is charged with safeguarding the public interest on the waterfront by eradicating both undesirable elements, individuals, and practices.

The Commission's jurisdiction is in a 1,500 square mile port district. It includes the piers and the waterfront terminals in Brooklyn, Manhattan, Staten Island, Yonkers, Port Newark, Port Elizabeth, Bayonne, and Jersey City.

The Commission has broad authority in licensing and in regulatory, investigatory, and law enforcement powers which are exercised through six different divisions.

Now, our Police Division Detectives really are the eyes and the ears on the docks, and they are doing, I believe, great police work. They work on cargo theft. They work on drug smuggling. They work on loan sharking, extortion, and all types of crime, by organized crime and, frankly, disorganized crime.

We have also investigative accountants assigned to the Division of Audit and Control to scrutinize the books and the records of licensee and potential licensee companies for evidence of criminal activity, and to ensure compliance with Federal and State laws, because we've had cases where organized crime infiltrated the stevedoring companies and, of course, that can open up the floodgates for drug smuggling and any other kinds of illegal opportunities that they might take.

No public funds, incidentally, are appropriated for our Commission. The employers pay the Commission an assessment not to exceed 2 percent upon the employers' gross payroll payments.

I mention this because I know that this testimony is interesting to the Florida delegation, because you are considering having a similar type of commission, I believe, in the greater Miami area.

In fiscal year 1997–1998, our current fiscal year, the Commission will have a budget of $6.5 million, and we have 92 employees.

Now, without getting involved in the nuts and the bolts of the operation, suffice it to say that we do, as I say, license stevedore companies, we license pier superintendents, hiring agents, port watchmen.

They are all licensed, and they have a higher standard than the checkers, who are checking equipment going in the ships and the cargo going onto the docks, and the telecommunication controllers who are actually registered.

The individuals who load and unload vessels, or perform services incidental to such work, are called longshoremen, and there are workers who are warehousemen and maintenance people.

In order for them to obtain a registration, they must be free from convictions of certain crimes and of derogatory conduct, which would render their presence at piers or waterfront terminals a danger to the public peace or safety. We have—approximately 30 percent, since we've been in being, have not been granted licenses or registration, even though they have applied to work on the waterfront. Today we have 2,680 longshoremen, and over 75 percent of these people have no criminal records. The balance have records, but they're rather minute, and they're not disqualifying to be a longshoreman.

I would like to skip briefly to our powers that we have and go into what we have done with licensing—I see my red light is on. I did want to cover one item which I think is important here.

Mr. MICA. If you could take another minute and conclude, we would appreciate it.

Mr. WALLWORK. All right. I was told I had 10 minutes before I showed up today and I was prepared for 10 minutes.

We are dealing with narcotics and we have been involved in narcotics, working with U.S. Customs, DEA. We do have a very good relationship with the Federal authorities.

Operation Tailgunner and Tailgunner II were conducted by the Commission with other investigators of DEA and U.S. Customs between 1991 and 1996. This was an operation that we uncovered on cocaine and marijuana trafficking in a cargo theft operation. It was actually being run out of a wholesale coffee business located in Brooklyn near the waterfront. There were a total of 1,700 pounds of cocaine and 16,000 pounds of marijuana smuggled into the United States in containers of general cargo. As an offshoot of these investigations, we solved that and we also solved an open double homicide case as well.

Operation Tailgunner II then came because of this. This was an operation where we had co-conspirators working. One was a longshoreman, one was a retired longshoreman, and other people working with the Cali Cartel people. They were bringing in cocaine, over 9 cases of smuggling, $40 million through the piers.

Now, every 30 seconds in New York—and I think that this is an important statistic—every 30 seconds, 24 hours a day, 365 days a year, a cargo container moves through the port of New York-New Jersey. It is an overwhelming task to inspect for cargo theft and the problems of narcotics. We are working as hard and as well as we can. It is a big job, Mr. Chairman. Thank you.

[The prepared statement of Mr. Wallwork follows:]

STATEMENT OF JAMES H. WALLWORK, COMMISSIONER, WATERFRONT COMMISSION OF NEW YORK HARBOR BEFORE THE U.S. CONGRESS, HOUSE SUB-COMMITTEE ON NATIONAL SECURITY, INTERNATIONAL AFFAIRS AND CRIMINAL JUSTICE ON JULY 17, 1997

Mr. Chairman and members of this Sub-Committee, I am James H. Wallwork, the New Jersey Commissioner of the Waterfront Commission of New York Harbor. I was appointed by Governor Christine Todd Whitman. My counterpart, representing the State of New York, is Commissioner Michael C. Axelrod who was appointed by Governor George E. Pataki. I have been asked to give this Sub-Committee a brief synopsis of the Commission's background, powers and accomplishments.

HISTORICAL BACKGROUND AND ORGANIZATION

Following a sweeping investigation and extensive hearings by the New York State Crime Commission and the New Jersey Law Enforcement Council involving a host of evils on the waterfront, the Legislatures of New York and New Jersey in 1953 determined that the evidence amply demonstrated that the Port of New York-New Jersey was in danger of losing its supremacy. The Legislatures found, among other things, that: 1.) many instances of collusion existed between steamship and stevedoring company officials and union officials (*i.e.* improper cash payments to union officials); 2.) the ILA and its component locals flagrantly disregarded the welfare of their members and the public; 3.) corrupt labor leaders used their offices for the promotion of private business interests, often illegal; 4.) the shape-up and the forcing of undesirable hiring foremen on the employers were basic evils; 5.) the public loading racket was a serious drain on the port[1]; and 6.) the watchman system on the piers was ineffective and operated to the detriment of the port. Moreover, as a direct consequence of those enumerated evils, the individual workers on the piers suffered from irregularity of employment, fear, insecurity,

[1] The "public loading" racket forced truck drivers to pay individuals (generally of questionable integrity) to load and unload trucks at the piers and terminals regardless of whether or not those individuals did any work, were needed or were even wanted. The Waterfront Commission Act abolished those rackets. Today, laborers registered under the auspices of licensed stevedore companies have replaced the "public loading" rackets which had so poisoned the industry prior to the Commission's inception as to cause many exporters and importers to ship through other ports.

inadequate earnings, exploitation and extortion as the price of securing employment, and a loss of respect for the law.

This pervasive corruption on the waterfront in the Port of New York-New Jersey motivated the two States to enter into a Compact creating the Waterfront Commission of New York Harbor. After enactment of the Compact by the States, and then by the United States Congress, President Dwight D. Eisenhower signed the Waterfront Commission Act (hereinafter referred to as "the Act") into law on August 12, 1953.

The Commission, a bi-state body corporate and politic, is charged with the responsibility of safeguarding the public interest on the waterfront by eradicating the undesirable elements (individuals and practices) which had so permeated the industry that they had endangered both regional economic stability and public safety. The Commission's jurisdiction in the 1500-square mile port district includes piers and waterfront terminals located in Brooklyn, Manhattan, Staten Island, Yonkers, Port Newark-Elizabeth, Bayonne and Jersey City.

To accomplish its legislative mandate, the Commission (which has two Commissioners, one from each state appointed by each governor with the consent of each State Senate) is afforded broad authority comprised of licensing, regulatory, investigatory and law enforcement powers which are exercised through its six divisions: Executive, Law, Police, Audit and Control, Licensing and Employment Information Centers and Management Information Systems & Administration.

The Executive Division implements the policies established by the two Commissioners.

Attorneys within the Division of Law coordinate investigations and conduct administrative hearings which are held to determine whether applicants should be granted

registrations and licenses or whether registrants and licensees of the Commission have committed improper acts warranting the revocation, suspension or cancellation of their registrations or licenses.

All superior officers and detectives within the Police Division have full police powers in both New York and New Jersey to investigate criminal activity relating to the port and to violations of the Act. Members of the Police Division also conduct criminal background checks of individuals and firms which have applied for registrations and licenses, evaluate organized crime information, review cargo protection and security arrangements at steamship and stevedore facilities, and maintain the integrity of Commission licensing and investigative files.

Investigative accountants assigned to the Division of Audit and Control scrutinize the books and records of licensee and potential licensee companies for evidence of criminal activity and to insure compliance with federal and state laws and with the Commission's own record-keeping requirements.

Personnel of the Division of Licensing and Employment Information Centers process applications, oversee industry hiring, and administer the statutory programs designed to balance the labor supply with the manpower needs of the industry.

Support services are provided by the Division of M.I.S. & Administration.

The Commission's budgeted expenses come from assessments on the employers of persons registered or licensed. Pursuant to the statute, the assessments are in lieu of any other charges for processing applications and for the use of the Employment Information Centers; no public funds are appropriated. Each of the aforementioned employers pays the Commission an assessment not to exceed two percent (2%) computed upon the employer's gross payroll payments to registrants and licensees for work or labor

performed within the Port of New York-New Jersey. Commission accountants perform payroll audits for purposes of verifying compliance with assessment requirements. In fiscal 1997-1998, the Commission will operate under a budget of $6,578,623 with 92 employees.

LICENSING AND REGULARIZATION OF EMPLOYMENT

Following extensive background investigations of all individuals and entities involved in a stevedoring enterprise and upon full disclosure of and by all real parties in interest, licenses are issued to stevedore companies that are determined both to be free from conviction(s) of enumerated crimes or offenses and to have the requisite good character and integrity for such licensing as mandated by the Act. These companies are contractors engaged for compensation in the moving of waterborne freight or in performing services incidental to the movement of waterborne freight, such as warehousing and container and equipment repair at piers or other waterfront terminals. Pier superintendents, management employees responsible for the supervision of registrants, and hiring agents, management employees responsible for the actual hiring of registrants through Employment Information Centers, are similarly scrutinized prior to the issuance of their respective licenses. Port watchmen, who protect property located at the piers or other waterfront terminals, are likewise subject to standards prior to licensing. Checkers, who check freight, perform custodial accounting services relative thereto or tabulate the hours worked by longshoremen at the piers or other waterfront terminals, and telecommunications system controllers, who participate in the operation of the telecommunications hiring system, are registered following similar scrutiny by the Commission.

The individuals who actually load and unload vessels or perform services incidental thereto (*e.g.* warehousemen, maintenance men, etc.) are designated as longshoremen under the Act. In order to obtain registration, they must be free from convictions of certain enumerated crimes, and of derogatory conduct which would render their presence at piers or waterfront terminals a danger to the public peace or safety.

Through the fiscal year ending June 30, 1997, over 156,000 applications have been processed and over 114,200[2] registrations and licenses have been issued by the Commission since its inception. The remaining approximate 42,000 applications were either denied following a hearing, were withdrawn by the applicant, or were dismissed after an applicant failed to complete the application process or failed to respond to Commission efforts to ascertain whether the standards for registration or licensing were met.

If an applicant's conduct is determined not to meet the requirements of the Act, his application is denied. If a licensee's conduct or a registrant's conduct is found to violate the standards enumerated in the Act, the offending party's license or registration is revoked, cancelled or suspended; consequently he loses the privilege to perform labor or services within the port district requiring such licenses or registrations. The Commission estimates that since 1953, it has revoked, revoked with leave to reapply, or suspended for specific periods of time the licenses or registrations of more than 6,000 persons.

All applicants, registrants and licensees are entitled to due process and afforded an opportunity to be represented by counsel and to be heard by an independent administrative law judge who makes recommendations to the Commissioners. It is the Commissioners who make the ultimate determination with respect to each case.

---

[2] This number includes temporary registrations and permits which are issued pending further investigation by the Commission prior to the making of a determination as to whether or not to issue permanent registrations and licenses.

Prior to the inception of the Waterfront Commission, some 50,000 men sought work daily at the waterfront to seek the approximately 25,000 jobs available at that time. In a major reform, the Act abolished this infamous hiring practice of the "shape-up"[3] which was injurious both to waterfront workers and to the port as a whole. This racket was replaced with a system of hiring through Waterfront Commission Employment Information Centers, closely monitored by the Commission to ensure that the hiring is accomplished in compliance with both industry seniority agreements and agency regulations. Since 1989, this hiring has been conducted by the use of sophisticated computer, telephone and monitoring systems which, together, comprise the telecommunications hiring system. Longshoremen now only need to telephone after hours to receive their next day's assignment. Additionally, the Commission regularizes the dock labor force by periodically removing from the Register those pier workers who fail to work or to seek work on a regular basis in order to balance the number of eligible longshoremen and checkers with the needs of stevedores and steamship companies for their services. Toward this end, the Commission implements a "decasualization" program whereby those workers who do not regularly work or do not make themselves available for work in accordance with established standards are removed from the Longshoremen's Register. Through the years, more than 44,000 longshoremen and checkers have been removed from the Register as a result of this program.

Today, with the implementation of the above described regularization program and the advent of new labor-saving technologies, the port's demand for labor is met by a deep-sea register of approximately 2900 men and women. In addition, over 1900

---

[3] Criminal and various other nefarious characters utilized the "shape-up" for self-aggrandizement and to control employment on the piers. Longshoremen seeking work on any given day would form a semi-circle around the hiring boss who would select, without regard to seniority or qualifications, those who would be employed for that particular day. The *quid pro quo* for selection constituted a kickback or other form of tribute payable to the boss.

individuals are also registered to perform services incidental to the movement of waterborne freight. The balance achieved has for all practical purposes eliminated extortive hiring practices and, in turn, has vastly improved the standard of living for those employed on the waterfront.

Significantly, the average longshoreman in the fiscal year ending on September 30, 1995 (the most recent available data) earned a compensation package valued in excess of $64,000.

INVESTIGATIVE POWERS

Article IV of the Act expressly provides that, in addition to its licensing and regulatory powers, the Commission is empowered to conduct investigations and to collect and compile information concerning waterfront practices generally within the port of New York district and upon all matters relating to the accomplishment of the objectives of the Act. The Commission has the unique power to issue subpoenas throughout both the states of New Jersey and New York and to compel the attendance of witnesses and the giving of testimony and the production of evidence concerning all matters relating to the accomplishment of the objectives of the Act. Courts have repeatedly sustained the Commission in such efforts. To illustrate, in sustaining subpoenas issued by the Commission for the purpose of determining whether Erb Strapping Company, Inc. (a company in which the Vito Genovese crime family had a hidden interest) required a license as a stevedore, the Court held: "The authority of the Commission to investigate in aid of its express licensing powers is beyond question . . . No less clear is the Commission's authority to investigate suspected waterfront activities of criminal elements pursuant to its duty to promote the orderly conduct of waterfront activities in

New York Harbor." *Matter of the Application of Erb Strapping Co., 295 N.Y.S.2d 523, 31 A.D.2d 101* (App. Div. *1968).*

Beyond its power to issue subpoenas throughout both States to compel the attendance of witnesses, the giving of testimony and the production of other evidence, the Commission may, in furtherance of its legislative mandate, sue and be sued; appoint officers, agents, employees; make and enforce rules and regulations; confer immunity from criminal prosecution; have for its members and staff, full and free access, ingress and egress to and from all vessels, piers and other waterfront terminals in the port district, for the purposes of making inspections or enforcing the provisions of the Act; advise and consult with representatives of labor and industry and with public officials and agencies concerned with the effectuation of the purposes of the Compact; and to request any such public body or political subdivision, with its consent, to execute such of its functions and powers as the public interest may require.[4]

SECTION 8 OF THE ACT

Pursuant to Article III, Section 8 of the Act, the Commission may maintain a civil action seeking injunctive or other relief effectively to remove an officer, agent or employee of a waterfront labor organization or of a welfare fund or trust administered at least partially thereby, if that individual has been convicted of any felony, high misdemeanor or misdemeanor involving moral turpitude or of certain other crimes or offenses enumerated within the Act. The statute also contains an extraordinary prohibition against the collection of dues by a waterfront labor union as long as the aforementioned convicted individual remains in office. To date, ninety-nine (99) such

[4] Through the years, courts have upheld the various licensing and investigative powers of the Commission. The Commission will be pleased to furnish the Sub-Committee with a list of such cases upon request.

individuals have been removed from office by means of the Commission's use of its powers under Section 8.

The Commission's tenacious use of its Section 8 powers caused the following four individuals who were convicted of a range of crimes (*e.g.* conspiracy to corruptly control the waterfront industry, obstruction of commerce and/or the administration of justice, extortion for labor peace) to leave the port of New York district in the 1950's and early 1960's and to establish themselves in Florida where they subsequently assumed office within ILA Local 22 of Miami: George Barone, William Boyle, Douglas Rago and James Vanderwyde.

RECENT NOTEWORTHY INVESTIGATIONS

Organized Crime

Last month, the Commission issued charges against Louis A. Saccenti, Jr., a registered checker, Vice President of the Atlantic District of the ILA and an associate of Salvatore "Sammy the Bull" Gravano, the former underboss of the Gambino Organized Crime Family. At issue in the Notice of Hearing charging Saccenti is whether he possesses the requisite good character and integrity to maintain his registration in light of his associations with made members and associates of the Gambino La Costra Nostra Organized Crime Family as well as his unlawful receipt of disability benefits and his involvement in an insurance fraud scheme. Also at issue is whether he committed fraud, deceit and misrepresentation in connection with affidavits submitted by him and testimony he has given in response to inquiries arising out of the Commission's investigation into his associations with members and associates of the Gambino Organized Crime Family. The Commission seeks revocation of his registration as a checker, and a hearing is scheduled for September 10, 1997.

Narcotics

The various criminal enterprises conducted on the waterfront, as elsewhere, have evolved with time. In addition to the traditional infiltration of the stevedoring industry by organized crime, to extortion/kickback schemes, and to collusion between union officials and steamship and stevedore company officials, illegal drug trafficking on the waterfront has significantly increased. The Commission, in conjunction with the United States Customs Service, the Drug Enforcement Administration, United States Attorney Offices, and State and local prosecutors, has countered this trend through intensive cooperative investigations. Between 1991 and 1996, the Commission conducted two such investigations, "Operation Tailgunner" and "Tailgunner II".

"Operation Tailgunner" uncovered an extensive drug (cocaine and marijuana) trafficking and cargo theft operation being run out of a wholesale coffee business located in the Red Hook section of Brooklyn, near the waterfront. Commission detectives together with Customs agents and DEA agents confiscated over 1,700 pounds of cocaine and 16,000 pounds of marijuana, smuggled into the United States from Columbia, South America, inside containers of general cargo being received in the port district. Detectives and agents also seized numerous firearms and stolen cargo valued in excess of $500,000. Offshoots of the investigations resulted in the resolution of both an open double homicide case as well as a conspiracy case involving over $75,000 worth of coffee stolen from a waterfront warehouse.

Leads developed in the original investigation led to "Tailgunner II", which exposed a conspiracy on the part of an active longshoreman, a retired longshoreman, and others with an associate of the Columbian Cali cartel to smuggle cocaine into the United States. The co-conspirators smuggled nine (9) loads of cocaine with an approximate

street value of $40 million through pier facilities at the port. These two investigations resulted in the federal convictions of twenty-four (24) persons on charges including conspiracy; importation, possession and distribution of cocaine; and unlawful possession and dealing of firearms.

Cargo Thefts

From the outset, eliminating waterfront thefts has been a priority of the Commission. After an extensive investigation in the fall of 1996, Commission detectives arrested Jose Maldonado, a Bayonne resident and truck driver, for the theft of perfume valued at $2,216,700 from the Global Terminal in Jersey City, New Jersey. Commission detectives subsequently arrested Maldonado for the thefts of $600,000 worth of Tommy Hilfiger clothing and of $250,000 worth of Jonathon Stone ladies clothing, which had been stolen in 1994. These arrests and the ensuing investigation exposed a fencing ring in northern and central New Jersey. The majority of the thefts involved occurred after the cargo was legitimately removed from the piers. As a result of this investigation, sixteen (16) individuals have been arrested and stolen property valued at approximately $1,750,000 has been recovered. Commission detectives ascertained in the course of their investigation that, in a number of the cases, the thieves had employed a method of gaining entry into cargo containers without breaking security seals in an effort to avoid detection. Such information is now being used to resolve other thefts and to thwart the reoccurrence of such thefts by others.

Approximately one year ago, Commission detectives acted on information that a port watchman, assigned to guard a shipment of footwear pending completion of a loss survey relative thereto, had been observed rummaging through that shipment from which footwear was subsequently found to be missing. The detectives proceeded to the port

watchman's home where they found him wearing a pair of shoes identical to those missing from his post. The port watchman consented to a search of his home where the detectives found eleven pairs of the missing shoes, three cartons of wine and a small arsenal of firearms (at least one of which had been defaced), a sound suppresser and ammunition as well as a pound of marijuana. The man admitted to having unlawfully taken the shoes and wine from his employer and was arrested by the Commission detectives on charges including theft, felonious possession of weapons and drug possession. The Commission issued a Notice of Hearing seeking revocation of the individual's license as a port watchman, and suspended his license pending the outcome of that hearing. Ultimately, staff counsel secured the surrender of the man's license with prejudice, and that individual no longer presents a threat on the waterfront.

CONCLUSION

A genuine need continues today in the Port of New York-New Jersey to combat crime and corruption. While our Commission personnel take pride in the role we have played with other law enforcement agencies over the past 43 years in reducing crime or in eliminating certain past abuses, old challenges - such as loansharking, extortion, illegal gambling, and larceny - and new challenges face all law enforcement units. Drug smuggling and cargo theft have become very sophisticated, requiring close coordination among all law enforcement agencies. I am pleased to report that we have this cooperation in the Port.

I would recommend greater coordination with other ports, points of entry, and inland law enforcement authorities, because drug smuggling and cargo theft extend beyond the traditional pier areas and are especially vexing problems. Close cooperation

and the sharing of certain information can alert each of us to new criminal techniques as well as new ways to combat all types of crime.

The Waterfront Commission of New York Harbor is an active member in the International Association of Chiefs of Police, so that our Commission can coordinate on an international level with crime fighters throughout the world. This is important for drug smuggling cases, since most originate overseas.

The licensing and registration powers of our Commission continue to be invaluable, enabling us to weed out unscrupulous persons from the waterfront. Pervasive corruption in the Port in the early 1950's lead to the folklore fictional portrayals of life as a longshoreman in the movie *On the Waterfront*. Those days are long past. The overwhelming majority of longshoremen and other port workers today are respected, honest, hardworking men and women. Port employers and labor leaders alike continue to make strides to promote and preserve the Port of New York-New Jersey's economic vitality. But, as you are well aware, the criminal element is always ready to exploit every opportunity. So our important work continues.

I thank Congressman Hastert and the other members of this sub-committee for this opportunity to present an overview of the operations of the Waterfront Commission of New York Harbor.

Mr. MICA. I thank you, Mr. Wallwork. Your entire statement, without objection, will be made a part of the record.

Mr. WALLWORK. Yes, thank you.

Mr. MICA. I would like to recognize now Edward V. Badolato, and he is chairman of the National Cargo Security Council.

You are recognized, sir. I do not know if Mr. Cummings, who was in the chair while I was voting, mentioned it, you can summarize your entire statement, no matter how lengthy—within reason—will be made a part of the record. So, you are recognized.

Mr. BADOLATO. Thank you, Mr. Chairman. I will be very brief in my oral statement. The National Cargo Security Council has a 25-year history as a nonprofit government industry organization that represents shippers, carriers, insurers, forwarders, security and equipment companies dedicated to the safe and secure movement of the Nation's goods and commerce.

Cargo crime is one of the most serious hidden crimes in the United States. We do not know exactly how bad it is, but the best estimates of the top experts in the country estimate that we lose on an annual basis $10 billion a year in the United States alone. International groups such as the International Marine Organization, have said that cargo theft could be as much as $30 billion internationally.

We do know such things as impacting consumers. For example, if anyone buys a new Pentium type of computer, the High Tech Theft Foundation estimates that you are paying as a consumer an additional $150 by virtue of the cargo theft impact on that sale.

We have no system today to collect data on cargo theft in the United States. We do not know what is being stolen and there is no nationwide system for reporting these type of thefts. There is no Federal focus, no dedicated Federal official who is in charge of cargo theft. Of the thousands of Federal officials in all of the agencies, there is not one individual who focuses 8 hours a day soley on cargo theft.

Additionally, I think it is important to understand that we have most of the cargo theft in the United States taking place in what we call "the Bermuda Triangle." Most of it takes place in three areas, in the Miami-southern Florida area, in New York-New Jersey, and the southern California area.

Now, cargo crime is cyclic, and we have seen a tremendous rise over a 25-year period. With that in mind, we are now presently at the apogee of that period. There are five key reasons why we are now suffering the worst cargo loss that we have seen in a generation.

First, we have a new breed of cargo crooks. These individuals are smarter, faster, more adaptive and understand how to use transportation. Many come out of the drug trade which helps them to use cargo as a means of their criminal activity.

Second, cargo is a common denominator for most of the criminal activities that take place in the country involving drugs, involving smuggling, involving diversion of product and, in some cases, terrorism.

The third key reason for the increase is the internationalization and that increase of international criminal organizations.

The fourth reason is the overall reluctance to prosecute cargo crime as a property crime. We have very high thresholds bordering on $150,000 to $200,000 level thefts around the country, which means that theft of complete trailer loads when we catch the criminals may not be prosecuted.

Finally, we have a tremendous change in the transportation industry involving automation, speed, and increases of shipments and so forth, with which the cargo criminals are heavily involved.

Before I end, I would like to take the opportunity to say we have six recommendations to correct this tremendous criminal activity from the National Cargo Security Council.

First, we would like to have a program, and we are currently organizing a program, to share best practices with all of the companies that are involved in transportation of cargo. We feel if they had standardized and set good security practices we can achieve a significant decrease in cargo theft.

Second, we should support multi-jurisdictional cargo theft task forces. We started one in Florida and we hope to have one in New York-New Jersey and, also, in California. Also, we want to have a cargo theft reporting system. This is urgently needed. We need to correct the chronic underfunding of law enforcement agencies involved in cargo theft. The underfunding is not with drugs, but cargo theft.

Additionally, we need to have the government-industry team improve the government aspects of that team. There is not a lot of participation from the Federal agencies in cargo theft. It is improving, but we are still not there.

Finally, in closing, I would like to say that one of the things we need to have done is to have more focus and more leverage from all the R&D which is going on in the various law enforcement agencies in those side issues to cargo theft, i.e., in the drug area, smuggling, and so forth. We need to have more R&D focus on cargo theft. Thank you, Mr. Chairman.

[The prepared statement of Mr. Badolato follows:]

THE CURRENT STATUS OF US CARGO CRIME

Edward V. Badolato, Chairman
National Cargo Security Council

Mr. Chairman, on behalf of the members of the National Cargo Security Council, I would like to thank you for the opportunity to present information to this subcommittee about the status of cargo crime in the US and in particular its connection with drug interdiction efforts in Florida and the Caribbean. Today, I would like to provide a short historical look at the cyclic nature of cargo crime, an assessment of where we are today, and a projection of where we are heading.

The National Cargo Security Council. First, please let me provide a brief background on the NCSC, which is an industry/government coalition of diversified membership, drawn from the full spectrum of the air, truck/rail, and maritime cargo security industry, whose purpose is "*to assure the safe and secure movement of the nations commerce*." It is a non-profit organization dedicated to the improvement of cargo security practices and procedures by shippers and transport carriers of all modes in the domestic and international commerce of the United States. Over the years, the NCSC has focused all of its energy and resources on cargo security matters.

The NCSC is unique in that it is made up of a government/industry coalition of organizations that meet with the express purpose of combating cargo crime. The following lists only some of the current NCSC coalition members: the Air Transport Association of America, the Maritime Security Council, the Association of American Railroads, the Federal Bureau of Investigation, the U.S. Department of Transportation, Customs Service, Department of Defense, and the US-Mexico Chamber of Commerce.

The NCSC has the following four major objectives:

- *To improve cargo transportation security through voluntary government/industry efforts;*
- *To serve as a central clearinghouse for the collection and distribution of information relating to trends, techniques, and efforts to prevent cargo-related crimes;*
- *To provide a platform to address transportation industry matters relating to security of cargo; and*
- *To assist and support voluntary and self-help initiatives by government, transportation centers, and industry cargo security interests to develop effective efforts and programs to combat cargo losses.*

How our present cargo theft situation evolved. The NCSC is proud of having over a quarter century of service to the cargo security industry dating back to 1971 when the level of cargo theft was extremely high, and Congress concluded that "American industry, which bears the greatest burden of cargo theft losses, should assume more initiative to prevent such losses." In response, government and industry formed the Office of Transportation Security (OTS), and located this organization at the Department of Transportation. OTS performed very useful service fort the cargo security industry, developing definitive reports and recommendations on the prevention of armed highjackings, terminal and warehouse robberies, the use of containers to smuggle contraband, and the pervasive influence of organized crime.

The Office of Transporation Security subsequently evolved into the NCSC, our current all-volunteer non-profit organization in 1983. Unfortunately, during the 1980s this left no federal focal point for the effort against cargo crime, and federal support and resources quickly dried up, government-industry countermeasures slowed, and law enforcement turned its attention to other priorities, such as drugs, terrorism, and smuggling.

Where we are today. At present, there is no authoritative, accurate nationwide system for totaling exactly how much cargo is stolen around the US. We lack the knowledge about the specifics of cargo theft--who, what, how, why, where, and even when many of these thefts occur. The National Cargo Security Council has thoroughly studied the situation and we estimate that the annual US losses could reach amounts as high as $10 billion annually. Unfortunately, there are various business and bureaucratic reasons why, even though losses are skyrocketing, we don't know how large the cargo crime situation really is. However, a quote from a 1996 FBI report is worth noting, "The theft of cargo has become so widespread that it constitutes a serious threat to the flow of commerce in the United States."

The NCSC is committed to informing the Administration and the Congress about the important role that government-industry cooperation plays in combating cargo crime. The NCSC conducts briefings, prepares position papers, and regularly meets with congressional staff members to describe the issue of cargo theft. In addition to Congress, the NCSC is actively working with the Justice Department to increase efforts against cargo crime. For example, the NCSC has actively supported the funding of multi-disciplinary Cargo Theft Task Force Programs, with a $1.1 million pilot program beginning in FY97 in south Florida. This program has been successful, and the NCSC plans to work for additional task force funding for New York/New Jersey for FY98, and also for Southern California. These three jurisdictions--Miami, New York/New Jersey, and Southern California--represent what we call the "Bermuda Triangle" of cargo crime, and we feel that most of the major cargo crime in the US takes place in these areas.

Additionally, many government agencies, such as the Pentagon, Customs, DEA, DOT, etc. are involved in the cargo security area and are spending large amounts of money on various aspects of cargo security technology, mainly related to drugs interdiction. But there appears to be a lack of overall coordination among the agencies regarding cargo, as well as a lack of any serious input to their efforts from the cargo security industry. The NCSC wants to become involved in

working with these agencies and providing valuable requirements input from the industry side of the "government-industry team."

To better understand our current cargo theft situation, we must look back at the early 1990s. At that time the level of cargo crime and cargo fraud in the US, as well as worldwide, began to surge due to a number of key factors. First, we encountered a new breed of cargo crook who was smarter, more adaptive, and better equipped than ever before. These new crooks understood the transportation industry because, in many cases, they had been involved in sophisticated drug smuggling schemes, and had able to develop industry "insider" contacts who could provide detailed information on the most lucrative cargoes to steal. Also, one of the main reasons for the criminal focus on cargo was that it provided a very high payoff with a low chance of apprehension.

A second factor in the rise of cargo crime is that cargo theft is the common denominator for a number of organized crime activities beginning with drug trafficking and money laundering. Organized crime has quickly grasped that cargo crime is an area where they could carry out profitable illegal activities, relatively free of prosecution. The Cosa Nostra, the Russian Mafia, the Chinese Triads, and Mexican and Latin American Cartels, as well as African and Middle Eastern gangs, have all developed areas of operation around specific geographic areas of the US that integrates cargo crime into their illegal activities.

A third factor is the specific illegal operations of international organized crime which frequently uses cargo theft as part of its drug and money laundering activity as well part of its illegal smuggling, diversion, and in some cases, support for terrorist activities. As a matter of fact, some gangs have found that cargo crime can be more lucrative than drug trafficking, and have shifted assets accordingly. The nexus of US cargo crime concentrates on Southern California, Miami, and the New York/New Jersey areas, but no area is free of the problem. The groups of cargoes frequently targeted by criminals include electronic and computer equipment, name brand clothing and sports apparel, and the traditional high value shipments of jewelry, liquor and fragrances. Each has its specific security problems and challenges for the cargo security industry.

A fourth factor in the rise of cargo crime is the neglect of property crime versus personal crime by our legislative and legal systems, and the weakness of our judicial process in effectively prosecuting cargo crooks. The criminals understand that today there is a relatively small chance that they will be apprehended, and if apprehended, there is an even smaller chance that they will be prosecuted. Many law enforcement officers who are involved with combating cargo crime feel that the criminal justice system is only providing a "revolving door" for the crooks that they catch. We need to examine the sentencing guidelines for cargo crime and make the financial threshold and punishment for the crimes commensurate with the high dollar values that are being stolen. In some areas of the country, it is difficult to have a cargo crook prosecuted unless the amount stolen is over $150,000. There is a great disparity between the tough sentence a crook would receive if caught trafficking in drugs, which has led many criminals to switch to the easier and more lucrative area of cargo theft.

The last important factor in the rise of cargo crime are the rapid changes that have taken place in the cargo transportation industry, and how these changes have provided a more favorable atmosphere for cargo theft. Over the past few years, we have seen unprecedented growth in the speed and amount of cargo shipped in the US, and this amount is expected to double in the near future. Today, more and more cargo is being shipped by air, which presents a new set of technological problems to ensure that the security systems are commensurate with the increased speed of service. The use of computer systems to support the shipments, the tremendous growth in long haul intermodal truck/rail shipments, and the increased cross border traffic puts additional demands on the security industry.

The tremendous amount of cargo entering the US from Asia for transfer to other parts of the US and Europe has created what the US transportation industry calls "Land Bridge America." Our new systems with their speed and increased volume of cargo they move are a credit to the ingenuity of the operators of our intermodal infrastructure. But these new systems and the increasing use of automation to keep track of the cargo, billing and cargo inventories has presented new challenges for fraud and false documentation, as well as additional opportunities for the new breed of cargo thieves to steal cargo.

Another important change in the cargo security industry is the increase in cross border shipments as a result of NAFTA, and in particular, the transportation changes along our southern border with Mexico. In support of this increased cargo activity, we added an significant organization to the NCSC coalition, the US-Mexico Business Chamber, in recognition of the importance that security of the cross border trade with Mexico plays. In April 1996, the NCSC participated in a Transportation security conference in El Paso where it provided the cargo security expertise for the conference's committee on cargo security and its subsequent cargo security report. The NCSC has formed a joint cargo security committee with the Chamber.

Where we are heading. At this time I would like to present the NCSC's view of where we are heading with respect to cargo crime. First we can expect increased mob infiltration of the cargo shipping industry. Second, as we ship more cargo faster and support these shipments with an automated paperless system, we can expect more fraud. Third, unless we develop a nationwide system to gather data and information on cargo theft, the law enforcement intelligence gap will only widen, making anti-theft operations more difficult. Fourth, we will be seeing more "stealing to order" as international gangs shrewdly pick and choose among the most lucrative cargos and, in many cases, ship their stolen goods overseas to compete with the original US manufacturers. Fifth, as we harden the physical security of our facilities, we will see more and more attacks on our underway transportation systems and distribution centers.

Port issues to consider. In the area of port cargo security, we have a number of issues to consider, such as the larger question of the fragmentation of cargo shipping operations which can result in unclear security and jurisdictional responsibilities, depending on where the theft occurs. This is becoming more of an issue with the increase in intermodal shipments. Also the specific responsibility for insurance coverage can also be vague with thefts taking place at various points

in the intermodal system of cargo movement. Port cargo thefts may be under reported because it is difficult at times to determine exactly where thefts actually occurred, and there are also competitive reasons why organizations don't want to advertise losses.

At the operational level, NCSC members have consistently expressed concern at the easy access to the port and waterside operations by personnel working in the port area, and the easy accessibility of these workers to their cars during working hours, which are sometimes parked only a few hundred feet from the ships where they are working. We have had numerous complaints from our members about drug traffickers operating in South America selecting a container bound for Miami, and in only a few minutes, entering the container without damaging the integrity of the container seals, then inserting a package of cocaine, leaving no trace of their entry. At the receiving end of the shipment in Miami, their counterpart, usually a worker in the port, repeats the process in reverse, removing the drugs and covering up the break in, all in less than five minutes. Our members have consistently advocated a strong security program in the ports with management participation, US Customs exit checkpoints, and the introduction of standard security practices.

What needs to be done. In closing, the NCSC would like to leave the committee with our recommendations for what needs to be done in order to deal with cargo crime:

First, we need to improve the way we share information on cargo security best practices, and how to "benchmark" industry standards for security. Many of our industry experts are convinced that by sharing and implementing best security practices industry wide, we can cut cargo theft significantly. As a means of currently exchanging professionally valuable cargo security information, the NCSC sponsors Quarterly Cargo Security Roundtables, seminar meetings, studies on cargo security, and an annual conference on Cargo Security.

The following critical cargo security topics have been covered in past Quarterly Roundtables: Cargo Security Seals; Lessons of the World Trade Center Bombing for the Transportation Industry; Impact of NAFTA on Transportation Security; Fraudulent Documentation and Cargo Crime; Aviation Cargo Security; Conducting an Effective Cargo Security Audit Program; Cargo Monitoring and Inspection Technology; High Tech Crime: Computers and Cargo Theft; Mexico, NAFTA, and Cargo Crime; and An Overview of Cargo Security in the New York/New Jersey Area.

Additionally, the NCSC annual conference, *Cargo Security '98*, will be held in Miami in May 1998 and will address "*Bench marking and Setting Cargo Security Industry Best Practices.*"

Second, we need to support multi-jurisdictional cargo theft task forces to address and overcome critical coordination problems and develop more effective working relationships among federal and local law enforcement agencies. I have previously covered the requests for funding on this issue that we have been supporting.

Third, we urgently need to develop a credible nationwide cargo theft system for gathering data and information on cargo theft. At present, there is no effective nationwide mechanism that can be used as a tool to coordinate available intelligence on cargo theft, and update that information regularly and efficiently based on new theft information. There are some limited regional data bases at present as well as an attempt to use the Internet. These are good starts, but we urgently need to establish a national shared database managed by an independent, highly trusted organization with whom all segments of the industry can work and have the utmost confidence that their proprietary and sensitive information will be properly protected and used effectively. We support the development of a pilot database project that will facilitate interjuristictional data sharing based upon rigorous and timely reporting of cargo thefts from the entire industry.

Fourth, we must correct the chronic under funding and training of the law enforcement activities involved in cargo theft. With the exception of a limited number of regional cargo theft specialists, most law enforcement agencies lack the understanding of how cargo thieves operate, and they lack the necessary policing skills that are needed to operate against that type of crime. Training and awareness programs must be developed and disseminated to law enforcement agencies around the country.

Fifth, we need the support of the government side of the government-industry team in the fight against cargo crime. Industry has been bearing the brunt of the battle against cargo crime for too long. We need to create a focal point for cargo crime in the federal government and develop an effective mechanism for government and industry to work together similar to the former Office of Transportation Security that was so effective in the 1970s.

Sixth, we need to focus our R&D efforts on the problem of cargo theft by leveraging existing programs and technology transfer to the private sector in the areas of tracking cargo, improving containers, locks and seals, non-intrusive detection, and the integration of physical security systems. Industry and the R&D community need to work together more effectively toward solving the massive cargo theft problem.

Mr. Chairman, this concludes my presentation, and I would like to thank you for the opportunity to discuss cargo crime.

Mr. MICA. Thank you for your testimony.

I would like to recognize now Mr. Art Coffey, international vice president of the International Longshoremen's Association. Mr. Coffey, you are recognized, thank you.

Mr. COFFEY. Good afternoon, sir. I am the president of Local 1922 of the International Longshoremen's Association in Miami, FL. I have been in that local from Miami for 27 years, and the last 19 years as its president. As a district vice president with the ILA South Atlantic-Gulf Coast District and the international vice president of the ILA's Executive Council, I represent all south Florida ports of my union. This includes ports of Miami, Port Everglades and all Florida East Coast ports. I thank the Members of Congress for allowing the ILA to appear at this subcommittee.

Today, I speak for the hardworking and law-abiding ILA members and their families who live and work in south Florida region. I also speak for tens of thousands of ILA members and their families who work in our Nation's ports from Searsport, ME, to Brownsville, TX.

In April 1997, an article appeared in the Miami Herald saying in essence that U.S. Customs was failing to combat the illegal flow of drugs into this country via south Florida ports and blamed the crisis on dock workers at the Port of Miami and other south Florida ports.

What a change. Eight years earlier when the same newspaper, the Miami Herald reported on January 18, 1989, the marvelous cooperation between the ILA, ocean carriers, and the U.S. Customs to combat illegal drugs flowing drugs into this country.

With great fanfare the then U.S. Customs Commissioner William von Raab announced in south Florida an unprecedented agreement with the ILA and carriers would tighten security of America's seaports. But it has changed in 8 years. The ILA always remained ready in its role as active partners with law enforcement agencies to halt the illegal drugs at all the Nation's ports. Our international president, John Bowers, even threatened a national boycott shipment from countries who are suspected of supplying illegal drugs into this country. Newspapers around the country printed a stirring quote delivered before the U.S. Customs press conference in Washington, DC, in 1989 when President Bowers said, "ILA longshoremen would rather lose their wages than lose their children." We were praised by Commissioner von Raab for creating the ILA-DAD program, Dockers Against Drugs.

Perhaps it is the U.S. Customs Agency that has failed in its job of stopping the flow of illegal drugs into this country. Now, burdened with the shortage of manpower, budget cuts and ineffective leadership, Customs wrongly targets their former partners and blames ILA longshoremen for their own shortcomings.

The Honorable John Mica, Member of Congress, traveled to south Florida and the Bahamas several weeks ago to examine the Federal counter-drug control efforts. The ILA agrees with Congressman Mica, specifically finding that the U.S. Customs should increase the number of agents in the Miami and south Florida area. We also agree that Congress should appropriate funds to increase and improve surveillance in all U.S. ports.

On the recommendation of background checks for our workers, the ILA is puzzled as to whom should the background checks and just how effective they are. Who specifically are the warehouse union mentioned in Congressman Mica's report? It is not the ILA which employs less than 12 warehouse workers on an average day in the Port of Miami. The largest employer of personnel and warehouses in south Florida regrettably is not the ILA, but Manpower, Inc., another day laborer employee agencies.

I believe this committee should question the character of these employees over the ILA's since they are usually paid minimum wage with no benefits. Are they not more likely to enhance their incomes through illegal means?

The ILA believes that if one of its members is caught engaging in illegal activities, he should be punished, but not to burden the entire organization with background checks because of the bad behavior of a select few. I hope that it is not this committee's intent to solving the problem. It just will not work.

In fact, it is ironic to note that background checks have proved ineffective to U.S. Customs and Florida law enforcement agencies that they want us to have. Within the past year, Customs officials in the south Florida area along with Broward County Sheriff's Department employees were busted for aiding smugglers who were transferring drugs through the Ft. Lauderdale Airport. Miami television recently reported that another Customs agent in Miami was charged with using a confiscated drug smuggling boat for his own personal pleasure.

Do we condemn the entire Customs Agency or law enforcement agency because of these actions? Of course not. We look for a tougher law enforcement system, justice system to deal with it as it should be. We do not like to infringe on the rights of workers by unnecessary background checks. Let me emphasize that the ILA does not condone illegal drug trafficking or its use. ILA members' children attend south Florida schools where the illegal drugs are sold. We want that stopped. ILA families living in south Florida are equally jeopardized by the crimes of robbery, assault and murder associated with the Nation's illegal drug problems.

For the past 6 years, our union and its members have negotiated one of the toughest drug problems and alcohol abuse rehabilitation programs in the history of America. Drug testing of new employees is mandatory. Failure to drug test for the third time after rehabilitation means a lifetime ban of working in our industry.

Instead of the witch hunt against the decent working men and women of the ILA, the ILA invites you, again, as partners in the Nation's war against drugs. The ILA, which we like to say stands for I Love America, wants the United States of America to be drug-free from illegal drugs. We are willing to do our part to reach that goal for our citizens and our Nation. Thank you, sir.

[The prepared statement of Mr. Coffey follows:]

Good afternoon.

My name is Art Coffey and I am president of Local 1922 of the International Longshoremen's Association, AFL-CIO. I have been with this local in Miami for 27 years, the last 19 as its president.

As a District Vice President with the ILA's South Atlantic and Gulf Coast District and International Vice President on the ILA's Executive Council, I represent all South Florida's ports for my union. This includes the Ports of Miami, Port Everglades, and all Florida's East Coast ports.

I thank the Members of Congress for allowing the ILA to appear before this Subcommittee on National Security, International Affairs, and Criminal Justice as we discuss a most important issue: *National Drug Control Policy: Drug Interdiction Efforts in Florida and the Caribbean*.

Today, I speak for the hard working and law-abiding ILA members and their families who live and work in the South Florida region. I also speak for the tens of thousands of ILA members and their families that work at our nation's ports from Searsport, Maine to Brownsville, Texas.

In early April 1997, an article appeared in the *Miami Herald* saying, in essence, that U.S. Customs was failing to combat the illegal flow of drugs into this country via South Florida ports and blamed the crisis on dockworkers at the Port of Miami and other South Florida ports.

What a change from eight years earlier, when the same newspaper, the *Miami Herald*, reported on January 18, 1989, of the marvelous cooperation between the ILA, ocean carriers and the U.S. Customs to combat the illegal flow of drugs into this country.

With a great fanfare, the then-U.S. Customs Commissioner William von Raab announced in South Florida an "unprecedented" agreement with the ILA and carriers that would "tighten security at American Seaports."

What has changed in eight years?

The ILA always remained ready in its role as active partners with law enforcement agencies in halting illegal drugs at our nation's ports.

Our International President John Bowers even threatened a national boycott of shipments from countries who were suspected of supplying illegal drugs to this country.

Newspapers around the country printed his stirring quote delivered before a U.S. Customs press conference in Washington, D.C. in 1989 when President Bowers said ILA longshoremen "would rather lose their wages than lose our children."

We were praised by Commissioner von Raab for creating the ILA *DAD* program: *Dockers against Drugs*.

Perhaps it is the U. S. Customs Agency that has failed in its job of stopping the flow of illegal drugs into this country. Now, burdened by a shortage of manpower, budget cuts and ineffective leadership, Customs wrongly targets its former partners and blames ILA longshoremen for their own shortcomings.

The Honorable John Mica, Member of Congress, traveled to South Florida and the Bahamas several weeks ago to examine our federal counter-drug control efforts.

The ILA agrees with Congressman Mica's specific findings that the United States Customs should increase the number of its agents in the Miami and South Florida areas.

We also agree that Congress should appropriate funds to increase and improve surveillance at all U.S. Ports.

On the recommendation of background checks for our workers, the ILA is puzzled by just whom should have background checks and just how effective they are.

Who specifically are the "Warehouse Unions" mentioned in Congressman Mica's report. It's not the ILA which employs less than 12 warehouse workers on an average day in the Port of Miami.

The largest employer of personnel for warehouse workers in South Florida regrettably is not the ILA, but *Manpower, Inc.*, and other day laborer employment agencies.

I believe this committee should question the character of these employees over the ILA's, since they are usually paid minimum wages with no benefits.

Aren't they more likely to enhance their incomes through illegal means?

The ILA believes if one of its members is caught engaging in an illegal activity, he should be punished. But do not burden an entire organization with background checks because of the bad behavior of a select few.

I hope that's not this committee's intent on solving the problem. It just won't work.

In fact, it is ironic to note that background checks have proved ineffective with U.S. Customs and Florida law enforcement agencies that want them for us.

Within the past year, Custom Officials in the South Florida area, along with Broward County Sheriffs Department employees, were busted for aiding smugglers who were transporting drugs through Fort Lauderdale Airport. Miami television recently reported that another Customs Agent in Miami was charged with using a confiscated drug smuggling boat for his personal pleasure.

Do we condemn the entire Customs Agency and law enforcement agencies because of these actions?

Of course not. We look for a tougher law enforcement system and justice system to deal with it as it should. We do not look to infringe the rights of workers by unnecessary background checks.

Let me emphasize that the ILA does not condone illegal drug trafficking or use.

ILA members' children attend the South Florida schools where these illegal drugs are sold and we want that stopped.

ILA member families living in South Florida are equally jeopardized by the crimes of robbery, assault and murder that is associated with our nation's illegal drug problem.

For the past six years, our union and its employers have negotiated one of the toughest Drug and Alcohol Abuse and Rehabilitation Programs of any industry in America.

Drug testing of new employees is mandatory. Failing a drug test for a third time after rehabilitation means a lifetime ban from working in the industry.

Instead of a witch hunt against decent working men and women, invite the ILA to again to be partners in this nation's war against drugs.

The ILA, which we like to say also means: *I Love America*, wants the United States of America to be free from illegal drugs. We're willing to do our part to reach that goal for our citizens and our nation.

Thank you.

Mr. MICA. I thank you for your testimony and also for your indication of support from the ILA to work with us in this mutual effort to combat illegal narcotics.

I would like to thank our other panelists and now recognize for questions Mr. Barr.

Mr. BARR. Thank you, Mr. Chairman.

I returned, along with several other members of this subcommittee, recently from a trip down to South America. We visited Panama, Colombia, Peru, and Bolivia, from which countries collectively—a vast majority, virtually all of the cocaine which eventually finds its way onto the streets of America comes. Since then, we have had some hearings with the State Department folks and some others. We are going to be having, as I understand it, some additional hearings next week. This one fits very importantly in the overall scheme of what we are trying to do in this subcommittee; and, that is, to find out specifically why—we know that the war against mind-altering drugs in recent years is not working. We want to find out why and to fashion some legislative and appropriations tools that help in that regard.

One of the things that I discovered on the trip is there are, indeed, some countries that are doing it the right way. Not us. Oh, and I am talking about an overall drug strategy. There certainly are the men and women of Customs, DEA, the other law enforcement agencies are doing an outstanding job putting their lives on the line. The problem is we do not have a strategy from above that really gives them the backup and the tools that they need to do the job.

I think there are four "C's," I call it four "C's" of a successful antidrug effort: It has to be clear. It has to be consistent. It has to be coordinated. It has to be—well, heck, that is only three. It has to be clear, consistent, coordinated, and there is one more. I will think of it in a second.

There are some countries that are doing that. Peru, for one. We have in the past done it in this country, but we are not doing it right now. I commend the subcommittee chair, Congress Hastert, for putting together this panel today because it brings to bear some of the often, as you have said, Mr. Badolato, some of the overlooked aspects, some tools that can be very, very effective and some areas that we need to look at more carefully than in the past.

I am somewhat disturbed to see we have somewhat of a dispute. I was not aware of this, Mr. Coffey, I just sort of sat up when you began your remarks. I hate to see internally within the country here that we are sort of going at each other and, hopefully, we can get these problems resolved.

In my experience as a former U.S. attorney, I worked very closely with Customs and know firsthand that the vast overwhelming majority of the men and women of the Customs Service, whether they serve in Atlanta, where I served as U.S. attorney, or in Miami or anywhere else, are very, very honest, dedicated men and women who are doing a tremendous job.

I also know from working with union members, particularly at Lockheed-Martin and Marietta in my district that, likewise, the vast majority, the overwhelming majority of men and women that are union workers in our country are hardworking, honest, patri-

otic Americans who want to do their part and are doing their part to win the war against drugs by not tolerating any drugs in the workplace, not tolerating drugs in schools and families and other businesses or anywhere else in our communities.

So I really do hope that whatever problems that may exist in Miami, we can get it straightened out, because the only people that benefit if we have disputes between our government agencies and our workers or businesses is the drug cartel, the drug traffickers. We ought to be doing a great deal more to make their job harder rather than creating divisions within our own society where we make their job easier. Every time there is a diversion between Federal agencies or between agencies, Federal agencies, and local law enforcement or between law enforcement and businesses, that does nothing except allow another avenue where the drugs can sneak in. So I really do hope that whatever problems there may or may not be between Customs and the ILA, that you all can work them out. It does not accomplish anything positive if we cannot.

Mr. Girard, if you could, you know, try and address, if you could in just a couple of minutes in a positive, are there some problems between you all and ILA and, if so, can we work these out? Or are things going OK and we just need to really sort of hunker down, as we say in Georgia, and do a little better job?

Mr. GIRARD. Well, sir, I am not aware of any institionalized problems between Customs and the ILA. As a matter of fact, I know meetings have been held between other Customs divisions and the ILA to address the problems at the Port of Miami. We are not singling out any particular organization when we talk about internal conspiracies. Certainly, there may be ILA members that have been involved in them, but there are also many other employees from different areas, all the facet of the port that are involved. We welcome their continued cooperation.

Mr. BARR. Is there, something, Mr. Coffey, that can be done to try and resolve whatever problems there are? I do not know that there is really much we can do; although, if there is something that we can look at from our oversight standpoint, we certainly will. Is there anything we can do or is there something that can be done to get things back on track if they are somewhat off-track?

Mr. COFFEY. Well, no, Congressman. I only pointed out that one particular incident just to show that drugs hit everybody. It does not matter if you had a background check or you did not have a background check or whatever it may be. It is not a shot at U.S. Customs. U.S. Customs and the ILA in Miami, at least, have been very cooperative with each other.

There is no problems as we have developed a port security committee in the Port of Miami. When the article came out in the Miami Herald, I called the chief of security, who is with me today, Fred Wong, from the Port of Miami, also the chief of operations. I asked them to come with me today. We formed a committee with Customs and at that committee, Mr. Sinclair was there, and so many other Customs agents, I do not remember, but we were trying to just start on the problem. We wanted to be the solution to this situation. There really is no loggerheads or anything of that nature or any problems that I am aware of with U.S. Customs.

Mr. BARR. That is good. I certainly had a different impression from some of your remarks, but maybe I just misinterpreted them.

Mr. WALLWORK. Mr. Chairman, could I just make a quick comment that I think is germane to that? In New York-New Jersey, of course, with the Waterfront Commission, we license and register, as I said, the longshoremen and the other people that work with the ILA.

The overwhelming majority of the ILA people, as I testified, have good records. We have a good relationship with the ILA leadership. We also have a good relationship with the U.S. Customs. I would say in the Port of New York-New Jersey, it is working and it can work.

The other factor is that with our powers, we have removed 99 corrupt union leaders from the ILA and some of them, at least 4 of them in the early 1960's, late 1950's migrated down to Miami into Local 22.

Mr. BARR. Could I just have 1 more minute? I ask unanimous consent just for 1 minute.

Mr. MICA. Without objection.

Mr. BARR. Mr. Badolato, who is here, and the National Cargo Security Council I think can play a key role in all of this. I do appreciate the paper and your remarks and some specific solutions. I would just ask that as you work through this, if there are specific legislative steps that we can make—a couple of them come to my mind when I look at your six points here in terms of perhaps focusing on training of law enforcement activities, focusing a little more specifically with some of our Federal agencies on cargo theft in particular and how it relates to the problem of drugs coming in.

There may be some other specific measures we could look at. I know we have Mr. McCullum here who chairs the Crime Subcommittee on which I also serve. If there are specific legislative measures that you think might be appropriate for us to address, whether it is Title 18, the criminal code, if any of our laws regarding cargo theft need to be strengthened or in some other area of the United States Code, let me know, please. This I think is an area that is very frequently overlooked and, yet, it plays a key role because so much of the drugs that we have on our streets come in through our ports. I appreciate your being here and would again encourage you if there is anything more specifically that we could be looking at from a legislative standpoint, I would be very receptive.

Mr. BADOLATO. Yes, sir, Congressman. We are very pleased and look forward to doing that.

Mr. BARR. Thank you. Thank you, Mr. Chairman.

Mr. WALLWORK. Mr. Chairman, could I make one other comment which I think, again, is germane here? We have a good relationship with the National Cargo Security Council in the Port of New York-New Jersey. I would like to say that in one of our investigations in cargo theft we have uncovered a system whereby these people that are taking the cargo, stealing the cargo, have a way of opening the cargo doors without breaking the seal. So, therefore, they put the cargo door back on, the seal is still there and everybody thinks, "Hey, nothing has happened."

Now, specifically in Freeport in the Caribbean it was testified earlier that they go in there and they do not open the containers, so nothing can be done. Well, you can pop open those container doors without breaking the seal, put narcotics in or remove them or do whatever they want. I want to make sure that the committee understands that through this cargo theft, we have found that certainly can be done. They can get inside without breaking the seal. Very important.

Mr. BARR. Is that a problem of maybe addressing the standards for the cargo containers?

Mr. WALLWORK. Well, there is a way and I can give it to you in executive session so that we do not disclose what they are doing publicly, but they are breaking in without breaking the seal and gaining access to cargo.

How we uncovered this was there were short loads of clothing and other things going to the manufacturers and they would open up the door, the seal was still there, and they would maybe have $25,000 or $50,000 of shortages and they could never show where the shortage occurred because, actually, these cargo theft people were involved in a great big ring.

Mr. MICA. I thank you and I thank the gentleman from Georgia. I now recognized the ranking member, Mr. Barrett.

Mr. BARRETT. Thank you, Mr. Chairman.

Mr. Girard and Mr. Sinclair, I want to make sure that we are—and Mr. Coffey, for that matter, you would agree what we have heard today, that there has been a significant increase in drug smuggling in the Port of Miami. Is that your experience or your observation?

Mr. GIRARD. Yes, sir, it is.

Mr. BARRETT. Mr. Sinclair.

Mr. SINCLAIR. Yes, sir.

Mr. BARRETT. Mr. Coffey, you would concur with that?

Mr. COFFEY. I have no knowledge of how those statistics——

Mr. BARRETT. Can you tell me approximately when it began? Was there a time when you started noticing a difference?

Mr. SINCLAIR. The average seizures back in 1990–1991—well, to go a little bit further back, most of the drugs in the early 1980's were marijuana. We started seeing significant cocaine seizures in 1986–1987. Most of them were deeply concealed going to what we call a consignee or somebody out in the public who actually ordered the drugs and hid them in a container and had no coercion with anybody at the port.

We started to see major loads of internal conspiracy-related cocaine in 1989 and 1990. Colombian coffee was a favorite, with over 17 seizures in 3 years in Colombian coffee. Significant loads of thousand pounds-plus. And this continued up to about 1994.

In 1995, we saw a significant plunge in the amount of cocaine, almost half from 20-something thousand to 11,000. In 1996, we were back up to the 22,000 mark, and we are currently at 12,000. However, the Port of Port Everglades is seeing 1,000 times what they saw before. They are up to like 8,000 or 9,000 this year already. A typical year for them is 2,000; so, there are shifting ports. Jacksonville recently got 1,000 pounds of cocaine. So, to say that it is just at the Port of Miami, it is increasing—the decrease at the

Port of Miami is made up at the increase at the other south Florida ports.

Mr. BARRETT. Mr. Sinclair used the phrase, "internal conspiracy." Mr. Girard, I think you used that phrase also, as did Mr. Banks. What are you talking about specifically when you are using that phrase?

Mr. GIRARD. Well, sir, what internal conspiracy is, it is a corrupt relationship between the smuggling organizations and different employees or ocean shipping lines, airlines, and related service industries, all the cargo handling areas are susceptible. So, what in effect happens is that the people that are supposed to be moving this cargo for Customs examination and safeguarding it prior to that are actually in collusion with the smuggling organizations. They are either taking the drugs out of the cargo before examination or diverting the cargo totally out of Customs' control.

Mr. BARRETT. How widespread is this?

Mr. GIRARD. We see an increase. It is periodic. When we started targeting consignee loads at the Port of Miami; that is, loads that were intended to pass through the Port hoping to avoid Customs examination just on sheer luck, when we started targeting those through increased intelligence, we created a data bank that improved our targeting ability so that we were picking these loads out with increasing frequency. We saw a dramatic change in the internal conspiracy type of smuggling method. It is very telling when you open the back of the container and the drug is just piled in the back of a container; 1 of 50 coffee containers destined for a legitimate consignee. We know that that internal conspiracies existed and we're going to use it to target that specific container.

Mr. BARRETT. Have they included Customs workers as well?

Mr. GIRARD. Not to my knowledge, sir, no.

Mr. SINCLAIR. Not at the seaport that I am aware of.

Mr. BARRETT. OK. What is the best way to attack this type of criminal enterprise from your standpoint?

Mr. GIRARD. Well, sir, the way we approached it, from our side, from the investigative side is through undercover operations where we passed ourselves off as drug traffickers and through sources of information located these internal conspiracies in place. We then sent sham loads of cocaine from foreign countries into the United States and watched them pull what they thought was cocaine from the shipping conveyance and deliver it to us, and we arrest them.

Mr. SINCLAIR. Sir, the way we approach it, if we were looking for something that was a normal consignee load, we could target it off a manifest and send two or three inspectors and a canine and some tools out to look at this particular container. With the internal conspiracies, we do not know what container on that vessel contains that load. There may be 150 containers on that vessel. They may have used, just to use an example, Walmart may have five containers. They may have decided to use those containers knowing we were not going to target Walmart. So, what we have to do, in effect, is send out 10 to 12 inspectors and 5 or 6 National Guard, and we increase our manpower and we have to control every container that comes off that vessel because of this internal conspiracy.

Mr. BARRETT. Mr. Coffey, your union, obviously has come under some attack in this. What constructive role do you think you are playing and what more constructive role can you play?

Mr. COFFEY. Well, one of the things that has happened over the years is the shipping of containers has changed quite a bit. We used to get a lot of containers that were discharged from the vessels. When they were discharged from the vessels, they had multiple consignees in them. Those multiple consignees, that container was then stripped at the warehouse and then the owner of the cargo would come and pick it up. Today, a lot of the—they call it intermodalism. An awful lot of the containers now are on ITs, In-Transits. They come and take them off the port—I mean when they hit the port, they go off the port to different debarking stations or NVOCCS, which is a nonvessel operator. I mean it is other places. It does not happen there.

Mike's group probably takes apart more containers than we ever do. We take nothing apart or strip any boxes that come out of the Caribbean, Central and South America. We do from the Far East. We do about 15 containers a week in that respect, but most of the containers that are landed in the Port of Miami are shifted inland.

Mr. BARRETT. Thank you. I have no further questions.

Mr. BARR [presiding]. Thank you, Mr. Barrett.

By the way, my crack staff reminded me that the fourth C of my successful antidrug effort, that I had forgotten momentarily, was comprehensive: clear, consistent, coordinated, and comprehensive.

If I could, just very, very briefly, Mr. Girard, Mr. Sinclair, and anybody else that might have the background to comment on this. Over the course of the last couple of years, have you noticed any changes in the type, amount, way in which drugs are coming in, where they are coming from? Any trends that you have noticed in recent months?

Mr. SINCLAIR. As I testified earlier, the loads are becoming more frequent, but smaller in nature. Some people have speculated that some of the breakup of the major cartels over the past 2 or 3 years might have set the drug smuggling industry a little bit eschew and there are some smaller groups out there that do not have that much resources. They are sending smaller loads.

Mr. BARR. Quality changed?

Mr. SINCLAIR. I do not know.

Mr. BARR. The purity?

Mr. SINCLAIR. No, no.

Mr. BARR. No.

Mr. SINCLAIR. They are also much more deeply concealed now. Probably the biggest factor is they are coming from everywhere. This year, alone, we have over 5,000 pounds of cocaine from Costa Rica, which is something that we never had to worry about before. And now we have 5,000 pounds of cocaine from Costa Rica, roughly, and it is in the construction of the container, itself. We have to worry about the cargo, we have to worry about the container.

Mr. BARR. Any from Mexico that you see coming in through ports in Florida?

Mr. SINCLAIR. No, sir. We do not have a great volume of cargo coming from Mexico into Port Everglades or Miami.

Mr. BARR. Mr. Girard, anything to add?

Mr. GIRARD. You know, it highlights the lack of adequate intelligence across the ocean, you know, that would provide us with, you know, sort of an early warning system to know that all of a sudden Costa Rica is starting to really be a transit country that needs special attention. I know that has been talked about with Mr. Banks and DEA and the Coast Guard. That is one of our concerns. We need to expand our intelligence capabilities. We have to. It is a must.

Mr. BARR. In that vein, do you all deal with the Southern Command at all in terms of the early warning and the tracking the vehicles coming in from South America and Central America into the mainland, including Florida?

Mr. GIRARD. No. I mean we are cargo specialists. So, I mean it is a normal route, you know, that cargo is flowing from Costa Rica, et cetera. I know that some of the air units, with JADA East, are operating with Southern Command, but I cannot answer that directly.

Mr. BARR. So what you are talking is better civilian intelligence as it were from human sources.

Mr. GIRARD. Right, exactly.

Mr. BARR. And technical sources?

Mr. GIRARD. Yes. I mean, we should have the means to notice the shift in change of the shipping routes or staging areas, you know, throughout Central and South America.

Mr. BARR. Have we had that capability in the past? Have you seen better intelligence in the past or have we never really had it?

Mr. GIRARD. From my experience, I have never really seen, you know, excellent intelligence where we could actually pinpoint. We are more reacting to events as we discover them. And then it is worked backward.

Mr. WALLWORK. Mr. Chairman, if I could just interject? In New York, approximately 3,000 containers move through the ports in New York and New Jersey every day. It is my understanding that Customs looks at about 50 of those containers and maybe half of them for narcotics, the rest for contraband. This is like looking for a needle in a haystack. We are never going, in my judgment, to be able to interdict smuggled drugs through looking in containers—hard as the Customs people and the other people work at it. I have been down on the docks. I have seen the dogs. I have seen the National Guard people and I have seen the Customs people sweating in 95 degree heat.

In my opinion, not only do we have to do what we have been discussing here, but I think Speaker Gingrich was 100 percent right when he said, "If you are a big-time drug smuggler, second offense, the death penalty." And Mrs. Reagan's, "Just say no." I think it is an education program that cocaine fries the brain and it is just like a stroke to the brain. We have to get the message out to the American people, especially the young people. Otherwise, we can chase these containers and we can talk about what Customs and DEA, the Waterfront Commission can do, we are never going to solve the problem, in my humble judgment.

Mr. BARR. Have you all, particularly from the Customs standpoint, have you all noticed any particular problem with diplomatic shipments coming in?

Mr. SINCLAIR. No, sir.

Mr. BARR. You do not have any way of——

Mr. SINCLAIR. No, sir.

Mr. BARR. Do you all have any way at all of really tracking those or detecting? Are they subject to the same detection attempts, efforts, or devices or procedures that are used for commercial?

Mr. SINCLAIR. Yes, sir, from an inspection standpoint. No. 1, there are not very many at seaports. It is mostly an air cargo thing. No. 2, if we had some reason to suspect a diplomatic shipment, we would take the proper steps and we can contact embassies and what not and consulates and investigate whether we can examine them or not. The volume is not that great down there.

Mr. BARR. What about cruise lines? Is this a serious problem? Inconsequential? Increasing? How would you characterize the problem with cruise lines?

Mr. SINCLAIR. I would characterize it as large. The same people who are involved in the internal conspiracies at the cargo end of it are also the same people that help work vessels, remove bags. There are so many—an average ship may have 1,000 crew members. Peter may be able to talk a little more on that as to what our crew member end of that is; but these same dock workers are working cruise ships, also.

Mr. BARR. Is there any help that we could provide? Is it simply a matter of manpower? Is it a problem of not having sufficient technical equipment? Everything from flare radars, cutter sensors, various hand-held detectors, x rays, detection machines. Or is it a combination of everything that you all do not have enough of?

Mr. SINCLAIR. I believe it is a combination of everything. Not necessarily we do not have enough of it, but as it is coming in, we need to keep calling on it. The National Guard program is very important. The technology that we are getting in, ready to receive at the Port of Miami over the next 2 years, we are getting ready to receive three different total container x-ray systems. We need to keep that program going. They are from the DOD.

Listening to all the testimony here today, we do need some mechanism of limiting access to the port. That is, you know, whether we want to pattern it after New York or pattern it after the sealing program at our airports, something needs to be done.

Mr. BARR. You are talking about limiting access from land?

Mr. SINCLAIR. Limiting access to workers or people who do not need to be out there on the port when they are not supposed to be. That is basically it.

Mr. BARR. Would anybody disagree with that from the private sector?

Mr. COFFEY. I do. I do because even, as Mr. Wallwork said, that after 40-something years, he just threw somebody off the docks the other day. I mean, I am sure there is background checks. I am sure all the background checks in the world do not do a world of good. Mike and I have discussed access to the cargo area where they were going to have a certain area where the longshoremen and the workers who worked cargo vessels were going to park their vehicles and then get jitneyed or trolleyed into the area. That particular program just went down the tubes because they said it cost too much. So now, the men go down into that area and they park their

cars and now they are being charged with taking drugs or whatever it may be, contraband, off the port in their cars. So we are asking for them to put the jitneys in place. We are saying, get the parking lot, limit the areas, limit the people. We have no problem with things of that nature.

Mr. BARR. So you all do not have a problem with the concept. We just have not found the right way to make it work?

Mr. COFFEY. Our minds are open. I think we have to really brainstorm the whole idea of it and to take a good hard look and get some counts of heads of what we are talking about because in all my time down there, U.S. Customs or no one really has come into my office and said, "Listen. This is what we have. This man did this. This man did that." That has never happened to me. I am just finding out all of this within the last couple of weeks as to what really is going on.

I think the Port of Miami is different than the Port of New York. I think there are a lot of things that are different there than here. I think that if we all really sit down and try to formulate something, which we did and we are doing right now with the port security meetings, and we have been doing this just recently. I think we have to keep on doing it.

Mr. WALLWORK. Mr. Chairman, we in the Waterfront Commission, since the inception of the Waterfront Commission in 1953, have revoked or we have suspended approximately 6,000 people from working on the dock. That would be because of criminal activity.

Mr. BARR. OK. I would like to, unless there is any further comments, thank all members of this panel for some very enlightening direct testimony as well as answers to questions. If you all have anything else further that you would like to submit for the record, please do so. Other members of the committee, as well as the Crime Subcommittee and from the Florida delegation, we will leave the record open so they can submit any additional questions or comments for 2 weeks.

Thank you, gentlemen, very much.

[Whereupon, at 4:15 p.m., the subcommittee was adjourned.]

○